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CASE NUMBER: 07-1080-GA-AIR
07-1081-GA-ALT

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763

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Vectren Energy Delivery of Ohio, Inc.)
for Authority to Amend its Filed Tariffs)
to Increase the Rates and Charges for)
Gas Services and Related Matters.)

Case No. 07-1080-GA-AIR

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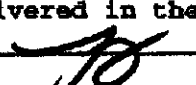
Case No. 07-1081-GA-ALT

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APPLICATION

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November 20, 2007

**Attorneys for Vectren Energy Delivery
of Ohio, Inc.**

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APPLICATION

1. Vectren Energy Delivery of Ohio, Inc. ("VEDO"), Applicant herein, is an Ohio corporation engaged in the business of transporting and distributing gas services for sale to approximately 315,000 customers in west central Ohio, all of whom will be affected by this Application, and is a public utility as defined by Sections 4905.02 and 4905.03, Revised Code. VEDO acquired its natural gas assets from The Dayton Power and Light Company ("DP&L") on November 1, 2000.

2. This Application is made pursuant to Section 4909.18, Revised Code, and related sections of the Ohio Revised Code for authority to make changes and increases in gas rates applicable in incorporated communities and unincorporated territory within VEDO's entire service area, which includes all or parts of Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Highland, Logan, Madison, Miami, Montgomery, Pickaway, Preble, Shelby and Warren Counties in Ohio. VEDO proposes changes to its rate schedules to reflect increases to the cost of service. Additionally, VEDO proposes two stages of changes to the rate design for Rate 310 (Residential Sales Service) and Rate 315 (Residential Transportation Service) that initiate a gradual transition to a straight fixed variable rate for distribution service. Proposed changes to Rate 320 (General Sales Service) and Rate 325 (General Transportation Service) include increased customer charges that form the basis for phased in elimination of the volumetric charge component of the rates for these services. The Application proposes elimination of the Interruptible Sales Service and retains the Large General Sales Service, Large General Transportation Service, and the Dual Fuel Sales Service rate schedules and the Pooling Service for Residential and General (Choice) customers. The Application adds a Large Volume Transportation Service and extends application of Rate 380 (Pooling Service) to Large General and Large Volume Customers.

3. VEDO also submits this Application pursuant to Section 4929.11, Revised Code, which authorizes the Commission to approve automatic rate adjustment mechanisms for natural gas service, and Section 4929.05, and related sections of Chapter 4929, Revised Code, for approval of an alternative rate plan. VEDO's alternative rate plan consists of three parts, two of which include automatic rate adjustment mechanisms for specified purposes. One rate adjustment mechanism, the Distribution Rate Rider, is proposed to recover identified costs associated with a twenty-year program for the accelerated replacement of certain mains and service lines and riser replacements arising from the Commission's investigation of riser performance. The second rate adjustment mechanism, the Sales Reconciliation Rider-B, will replace the Sales Reconciliation Rider-A previously approved in Case No. 05-1444-GA-UNC, and provides for the recovery of the difference of actual and approved base rate revenues. This rate mechanism is designed to provide the same revenue collection that would occur from an immediate movement to a straight fixed variable rate design. The last alternative rate plan seeks inclusion in the revenue calculation of the annualized amount of budgeted test period expenses related to enhanced system maintenance and improvement activities, as well as apprentice hiring to replace the wave of "baby boomer" retirements of experienced workers, devoted to the continuing provision of safe and reliable service and provides a proactive response to the distribution system integrity requirements expected to be issued by the United States

Department of Transportation in 2008. This application is also made pursuant to Section 4905.13, Revised Code, for all applicable accounting authority necessary to implement VEDO's alternative rate plan proposals.

4. The Notice of Intent to file was served on the Public Utilities Commission of Ohio ("Commission") and the mayor and legislative authority of each municipality affected by this Application on September 28, 2007, pursuant to Section 4909.43(B), Revised Code, and in compliance with the Commission's Standard Filing Requirements set forth in Rule 4901-7-1, Ohio Administrative Code.
5. As authorized by the Commission's October 24, 2007 Entry, VEDO's Application is based on a test year beginning June 1, 2007, and ending May 31, 2008, and a date certain of August 31, 2007.
6. VEDO estimates that the rate changes proposed herein, if granted in full, would increase gross revenues by \$27.3 million or 7.31% annually over the test period gross revenues generated from providing service to customers. This amount includes an estimated test year impact of decoupling as compared to the prior rate case.
7. VEDO's primary reason for filing this Application is to address its continuing inability to collect its authorized revenues, largely caused by the ongoing erosion in annual per customer usage and the use of historical sales volumes to establish volumetric rates; to establish a

program and recovery of the costs thereof of the accelerated replacement of certain aged plant; to establish funding for System Integrity and Reliability Programs made necessary the aging of infrastructure and the likely increase in system integrity requirements and needs and foreseeable challenges related to the labor pool; and, generally, to generate sufficient revenues for VEDO to pay its operating expenses, service its debt, and to provide an adequate rate of return on its property used and useful in the rendition of gas service to its customers. VEDO's current base rates, authorized by the Commission in Case No. 04-571-GA-AIR, are based on a date certain of March 31, 2004, and on a test year beginning January 1, 2004, and ending December 31, 2004. Since that test year, the annual usage per customer has declined, and net plant in service in the rendition of gas service to the customers affected by this Application has increased. As a result, the current rates are projected to provide a 2.14% rate of return for the proposed test period. This is below the 8.94% return found reasonable for VEDO by this Commission in Case No. 04-571-GA-AIR. VEDO submits that a rate of return of 9.36% is fair and reasonable.

8. VEDO has attached to this Application, as required by Section 4909.18, Revised Code, and the Commission's Standard Filing Requirements:
 - (a) Schedule A-1 which provides certain financial data for the proposed test year and date certain;

- (b) Schedules B-1 through B-8 which report VEDO's property used and useful in rendering gas service to those customers affected by this Application, as provided in Section 4909.05, Revised Code;
 - (c) Schedules C-1 through C-13 which contain:
 - (i) detailed schedules of VEDO's receipts, revenues, and incomes from all sources; VEDO's operating costs and other expenditures; and certain adjustments which VEDO deems applicable; and
 - (ii) a statement of the income and expense anticipated under this Application;
 - (d) Schedules D-1 through D-5 which contain a statement of VEDO's financial condition summarizing assets, liabilities, and net worth;
 - (e) Schedules E-1 through E-5 which set forth VEDO's proposed tariff schedules, current tariff schedules, narrative rationale for tariff changes; cost-of-service study, revenue summary at current and proposed rates, and typical bill comparisons;
 - (f) Schedule F which sets certain projected financial data with and without the proposed rate increase;
 - (g) Schedule G which provides projected financial data reflecting the effects of VEDO's alternative regulation plan proposals and under the assumption that the proposals are not adopted;
 - (h) Schedules S-1 and S-2 which provide certain capital expenditure and financial forecast information;
 - (i) Schedule S-3 which is a proposed notice for newspaper publication fully disclosing the substance of the Application and the specific requirements of Section 4909.18(E), Revised Code; and
 - (j) Schedule 4.1 which is an executive summary of VEDO's corporate process and Schedule 4.2 which describes management policies and practices.
9. VEDO has also attached to this Application, as required by Section 4929.05, Revised Code, the Commission's Standard Filing Requirements for Alternative Rate Plan found in Rule 4901-1-19-05. O.A.C. as follows:

- (a) Alt Reg Exhibit A which sets forth a detailed Alternative Rate Plan, including the facts and grounds upon which the Application is based, the Plan's elements, any transition plans, and the rationale for the initial proposed tariff changes;
- (b) Alt Reg Exhibit B which sets forth VEDO's justification for deviating from traditional rate of return regulation and VEDO's rationale for its proposed Alternative Rate Plan, including how it better matches VEDO's actual performance in terms of costs and quality of service to its regulated customers;
- (c) Alt Reg Exhibit C which establishes that VEDO does not propose to sever costs and rates;
- (d) Alt Reg Exhibit D which establishes that VEDO has not been authorized to exempt any services under Section 4929.04, Revised Code;
- (e) Alt Reg Exhibit E which provides a complete matrix showing each rate, service, or regulation that is included in the Plan and an explanation of how it may be affected during the term of the Plan;
- (f) Alt Reg Exhibit F which indicates that no potential issues concerning cross-subsidization of services are anticipated under the Plan;
- (g) Alt Reg Exhibit G which provides a detailed discussion of how VEDO is in compliance with Section 4905.35, Revised Code; how VEDO is in substantial compliance with the state policies specified in Section 4929.02, Revised Code; and how VEDO will continue to be in substantial compliance with the state policies specified in Section 4929.02, Revised Code after the Plan is implemented;
- (h) Alt Reg Exhibit H which addresses certain financial data if the Plan is adopted;
- (i) Alt Reg Exhibit I which addresses certain financial data if the Plan is not adopted; and
- (j) Alt Reg Exhibit J which lists the witnesses sponsoring each of the exhibits in VEDO's Application; and
- (k) A statement of commitments responsive to the requirement of Rule 4901:1-19-05(C)(3), O.A.C.

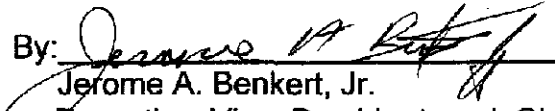
10. At the time of filing this Application, no municipal corporation has in effect any ordinance or franchise that does, or will, regulate the rates or charges to any customer affected by this Application.

WHEREFORE, since the rates, prices, charges, and other provisions in the current rate schedules do not yield just and reasonable compensation to VEDO for supplying gas service to the customers to which they are applicable, do not yield a just and reasonable return to VEDO on the value of property used for furnishing gas service to such customers, and result in the taking of VEDO's property for public use without compensation and without due process of law, VEDO respectfully prays that the Commission:

- (a) Accept this Application for filing;
- (b) Find that this Application, and the attached Schedules filed herewith and incorporated herein, are in accordance with Section 4909.18, Revised Code and applicable Ohio Administrative Code provisions;
- (c) Approve the Form of Notice in the attached Schedule S-3;
- (d) Find that the current rates, prices, and charges for gas service are unjust, unreasonable, and insufficient to yield reasonable compensation to VEDO for the gas service rendered;

- (e) Find that the proposed rates, prices, and charges are just and reasonable based on the test period for the twelve months ending May 31, 2008, and approve such schedules in the form tendered herewith;
- (f) Find that VEDO is in compliance with Section 4905.35, Revised Code, and in substantial compliance with the state policies specified in Section 4929.02, Revised Code; and that VEDO is expected to continue to be in substantial compliance with the state policies specified in Section 4929.02, Revised Code after its Alternative Rate Plan is implemented;
- (g) Approve VEDO's requested automatic rate adjustment mechanisms pursuant to Section 4929.11, Revised Code, and related, necessary accounting authority pursuant to Section 4905.13, Revised Code;
- (h) Approve VEDO's Alternative Rate Plan and authorize VEDO to implement its Alternative Rate Plan;
- (g) Fix the date on or after which service provided is subject to the proposed rates.

Vectren Energy Delivery of Ohio, Inc.

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

By: 
Robert L. Goocher
Vice President and Treasurer

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

STATE OF INDIANA)
) SS:
COUNTY OF VANDERBURGH)

Personally appeared before me Jerome A. Benkert who,
being duly sworn, depose and say that he is Executive Vice President and Chief Financial
Officer of Vectren Energy Delivery of Ohio, Inc., and that the statements contained in the
foregoing Application are true to the best of his knowledge, information, and belief.



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

Mary Etta Smith
Notary Public (Indiana)

Dated: 11/16/07

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

STATE OF INDIANA)
COUNTY OF VANDERBURGH) SS:

Personally appeared before me Robert L. Goocher who,
being duly sworn, depose and say that he is Vice President and Treasurer of Vectren
Energy Delivery of Ohio, Inc., and that the statements contained in the foregoing
Application are true to the best of his knowledge, information, and belief.



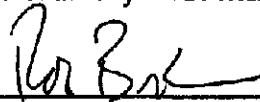
MARY ETTA SMITH
Notary Public, State of Indiana
County of Vanderburgh
My Commission Expires July 4, 2014

Mary Etta Smith
Notary Public (Indiana)

Dated: 11/16/07

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Standard Filing Requirements: Application, Motion for Waiver of Rules 4901:1-19-05(C)(2)(h) and (i), Ohio Administrative Code, Alternative Regulatory Filing Requirements, and Schedules A through S* was served upon the following parties of record this 20th day of November 2007, via electronic transmission, hand-delivery or ordinary U.S. mail, postage prepaid.



Robert Berntsen

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**MOTION FOR WAIVER OF RULES 4901:1-19-05(C)(2)(h) AND (i),
OHIO ADMINISTRATIVE CODE, AND MEMORANDUM IN SUPPORT**

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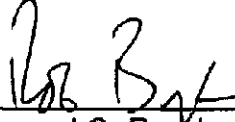
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**MOTION FOR WAIVER OF RULES 4901:1-19-05(C)(2)(h) AND (I),
OHIO ADMINISTRATIVE CODE**

Vectren Energy Delivery of Ohio, Inc. ("VEDO"), Applicant herein, concurrent with this Motion for Waiver of Rules 4901:1-19-05(C)(2)(h) and (i), Ohio Administrative Code, filed an Application pursuant to Section 4909.18, Revised Code, and related sections of the Ohio Revised Code for authority to make changes and increases in gas rates applicable in incorporated communities and unincorporated territory within VEDO's entire service area. In connection with the Application to change and increase rates, VEDO respectfully requests that the Public Utilities Commission of Ohio ("Commission") grant this waiver, pursuant to Rule 4901:1-19-03, Ohio Administrative Code, from the

requirements under Rules 4901:1-19-05(C)(2)(h) and (i), Ohio Administrative Code, for good cause as demonstrated in the accompanying Memorandum in Support, which is herein incorporated by reference.

Respectfully submitted,



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MEMORANDUM IN SUPPORT

Rule 4901:1-19-03, Ohio Administrative Code, provides that the Commission may grant a waiver from the filing requirements for an application for an alternative rate plan upon a showing of good cause. In determining whether good cause exists to support a request for waiver, the Commission may consider, among other factors, the following:

1) Whether other information, which the utility would provide if the waiver is granted, is sufficient for commission staff to effectively and efficiently review the application.

* * *

3) Whether the information, which is the subject of the waiver request, is reasonably available to the applicant from the information which it maintains or is reasonably obtainable by the applicant.

4) The expense to the applicant in providing the information which is the subject of a waiver request.

Rule 4901:1-09-03(A), Ohio Administrative Code.

In the cases captioned above, all three factors support VEDO's request for a waiver from the filing requirements set forth in Rules 4901:1-19-05(C)(2)(h) and (i), Ohio Administrative Code, which would require VEDO to file the projected financial data required in Section F of the Standard Filing Requirements through the term of the Alternative Rate Plan showing the effects of the Plan and showing the effects if the Plan is not adopted.

First, VEDO submits that the information that VEDO will provide in its application will be sufficient to allow Commission Staff to evaluate this subject matter. Specifically, VEDO's Alternative Rate Plan consists of three parts, two of which include automatic rate adjustment mechanisms for specified purposes. One rate adjustment mechanism, the Distribution Rate Rider (DRR), is proposed to recover identified costs associated with a twenty-year program for the accelerated replacement of certain mains and service lines and riser replacements arising from the Commission's investigation of riser performance. The second rate adjustment mechanism, the Sales Reconciliation Rider-B (SRR-B), will replace the Sales Reconciliation Rider-A previously approved in Case No. 05-1444-GA-UNC, and provides for the recovery of the difference of actual and approved base rate revenues. The last alternative rate plan seeks inclusion in the revenue calculation of the annualized amount of budgeted test period expenses related to enhanced system maintenance and improvement activities, as well as apprentice hiring to replace the wave of "baby boomer" retirements of experienced workers,

devoted to the continuing provision of safe and reliable service and provides a proactive response to the distribution system integrity requirements expected to be issued by the United States Department of Transportation in 2008.

These riders are discussed in detail in Alt Reg Exhibit A, which is incorporated herein by reference. VEDO will provide Staff with a great deal of additional information to evaluate the financial impact of these proposals as well. For example, Alt Reg Exhibit E provides a complete matrix showing each rate, service, or regulation that is included in the Plan and an explanation of how it may be affected during the term of the Plan. Further, Alt Reg Exhibit B demonstrates that VEDO seeks no deviation from traditional rate of return regulation and provides VEDO's rationale for its proposed Alternative Rate Plan, including how it better matches VEDO's actual performance in terms of cost and quality of service to its regulated customers. The alternative regulation exhibits are supported by testimony of the following witnesses for VEDO: James M. Francis (Distribution Replacement Rider); Jerrold L. Ulrey (Sales Reconciliation Rider); William S. Doty (System Integrity and Reliability Programs-Aging Workforce); and Daniel G. Berry (System Integrity and Reliability Programs-Gas Distribution System and Maintenance Program/Right-of-Way Clearance Program). The witnesses responsible for the statement required by Section 4901:1-19-05(C)(3), Ohio Administrative Code, are Jerrold L. Ulrey, Scott E. Albertson, James F. Francis, William S. Doty, and Daniel G. Berry. Finally, if Commission Staff should require any additional information to evaluate this subject matter, VEDO will work with Staff to timely provide such information in response to inquiries or data requests allowing the process to proceed in an effective and efficient manner.

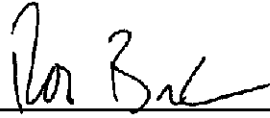
Second, the Commission should grant the requested waiver because VEDO does not normally maintain the information at issue in a form that would readily allow VEDO to comply with this filing requirement, nor is the information readily available to VEDO in such form. Quite simply, VEDO does not maintain the Section F financial data for the forward period that would be required and such information would be difficult to prepare and would be fraught with assumptions that may or may not prove valid.

Third, VEDO estimates that it would require a substantial amount of management time to compile this information in a suitable format. Given such effort and the resultant cost, this factor dictates that the waiver should be granted.

Based on the foregoing, VEDO respectfully requests that the Commission, pursuant to Rule 4901:1-19-03, Ohio Administrative Code, and consistent with the authority granted to Duke Energy Ohio in Case No. 07-589-GA-AIR, grant the requested waiver from the requirements under Rules 4901:1-19-05(C)(2)(h) and (i), Ohio Administrative Code. VEDO submits that good cause exists for this waiver request pursuant to OAC 4901:1-19-03(B) based on the foregoing reasons.

Finally, Rule 4901:1-19-03(B), Ohio Administrative Code, requires that the request for waivers be filed 30 days before the application unless good cause is shown. VEDO submits that good cause exists for a waiver to this requirement under Rule 4901:1-19-03(B), Ohio Administrative Code, because the financial data necessary to evaluate the need for this waiver request was not available 30 days in advance of this filing.

Respectfully submitted,



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Vectren Energy Delivery of Ohio, Inc.
Case No. 07-1081-GA-ALT
Alternative Rate Plan

Alt. Reg. Exhibit A: Alternative Rate Plan Description

I. Distribution Replacement Rider, Sheet No. 38.

a. Facts and Grounds for the Application

Vectren Energy Delivery of Ohio, Inc. ("VEDO" or "the Company") seeks approval of an accelerated bare steel and cast iron pipeline replacement program for the replacement of cast iron mains and bare steel mains and service lines in the VEDO distribution system. The purpose of the program is to improve the safety and reliability of service due to the propensity of increased instances of leakage on bare steel and cast iron assets when compared to assets composed of other materials such as plastic and coated steel.

When natural gas distribution systems originated in the 1800's, the majority of the pipelines were constructed of cast iron. While there was some transitioning to the use of bare steel pipelines in the 1920's, the Great Depression and World War II witnessed a reversion to cast iron usage. Welded steel pipelines became the material of choice from the 1950's into the 1970's, until the introduction of plastic pipelines. Corrosion resistant coatings for steel pipelines were also introduced in the 1950's, although bare steel was allowed for use until 1971 when the United States Department of Transportation (USDOT) introduced the original minimum safety standards, Title 49 Code of Federal Regulations Part 192, stipulating the materials approved for use in natural gas transmission and distribution systems. The regulations eliminated cast iron and

bare steel mains and fittings from the approved materials list for construction of new distribution systems.

Cast iron mains are subject to more failure modes as compared to other pipe materials. Cast iron pipe sections are joined together using couplings or bell and spigot joints, increasing the pipe's susceptibility to separation due to extraneous forces such as tree roots, excavation activity around the main, freeze/thaw cycles, and (in the case of bell and spigot joints) simple decay of the compression fitting material over time. Cast iron mains are neither coated nor utilize cathodic protection systems, and are therefore prone to corrosion in the form of graphitization. The manufacturing process used to create cast iron pipe resulted in a brittle material that is susceptible to circumferential and longitudinal fractures. If exposed to elevated natural gas system pressures, the resulting increased hoop stresses on the interior diameter of cast iron mains often lead to fractures at weak points in the pipe wall.

Bare steel provided some benefit over cast iron in that it allowed for a more permanent joining method (welding) when utilized. Alternative joining methods for mains, such as threaded or compression coupled connections, were also used because of the time and cost savings in the installation process since the skilled labor of a welder was not required. However, because these pipelines do not have coating and are not cathodically protected, corrosion on these pipe systems has become a problem over time. In addition to the corrosion induced leakage, material failures as a result of aging and the absence of coating or cathodic protection have led to significant numbers of leaks. These failures

occur on various components of the system such as the pipe material itself, service tees, valves, couplings, and bell and spigot joints. Corrosion, material defects, and aging failures account for approximately 94% of VEDO's below ground bare steel and cast iron leaks repaired since 2003.

As of the end of 2006, VEDO had in service a total of 5,182 miles of distribution main. As of that time, there were 534 miles of bare steel and 174 miles of cast iron mains throughout the VEDO service territory. These pipelines reside within the more urban and heavily populated areas of the numerous cities being served by VEDO, with the majority in the Dayton metropolitan area. As of 2006, the national industry average percentage of bare steel mileage to total mileage is 4.3% compared to 10.3% for the VEDO system. The national industry average percentage of cast iron mileage to total mileage is 3.0% compared to 3.4% for the VEDO system. This includes all entities who report information to the USDOT. Absent an acceleration of replacement activities, at the recent historical rate of replacement it will take VEDO approximately seventy years to complete the system replacement envisioned by this proposal.

b. Elements of the Plan

VEDO is proposing to complete the accelerated replacement of all remaining bare steel and cast iron infrastructure over a 20 year period ("the Program"). The Program will target the mains or pipe segments with the highest incidences of leakage when possible, but in general VEDO will plan the replacement to optimize the capital spend and minimize inconvenience to customers and communities served while improving the reliability and safety of

its systems. The Program will generally target the replacement of larger sections of main which will allow for an increase in system operating pressures while minimizing material costs. The replacement of cast iron and bare steel main pursuant the Program may also include replacement of short segments of newer main (coated steel or plastic) that have been installed previously within the cast iron or bare steel system to repair main leaks where other leak repair methods could not have been employed. VEDO believes it will be more cost effective to replace entire blocks of main (relocating the main where possible to minimize future street repair costs) rather than incur substantially higher construction costs to connect new main to these short segments. It will be more economically efficient to retire short segments of newer pipe installed as a leak repair than to salvage those segments during replacement of cast iron and bare steel mains. Therefore, VEDO will retire these short main segments under the Program. Also included in the Program is the addition of cathodic protection facilities on 357 miles of currently unprotected coated steel systems. Based on experience, VEDO finds it effective and cost-efficient to install cathodic protection on these systems, improving over-all longevity and performance of those pipe segments.

Program activities also include replacement of natural gas service risers arising from VEDO's investigation of the installation, use and performance of risers, consistent with PUCO guidance. Through September 30, 2007, VEDO had surveyed 155,188 premises and had inventoried 124,755 risers. Of the 124,755 risers inventoried, 30% are Design-A type risers, 56% are steel risers and the remaining 14% are Design-B type risers. VEDO identified 120 riser

leaks during the inventory project. Each of the leaks found was on a steel riser, and each of these risers was promptly replaced by VEDO.

By the end of 2007, VEDO will have completed its riser inventory. At this time the results of VEDO's riser investigation do not support a wholesale replacement program. Going forward, VEDO proposes to use a risk-based approach to evaluate riser performance and identify any preventive or mitigation measures necessary which may include replacement, additional surveys, or some other measure. This approach is consistent with the process that is anticipated to be required in distribution integrity management rules expected to be issued by USDOT within the next year. A geographic information system being implemented by VEDO will allow the Company to evaluate riser failures to determine if geography, age, operating pressure, or some other risk characteristic supports a mitigation plan to address any identified threats. This risk-based approach will result in a focused replacement effort and/or additional O&M activities if the evaluation of the data supports such an effort.

As a public policy matter, the proposed accelerated bare steel and cast iron replacement program as well as the riser investigation and (as necessary) associated replacement program manifest a coordinated, cost-effective, and efficient systematic approach to preserving infrastructure reliability and public safety. A key consideration of such an approach is that service lines are currently owned by customers. However, as part of this Program, VEDO proposes Company ownership of those service lines at the time of replacement by the Company. Given the safety related responsibilities regarding customer-

owned service lines already imposed on utilities, coupled with the overall safety and reliability concerns evidenced by recent Commission action, VEDO considers this a reasonable approach. Further, and for these same reasons, ownership of service lines leading to the customer's place of residence or commercial enterprise already occurs in similar industries including electricity and telecommunications.

As a practical matter, given the proposed scope of the accelerated bare steel and cast iron replacement program, and in view of the propensity of customer service line pressure test failures at the time of main replacement, VEDO will also replace under the Program any existing metallic service line (from the main to the meter setting) connected to a bare steel or cast iron main. While customer-owned service lines are a component of overall service assets, those service assets, taken together, are inextricably integrated. A failure of a single component subverts the reliability of service and represents in some cases a threat to public safety. Placing reparation responsibility and discretion in the hands of a single source represents the most efficacious and cost-efficient manner in which to promote reliability, integrity, and safety. Therefore, in addition to service line replacement responsibility, VEDO proposes to assume service line repair responsibility for all service lines (i.e. those replaced by the Company as well as those service lines which continue to be owned by customers).

As previously discussed, VEDO proposes to assume ownership of service lines traditionally owned by customers. VEDO proposes ownership occur at the

time of replacement by the Company. Because the goals of reliability, integrity, and safety are incapable of differentiation between existing assets and new construction, VEDO's proposal to assume ownership of customer service lines includes the responsibility for installation and ownership of new service lines installed on and after the date this proposal is approved by the Commission. Costs associated with installation of new service lines are not included in the estimated costs of the Program; requests for recovery of such costs will be sought in future base rate proceedings.

The expected Program cost is approximately \$337,500,000, or an annual capital requirement of approximately \$16,875,000 over a 20 year period. Program costs are estimated based on historical costs per mile of main replaced (\$45.00 per foot) and per service replacement during the last four years on projects throughout Vectren's service territories. The costs may vary from year to year depending on the size of individual projects undertaken in each year and changes in the availability and cost of labor, equipment and materials. VEDO proposes to submit its annual construction plans under the Program so that the Commission may become familiar with the projects contemplated for the coming year. For each full year of the Program, VEDO proposes to submit its construction plans on May 1 of the preceding year. VEDO will submit its construction plan for the latter part of 2008 and all of 2009 in time for the Commission to have at least 90 days to review (the timing of the 2009 plan submission being dependent upon the date of a Commission order in this proceeding).

The Distribution Replacement Rider ("DRR") filed pursuant to the Program will recover (1) a return on and of incremental annual costs incurred under the Program; (2) individual riser replacements arising from VEDO's investigation of the installation, use, and performance of natural gas service risers (PUCO Case No. 05-0463-GA-COI) and (3) the incremental costs attributable to assuming ownership of service lines installed or replaced by VEDO as well as assuming repair responsibility for all service lines, in the DRR.

DRR filings will be made annually by May 1 of each year, and will reflect activity for the most recent calendar year. VEDO will report to the Commission the following information for the previous calendar year: 1) investment in infrastructure replacement under the Program; 2) pipe mileage replaced (by type); 3) revenue requirement (including reconciliation of revenue requirement recovery for a prior period); and, 4) derivation of rates for the prospective recovery period (September 1 through August 31). VEDO proposes that the DRR shall become effective on September 1 of each year. The annual revenue requirement for the DRR will be allocated to customer rate schedules based on the distribution mains/service lines allocation (as applicable) determined in the Company's cost of service study in its current base rate proceeding and recovered through either a flat charge per customer or a volumetric charge. The proposed DRR revenue requirement calculation and the estimated revenue requirement for the twenty-year term of the Program, including all cost components as described above (and excluding the cost of newly installed

service lines), are attached hereto as Alt Reg Exhibit A, Attachment 1.¹

The revenue requirement will compute the effect of both the return on, and return of, the net change in plant investment attributable to the Program, as well as capital costs related to riser replacement (where such riser replacement is not associated with replacement of a service line under the Program). The result will then be grossed up for income taxes. Next, the net change in property taxes (incremental property taxes associated with new plant, less property taxes avoided due to the retirement of plant) will be added to the revenue requirement. Current depreciation expense and incremental O & M expenses resulting from the assumption of service line responsibility (ownership and repair) will also be added to the revenue requirement.

The following percentage increases associated with the DRR are based on the amount of VEDO's proposed base rate increase in this proceeding, which will become effective in 2008. The calculated increases assume that all proposed components of the DRR are included for recovery thereunder and are presented on the basis of current costs.² The DRR will result in an estimated annual revenue increase of approximately \$2.7 million over the life of the Program. The DRR revenue requirement in year twenty of the Program is equal to approximately 13.8% of the revenue requirement requested in this proceeding. The estimated average annual amount of the DRR increase by rate schedule is as follows:

¹ This attachment, which was previously provided as PFN Exhibit 3a, Attachment 1, reflects a correction to Line 11, Incremental O&M, found on pages 3 and 4.

² DRR charges will be subject to VEDO's Gross Receipts Excise Tax ("GRET") Rider. Revenue requirement calculations and resulting bill impacts as shown here have been modified to include the impact of GRET.

- Rate 310 (Residential Sales Service) and Rate 315 (Residential Transportation Service) -- \$2,038,894 or 2.1% (twenty year total \$40,777,880 or 41.2%);
- Rate 320 (General Sales Service) and Rate 325 (General Transportation Service) -- \$495,375 or 1.5% (twenty year total \$9,907,502 or 30.8%);
- Rate 330 (Large General Sales Service) and Rate 345 (Large General Transportation Service) -- \$79,550 or 1.6% (twenty year total \$1,591,007 or 31.7%);
- Rate 341 (Dual Fuel Sales Service) -- \$89 or 2.1% (twenty year total \$1,773 or 42.7%);
- Rate 360 (Large Volume Transportation Service) -- \$109,529 or 1.8% (twenty year total \$2,190,585 or 35.8%).

The DRR will increase revenue by approximately 0.69% per year over the twenty year term of the Program, based on the revenue requirement in this proceeding. Customers' annual bills are projected to increase each year by an average of \$7.05 for Rates 310 and 315, \$20.58 for Rates 320 and 325, \$373.48 for Rates 330 and 345, \$46.26 for Rate 341, and \$1,659.53 for Rate 360.

The Program will result in a reduction in costs incurred annually to repair and maintain cast iron mains and bare steel mains and service lines. Therefore, the revenue requirement calculation will reflect the reduction in maintenance expenses attributable to the replacement of mains and services under the

Program. Finally, in its second and subsequent DRR filings, VEDO will also include a reconciliation of actual DRR recoveries and the associated applicable revenue requirement, and will adjust the prospective annual revenue requirement for the variance. In each annual DRR filing, the revenue requirement will be updated to reflect the cumulative work completed and costs incurred, including the cumulative maintenance savings realized under the Program. In general rate cases filed by the Company prior to completing the Program, the revenue requirement associated with the DRR as of a date certain will be included in the rate base calculation. Upon approval and implementation of new base rates, the included rate base portion will be removed from the DRR.

c. Transition Plan

VEDO does not propose any transition plan under its DRR. The DRR will be set at zero when the Commission approves the plan.

II. Sales Reconciliation Rider – B (SRR-B), Sheet No. 44

a. Facts and Grounds for the Application

VEDO seeks approval of a Sales Reconciliation Rider - B ("SRR-B") which will supersede the current Sales Reconciliation Rider, Sheet No. 43. The current Sales Reconciliation Rider was approved in Case No. 05-1444-GA-UNC for the recovery of deferred amounts of the difference between the actual and approved base rate revenues (adjusted for normal weather and customer additions), and as required by the Commission's June 27, 2007, Supplemental Order in that case. In its rate case application, VEDO has proposed to rename the current Sales Reconciliation Rider to Sales Reconciliation Rider – A (SRR-A), to

differentiate it from this SRR-B proposal. Pursuant to the Supplemental Order, VEDO has filed an initial rate for the SRR-A in that application. It proposes a rate which will recover, over one year, the deferred amount accumulated during the two-year period ending September 30, 2008 approved by the Commission.

In the rate case application accompanying this alternative rate plan, VEDO is proposing initial steps to move toward a straight fixed-variable distribution rate design from the existing volumetric rate design. This includes a two-stage rate design transition for Residential Service. VEDO proposes to implement the first stage in this proceeding by increasing the Customer Charges and correspondingly reducing the Volumetric Charges. It is VEDO's intent to accomplish the full transition to a straight fixed-variable rate design in its next rate case application. The SRR-B proposed in this proceeding is designed to complement this gradual rate design movement. The proposed SRR-B will recover the difference between VEDO's actual base rate revenues and the revenues approved in the current rate case, as adjusted for customer additions. The change in the calculation of the SRR-B from weather-normalized volumes to actual volumes is necessary to provide VEDO with a fair, just and reasonable opportunity to collect the base rate revenue requirement established in this proceeding and will provide the same revenue recovery result to VEDO that would occur from an immediate movement to a straight fixed-variable rate design. The SRR-B will be necessary only until the Volumetric Charges have been fully eliminated in VEDO's next rate case.

b. Elements of the Plan

The difference between actual base rate revenues and those approved in the current rate case will be calculated and recorded monthly beginning the first day after approval by the PUCO, and shall be deferred for subsequent recovery via the SRR-B. Effective November 1, 2009 and each year thereafter, VEDO shall implement the SRR-B rates required to amortize, over the subsequent 12 month period, the accumulated deferred differences between VEDO's actual base revenues and the base revenues approved in this rate case, as adjusted for customer additions. Once established, the SRR-B rates shall remain in effect for 12 months. The annual SRR-B update shall also include a reconciliation to ensure that SRR-B deferrals are not over or under recovered as a result of variances between estimated and actual data. In the event that the SRR-B is superseded by a straight fixed-variable rate design or other mechanism or the SRR-B is terminated, VEDO shall continue the SRR-B for a period of not more than 12 months in order to recover or refund any remaining unamortized SRR-B balance. Any over or under recovered SRR-B balance at the end of the extension period will be rolled into the Uncollectible Expense Rider, Sheet No. 39, for subsequent return or recovery from customers.

VEDO has included a proposal for the funding of demand side management ("DSM") programs in its accompanying rate case application, the result of which would increase the speed and magnitude of the existing erosion in average annual use per customer. VEDO submits that the approval of the proposed SRR-B must be a prerequisite to the approval of its DSM proposal.

c. Transition Plans

It is VEDO's intent to accomplish the transition to a straight fixed-variable rate design in its next rate case application. The SRR-B proposed in this proceeding is designed to complement this rate design proposal and must be a prerequisite to approval of its DSM proposal. The initial rate for this SRR-B will be set at \$0.00 and there will be no customer bill impact for twelve months.

III. System Integrity and Reliability Program

Since VEDO's last rate case proceeding, the Company has undertaken an in-depth review of two major challenges facing the Company: reliability of its gas distribution system and the impact of its aging workforce. The System Integrity and Reliability component of VEDO's Alternative Rate Plan outlines a comprehensive and systematic approach to dealing with these two challenges.

a. Facts and Grounds for the Application

Historically, VEDO has undertaken a multifaceted approach toward maintaining and improving the integrity and reliability of its gas system. This approach has included organizational enhancements focused on bringing specific skill sets into key processes and positions in gas engineering and gas dispatching. There have also been key capital investments in both distribution and transmission infrastructure and a move toward greater emphasis on preventative maintenance programs.

VEDO's efforts in gas operations and maintenance have been focused and diligent. However, after engaging in a self critical process to find any gaps in its processes and determine how VEDO can provide better service, the Company concluded that certain operational practices can be improved. This conclusion

results in modification to existing programs, the expansion of the scope of certain programs, and the implementation of new programs.

The self critical process VEDO engaged in involved an intensive assessment of current utility industry practices related to sustainable maintenance and reliability programs. In addition to staying abreast of industry strategies via utility conferences and American Gas Association (AGA) committee networking, VEDO hosted a series of industry consultants and solution providers to provide presentations and discussion on engagements underway across the industry. This was followed by a number of utility site visits where key VEDO operations management personnel visited their peers at utilities that appeared to have further advanced their own preventative maintenance strategies. The combined results of these efforts solidified and corroborated VEDO's transition towards an increased preventative and proactive operations and maintenance approach, with the first phase being the development and proposed implementation of the maintenance programs described herein. Finally, it is anticipated that the USDOT will issue distribution system integrity management rules within the next year which will ultimately require the kinds of programs VEDO proposes herein.

VEDO has concluded it is important to enhance its current maintenance programs and practices. The assessment revealed that, like many utilities within Ohio and around the country, VEDO is increasingly sensitive to the age of its facilities. Operating philosophies and practices with respect to aging equipment, infrastructure and personnel need to be more structured, proactive and

prevention focused. Finally, it is important to recognize that VEDO's proposed programs are responsive to and consistent with the resolution sponsored by NARUC's Gas Committee and adopted by NARUC's Board of Directors on February 16, 2005, that:

[S]tates, the Federal Office of Pipeline Safety, gas distribution pipeline operators, and other stakeholders ... develop and approach to distribution integrity management that uses risk-based, technically sound and cost-effective measures, which reflect that stakeholders are: knowledgeable of the infrastructure; can identify threats against their systems; and can take appropriate measures to reduce the risk of system failures while balancing the needs to ensure continued safe operation, reliable service and the implications if any increased financial demands on the customer.

Resolution on Distribution Integrity Management
Sponsored by the Committee on Gas
Adopted by the NARUC Board of Directors February 16, 2005

Like many other utilities, an aging workforce is another serious challenge the Company faces. According to Bureau of Labor statistics, over 30% of the existing utility workforce will be eligible for retirement over the next 5 years, and by 2012 there may be 10,000 more utility jobs than available workers. A number of such studies indicate that the looming percentage of retirements in the utility industry makes this issue even more acute than in other industries.

Reflective of a generally aging workforce nationally, as baby boomers reach retirement age, a large number of skilled and experienced employees will exit the workforce over the next fifteen years. The sheer magnitude of the anticipated retirements has drawn great attention to the issue and as a result, a

heightened level of human resource planning has commenced as companies are focusing on their recruiting and training programs to ensure that business productivity will not suffer. VEDO is keenly aware of this potentially critical business problem, and has engaged in a planning process, inclusive of senior management, to enable the Company to address the issue before it threatens the reliability of the service VEDO provide to its customers.

As VEDO has approached this issue, it has collected and referred to a great deal of data being reviewed by the industry. A recent article, entitled, "Brain Drain: Our Graying Utilities," cited data that "the median age for workers in the utility sector (including telecom) is 3.3 years higher than the national average, with nearly half of the utility workforce currently over the age of 45." An Energybiz Magazine article (November/December 2004, by Arthur O'Donnell) states that some are referring to this situation as a "demographic time bomb," and Dominion Resources has labeled the phenomenon "The Wave" as it braces to face the fact that 45% of its workers will be eligible to retire by 2012. Exacerbating the situation is the time involved in training new replacement employees.

The American Public Power Association (APPA) surveyed its members and produced a report on the aging workforce, defining this as the "new challenge to its members." The findings were that half the companies project the potential loss of somewhere between 21-50% of their workforce over the next five years. The companies indicated that knowledge loss would be the single greatest problem resulting from the retirements, with finding replacements also a

great challenge. The APPA outlined steps for its members to take to address the retirement onslaught, including identifying gaps in terms of ongoing productivity needs and investing in training resources. The emphasis is to be proactive in order to commence the necessary development of a new workforce before the wave of retirements hits.

The aging workforce issue facing the energy sector is a challenge which has also been realized by Congress. At a recent hearing, the Senate Energy and Natural Resources Committee was presented with a recent survey by the Center for Energy and Workforce Development which found that the electric and natural gas industries could lose between 40% and 50% of their generation, transmission and distribution employees within the next five years. The survey indicated more than 45% of the half million utility employees in the nation are over the age of 48, and more than 25% are over the age of 53. Evidence was also presented at the hearing on the North American Electric Reliability Corporation's (NERC) 2007 Survey of Reliability Issues, where it found that utility users, owners and operators ranked aging workforce and lack of skilled workers as the foremost cause of reliability risk. All of this led Ranking Member Pete Domenici, R-N.M., to warn that such a turnover rate in the energy industry could have a devastating impact on the economy and that workforce shortages could cause significant delays in the delivery of energy.

The approaches the utility industry has taken to deal with the aging workforce issue differ by company, but core strategies have focused on hiring now in areas that will experience significant attrition in order to commence

training and knowledge transfer, and beefing up current training efforts. There is also a general recognition that the available labor pool is finite and competition for the new workforce could be significant as all industries face replacement needs. At the hearing before the Senate Energy and Natural Resources Committee previously mentioned, the Committee was also presented with testimony from leading industry experts that the aging workforce challenge is confounded by the challenge of raising awareness that good-pay job opportunities exist in the energy sector. Thus, utilities must not only figure out how to train, but also recruit, the future workforce. In so doing, competition with contractors for skilled labor could become fierce.

The changes occurring at VEDO mirror what is happening across the country. By 2018 VEDO estimates that over 58% of its current bargaining unit workforce will retire. This estimate assumes that retirements will occur, on average, when employees reach age 62. (At VEDO, actual eligibility for retirement with benefits occurs at age 55). VEDO's actual experience in 2007 indicates an average retirement age of 61.2. Thus, the large number of retirements predicted is consistent with recent actual retirements.

This is a critical problem for VEDO. The potential impact on customers is very real and must be dealt with on a proactive basis to ensure continuity of good customer service at the lowest possible cost. For VEDO, an approach of waiting to hire replacement workers as employees actually retire would leave the Company unable to maintain work levels and customer service levels because of the lengthy required apprenticeship training process new bargaining unit

employees must complete. Rather, VEDO must implement a plan that brings on new employees in advance of retirements so that they can begin the up to four year apprenticeship training and be prepared to fill the roles of employees retiring with decades of utility experience.

VEDO intends to implement the proposed System Integrity and Reliability Programs during the test year, and the associated costs are included in the budgeted portion of the test year in VEDO's accompanying rate case. The annual costs of these programs have been included in operating expenses in VEDO's revenue requirement calculation.

b. Elements of the System Integrity and Reliability Program

i. Gas Distribution System and Maintenance Program

VEDO is largely comprised of many independent gas distribution systems serving customers throughout much of the western and central part of Ohio. The utility transmits and delivers natural gas to approximately 315,000 residential, commercial, and industrial customers in 17 counties. VEDO also has its own propane production facilities. Most of VEDO's assets were acquired by Vectren Corporation from The Dayton Power and Light Company in 2000. Many of the communities served by VEDO are small to medium sized towns located throughout the territory. VEDO operates and maintains approximately 5,409 (5,466 @ 2006 per DOT reports) miles of transmission and distribution pipelines, 1,736 regulator stations, 384 regulator station vaults, and 319,937 customer services. The proposed Gas Distribution System Maintenance Program sets forth programs designed to systematically address needs throughout the system.

Each of these programs will accomplish at least one of the following purposes:

(1) preservation of existing facilities through enhanced maintenance; (2) improved reliability through activities that reduce the likelihood of facility failures; and/or (3) improved public and employee safety.

- Regulator Station Maintenance

A regulator station is generally designed to provide pressure and flow control from a high pressure pipeline or main into a lower pressure pipeline or main. In functional terms, a regulator station reduces gas pressure in conjunction with distributing gas flow in a manner that meets downstream customer demand. As such, regulator stations are critical assets to the safe movement of natural gas throughout the transmission and distribution systems.

Based on many factors, such as frequency of operation and maintenance functions, historical operating experience, location, security requirements and size, regulator stations may be fenced, with the fenced grounds covered with rock to facilitate access to station facilities during inclement weather. Over time, the fencing and rocked grounds are exposed to weather and normal wear and tear from equipment, traffic, and workers. Therefore, maintenance must be performed to ensure facility performance as well as continued access and security. A review of VEDO's current regulator stations indicates there are approximately 444 regulator stations with rock and/or fencing. In total these regulator stations include 24,538 lineal feet of fencing and 553,111 square feet of surface area requiring rock.

VEDO is implementing more formal preventative maintenance programs associated with rock and fence maintenance at its regulator stations. The rock maintenance program includes a scheduled approach to repair erosion, fill holes, protect pipe, and ensure adequate ground coverage. The fence maintenance program utilizes a similar approach to repair damaged mesh, paint, and repair any other structural problems.

In addition to fencing and rock maintenance at regulator station facilities, VEDO is also implementing a formal program for the maintenance and repair of buildings within regulator stations which would include repairs to the roofs, gutters, doors, asphalt and other general building maintenance. VEDO operates 198 stations with facilities that need this type of routine maintenance. These stations vary in size and the decision to install buildings is typically driven by the need for noise control, weather conditions, or security issues.

These programs place greater emphasis on planned periodic preventative maintenance which the need for significant expenditures over time should minimize maintenance.

- Commercial and Industrial Regulator Stations

In addition to the 1,736 distribution system regulators, VEDO maintains approximately 4,041 commercial and industrial (C&I) customer regulator stations. While generally designed and built to withstand all types of weather, the regulator station assembly is subject to atmospheric corrosion associated with prevailing weather conditions. In some cases, nearby commercial and/or industrial

processes may worsen the effect by introducing airborne contaminants that can result in an even greater corrosive environment.

VEDO is establishing a program to inspect and remediate its commercial and industrial ("C&I") regulator stations. While these regulators serve one customer load, the load and pressure requirements are similar in application to the distribution system regulators. Inspections will identify and remediate conditions of the C&I regulator stations such as inlet/outlet pressure, pressure relief device, safeguards, control lines, vent caps, and pipe supports. As part of this program, VEDO is also painting these regulator stations. Because regulator stations require significant initial capital investment, painting the entire assembly is prudent to provide effective corrosion control in order to ensure the asset is in service through its expected useful life.

- Regulator Station Vaults Program.

VEDO also is establishing a preventative maintenance program associated with underground regulator vaults. VEDO has 384 underground regulator vaults in its distribution system. These vaults are often in traffic areas and degrade due to age, vibration and moisture. To preserve the useful life and defer capital costs of relocating the regulator station aboveground, a five year cycle of inspection and remediation is planned. Inspections will identify and remediate conditions of the vault such as security, entrance way, ceiling, side walls, floor, seals around pipe entrance/exit, venting, drainage, and susceptibility to flooding.

VEDO's pressure regulating stations, including Commercial and Industrial regulating stations, regulator vaults and curb boxes are critical assets to the gas distribution system. These activities place greater emphasis on planned preventative maintenance of these facilities and reduce future maintenance costs.

i. Curb Box Maintenance Program

Throughout VEDO's territory, there are approximately 100,600 customers with indoor meters. All of these customers have curb boxes which are devices that rest on top of the customer service curb valve and provide above ground access to the valve. These valves are used for activating and deactivating service and are especially important for emergency shutoff. This program will provide for verification of the curb box location and ensure valve access. Ensuring valve access includes relocating the valve/curb box, repairing damaged curb boxes, and/or protecting existing curb boxes. VEDO is implementing this program for all 100,600 indoor meters where maintaining curb valve access is more critical. VEDO will be conducting this program on a ten year cycle.

ii. Right-of-Way ("ROW") Clearance Program

VEDO is implementing a right-of-way maintenance program similar to its current practices under its transmission integrity management program. A right-of-way maintenance program is necessary because it allows VEDO to more efficiently maintain its facilities, enhances safety by providing easier access in case of an emergency, makes the identification of leakage easier, increases the reliability of service through more efficient surveys, patrols and supports public

awareness requirements through better pipeline identification. Natural gas pipeline Rights-of-Way need to be kept clear to provide ready access for safe, efficient operating and maintenance activities required on the pipeline. Personnel with vehicles, equipment and materials need ready access for routine maintenance and operations and, particularly, to respond to emergency situations. Managed Rights-of-Way reduce potential for equipment damage by trees, minimize encroachments and provide visual indicators to excavators at pipeline locations. Managing vegetation on natural gas pipeline Rights-of-Way through regular clearing activity is most cost effective. Having clear access to gas lines increases the reliability of service through more efficient surveys, patrols and pipeline identification. Additionally, safety is enhanced through easy access to locate leaks and to more efficiently identify excavation activity at or near the pipeline.

The program consists of identifying pipelines, both non-integrity management transmission pipe and distribution pipe, that reside within a utility defined or obtained easement that is not maintained regularly by the property owner, and after researching the easement boundaries, clearing any heavy growth within these areas and maintaining any previously cleared areas through an annual mowing and spraying program. The program will be separated into a non-integrity management transmission right-of-way maintenance program and a distribution right-of-way maintenance program.

VEDO has approximately 5,182 miles of gas distribution pipelines throughout its territory. A majority of these pipelines reside within an existing

road right-of-way or on a maintained residential or commercial property. VEDO estimates based on operational experience that only 5% (259 miles) of its total distribution pipeline facilities will require annual right-of-way maintenance. VEDO's right of way maintenance is being implemented on a 10 year maintenance cycle. Maintenance activities and associated costs will consist of clearing and maintaining rights-of-way, researching, documenting and mapping easements, surveying boundaries, installing concrete right-of-way edge markers, and spraying.

VEDO has 226.5 miles of gas transmission pipelines that are not included in the integrity management program. These pipelines are not within a high consequence area (HCA) and therefore do not require the assessments that are a part of the integrity management program and, as such, have not undergone the same level of right-of-way maintenance. Because these pipelines are not in HCAs, they are almost entirely in rural, less maintained areas. VEDO is using a 10 year maintenance cycle on these transmission pipelines.

iii. Aging Workforce Program

VEDO has developed a plan to effectively manage the impact of its aging workforce on system reliability. The plan's focus is that sufficient resources remain available to maintain reliable service. Several years ago VEDO realized that this was a growing problem. In 2005 Vectren management established a Workforce Planning Team ("Team") comprised of representatives from the Human Resources and Operations Departments. The Team determined that a

critical need exists to hire significant numbers of new apprenticeship employees in the near term in order to have sufficient skilled employees in later years.

Generally, the Team has focused on improved processes for recruiting, training and employee development. While key non-bargaining employees will be lost to retirement and the approach to replacing such employees will be critical, it will be more individualized in nature. As such, the Team identified the need to focus on and aggressively hire a group of bargaining unit replacement employees for two reasons. First, the number of employees the Company is at risk of losing is much larger. Second, VEDO has recognized that the years of training required to move employees from the apprentice level to a fully productive journeyman level in various job classifications is well defined.

VEDO's program focuses on bargaining unit employees in the Regulation Specialist, Instrument Repairman and Service Technician positions. It is in these job classifications that VEDO expects the near term effect of retirements to be most noticeable. VEDO's strategy recognizes that a retirement in the Regulation Specialist and Instrument Repairman positions is typically filled from employees in the Service Technician classification. This is because Service Technicians perform many important field activities which provide well-rounded, general experience. Once that experience is gained these employees often move into other roles, such as Regulation Specialist and Instrument Repairman. Because vacancies will most likely be filled from the Service Technician positions, the Aging Workforce Program includes costs to hire replacement employees in this category, reduced by the average salaries of the expected Regulation Specialist,

Instrument Repairman and Service Technician retirements in the same time period.

The specific skills required to become qualified to perform these job functions must be developed through an apprenticeship program. The four years apprentice program is a combination of classroom, laboratory and field training. Over the course of the program the apprentice will learn, practice and then demonstrate actual application of the appropriate skills. This is done under the observation and tutelage of professional trainers and senior employees. The program covers the major skills required to carry out the day to day responsibilities of service, construction, operation and maintenance of a gas distribution system. In addition to the physical skill training, other key areas such as the attributes of natural gas, work safety, customer service, company policy, and equipment operation are all interwoven in the program.

The main elements are taught at the Company's training center or other locations where classroom and controlled laboratory conditions are available. Teaching the actual field work is completed in the apprentice's home area using local senior employees as their mentors and field trainers. The classroom work is grouped in sections and when the candidates successfully complete the session, they return to their home base to gain the actual field experience in the trained areas. Typical apprentices spend four years in this program before graduating to a qualified journeyman type job classification.

The VEDO bargaining unit work force had 164 positions at the end of 2006. Using a projected retirement age of 62 years, VEDO expects to lose 38 of

these employees over the next 12 years. Breaking this down into four year apprenticeship cycles, from 2007-2011 VEDO projects 14 retirements; from 2012-2015 VEDO anticipates 15 more retirements; and from 2016-2018 VEDO expects an additional 9 retirements. VEDO's plan is to stage hiring to train groups of new employees during the first year of an apprenticeship training period as opposed to waiting for the retirement to occur. This means there would be 14 replacements hired in 2008, 15 replacements hired in 2012, and 9 replacements hired in 2016. By hiring all replacements needed at the beginning of a particular apprenticeship period, the apprentices will be near the point where they are fully trained at the time the anticipated retirements occur.

Utilizing the four year planning approach previously discussed, VEDO plans to add fourteen (14) apprentices in 2008. These new employees result in additional labor costs of \$785,256. This is based on properly loaded contractual bargaining unit labor rates with 90% charged to O&M. An offset to that adjustment amount of \$(475,333) is included reflecting a reduction in labor costs due to the anticipated retirements over the four year planning period. Also included in this program are costs for two Engineering Co-op Students to provide cost effective engineering expertise to VEDO and also identify prospective engineering employees.

Other regulatory commissions have recognized the importance of the aging workforce issue for public utilities. For example, *New York State Electric & Gas Corp.*, 2006 N.Y. PUC. LEXIS 260 at *89, 252 PUR4th 165, 195 (NY Pub. Serv. Com'n 8/23/06) (finding program to train 30 apprentices "is a laudable

program and a useful device to maintain a skilled workforce that is fully capable of sustaining electric system reliability and ongoing service quality" and recognizing that additional workers must be trained in time "to replace the seasoned employees who are reaching the time of their potential retirement"); *Central Vermont Pub. Sew. Corp.*, 2005 Vt. PUC LEXIS 65 at *236, 241 PUR4th 1, 72 (Vt. Pub. Serv. Bd. 3/29/05) ("We recognize that the aging of the workforce is an issue confronting the electric utility industry as a whole, and we are pleased that CVPS is planning for expected retirements"); *Connecticut Light and Power Co.*, 2003 Conn. PUC LEXIS 192 at * 215, 229 PUR4th 380, 463 (Conn. Dep't of Pub. Util. Control 12/17/03) ("The Department agrees the pending retirement of lineworkers is a concern that must be addressed"); *Southern Indiana Gas and Electric Company*, 2007 Ind. PUC LEXIS 232 at *74 (Ind. PUC 2007) (Ind. Util. Reg. Com'n 8/1/07) ("The Settlement also supports Petitioner's proactive plan to address its aging workforce by recruiting, training and developing replacements for the skilled workers who are expected to retire in upcoming years"); *Southern Indiana Gas and Electric Company*, 2007 Ind. PUC LEXIS 243 at *101 (Ind. PUC 2007) (Ind. Util. Reg. Com'n 8/15/07) (accepting, approving, and adopting Settlement Agreement which addresses Company's request regarding its aging workforce to recruit, train, and develop replacements for the skilled workers who are expected to retire in upcoming years).

The aging workforce issue cannot be ignored. VEDO must respond to changing conditions and make sure workforce levels meet the requirements of the gas delivery system and VEDO customers. While these additional

employees and training costs result in short-term cost implications, adding the employees now and having them in place as retirements occur is a prudent, necessary, and reasonable approach ultimately resulting in the lowest possible cost of operations and reliable customer service levels.

c. Transition Plan

VEDO does not have a transition plan for the Gas Distribution System and Maintenance Program and Right-of-Way Clearance Program components of its System Integrity and Reliability Program proposal. With regard to the Aging Workforce Program, however, there is a transition plan which, up to this point, has consisted of studying the retirement implications, planning to address the issue, development of improved processes for recruiting, training, and employee development, including working with universities to establish joint training efforts. The next phase, which consists of hiring new apprentices, will be timed to coincide with the anticipation of retirements to establish apprentice classes to replace experienced employees, and will be impacted by the ability to attract new employees.

IV. Rationale for Proposed Tariff Changes

Sections I, II, and III, above, provide the rationale for the proposed tariff changes/new tariffs proposed by VEDO. See also the testimony of William S. Doty (Aging Workforce Program), Daniel G. Berry (System Integrity and Reliability Program), James M. Francis and Scott E. Albertson (DRR), and Jerrold L. Ulrey (Sales Reconciliation Rider - B).

**VICTREM ENERGY DELIVERY OF OHIO
REVENUE REQUIREMENT DETAIL - MAINS
DISTRIBUTION REPLACEMENT ORDER**

Annual Construction Costs \$	8,470,944
# Years	20
Total Construction Costs \$	169,420,880
Present Value Factor	1.0000
Construction Rate	1.0000
Cost of Capital	9.38%
Total Mains Replacement Savings \$	1,117,236

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1 Construction Costs	\$ 8,470,944	\$ 10,940,088	\$ 25,010,132	\$ 33,860,176	\$ 42,350,220	\$ 50,520,264	\$ 59,250,308	\$ 67,700,352	\$ 76,220,396	\$ 84,700,440	\$ 93,170,484	\$ 101,640,528	\$ 110,110,572	\$ 118,580,616	\$ 127,050,660
2 Less: Accumulated Depreciation	211,751	632,353	1,270,907	2,117,511	3,170,287	4,448,773	5,959,037	7,623,040	9,328,820	11,068,211	13,875,573	16,818,588	19,899,350	22,223,860	25,410,132
3 Net Construction Costs	\$8,259,193	\$10,307,735	\$23,739,225	\$31,742,665	\$38,179,933	\$46,071,491	\$53,291,271	\$60,077,312	\$66,891,576	\$73,632,229	\$80,294,911	\$86,821,940	\$93,211,222	\$99,356,751	\$105,640,528
4 Cost of Capital	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%
5 Return Amount	\$772,979	\$1,528,133	\$2,258,469	\$2,872,085	\$3,486,882	\$4,094,959	\$4,694,016	\$5,283,852	\$5,864,269	\$6,435,867	\$7,000,000	\$7,558,238	\$8,111,050	\$8,658,153	\$9,199,153
6 Income Tax Factor	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385
7 Income Tax (Gross)	\$418,218	\$827,794	\$1,218,637	\$1,600,938	\$1,974,387	\$2,351,224	\$2,728,428	\$3,105,921	\$3,483,190	\$3,860,129	\$4,236,744	\$4,613,047	\$4,989,038	\$5,364,716	\$5,740,083
8 Revenue Requirement	\$1,168,194	\$2,347,669	\$3,478,108	\$4,573,324	\$5,641,049	\$6,677,783	\$7,684,024	\$8,660,773	\$9,616,386	\$10,551,799	\$11,466,155	\$12,359,893	\$13,232,832	\$14,085,635	\$14,917,241
9 Property Tax Requirement	\$89,223	\$195,803	\$290,038	\$381,026	\$470,676	\$557,177	\$641,38	\$722,550	\$801,420	\$877,746	\$951,527	\$1,022,794	\$1,091,467	\$1,157,600	\$1,221,211
10 Depreciation	\$211,751	\$423,502	\$635,253	\$847,004	\$1,058,756	\$1,270,507	\$1,482,258	\$1,694,009	\$1,905,760	\$2,117,511	\$2,329,262	\$2,541,013	\$2,752,764	\$2,964,515	\$3,176,267
11 Maintenance Savings	(\$15,895)	(\$111,730)	(\$167,584)	(\$223,439)	(\$279,294)	(\$335,148)	(\$391,004)	(\$446,859)	(\$502,714)	(\$558,569)	(\$614,424)	(\$670,279)	(\$726,134)	(\$781,989)	(\$837,844)
12 Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13 Revenue Requirement Before ORET	\$1,444,304	\$2,955,571	\$4,233,803	\$5,578,807	\$6,987,156	\$8,416,384	\$9,867,428	\$11,338,693	\$12,827,600	\$14,334,539	\$15,859,379	\$17,402,116	\$18,962,850	\$20,541,484	\$21,957,741
14 ORET Adjustment *	4.872%	4.872%	4.872%	4.872%	4.872%	4.872%	4.872%	4.872%	4.872%	4.872%	4.872%	4.872%	4.872%	4.872%	4.872%
15 Total Revenue Requirement - Mains	\$1,514,738	\$3,094,820	\$4,460,272	\$5,861,048	\$7,277,217	\$8,693,718	\$10,121,292	\$11,570,386	\$13,049,200	\$14,548,919	\$16,069,251	\$17,610,207	\$19,171,506	\$20,753,149	\$21,957,741
16 Total Revenue Requirement - Service Lines	\$1,654,508	\$3,394,031	\$4,960,272	\$6,561,048	\$8,197,217	\$9,878,989	\$11,605,292	\$13,377,020	\$15,193,279	\$17,054,081	\$18,959,424	\$20,909,306	\$22,903,728	\$24,942,689	\$26,926,189
17 Total Revenue Requirement	\$3,169,246	\$6,488,851	\$9,420,544	\$12,422,096	\$15,474,434	\$18,572,707	\$21,726,581	\$24,947,406	\$28,242,479	\$31,603,000	\$35,028,675	\$38,519,512	\$42,085,234	\$45,725,838	\$48,883,930
18 Allocation - Mains	61.460%	61.460%	61.460%	61.460%	61.460%	61.460%	61.460%	61.460%	61.460%	61.460%	61.460%	61.460%	61.460%	61.460%	61.460%
19 Allocation - Service Lines	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%
20 310315	23.300%	23.300%	23.300%	23.300%	23.300%	23.300%	23.300%	23.300%	23.300%	23.300%	23.300%	23.300%	23.300%	23.300%	23.300%
21 320325	8.140%	8.140%	8.140%	8.140%	8.140%	8.140%	8.140%	8.140%	8.140%	8.140%	8.140%	8.140%	8.140%	8.140%	8.140%
22 341	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%
23 360	8.885%	8.885%	8.885%	8.885%	8.885%	8.885%	8.885%	8.885%	8.885%	8.885%	8.885%	8.885%	8.885%	8.885%	8.885%
24 Allocation - Service Lines	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%	38.540%
25 310315	14.180%	14.180%	14.180%	14.180%	14.180%	14.180%	14.180%	14.180%	14.180%	14.180%	14.180%	14.180%	14.180%	14.180%	14.180%
26 320325	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%
27 330335	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%
28 341	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%
29 360	0.184%	0.184%	0.184%	0.184%	0.184%	0.184%	0.184%	0.184%	0.184%	0.184%	0.184%	0.184%	0.184%	0.184%	0.184%
30 Allocated Total Revenue Requirement	\$2,519,515	\$4,688,437	\$6,700,769	\$8,774,566	\$10,810,658	\$12,816,577	\$14,794,177	\$16,750,500	\$18,684,332	\$20,594,652	\$22,482,472	\$24,357,792	\$26,220,512	\$28,070,624	\$29,908,128
31 310315	\$728,823	\$1,377,170	\$1,977,110	\$2,580,853	\$3,187,917	\$3,789,300	\$4,385,912	\$4,976,652	\$5,561,420	\$6,140,216	\$6,713,040	\$7,279,892	\$7,840,764	\$8,395,656	\$8,944,568
32 320325	\$246,112	\$450,122	\$640,132	\$826,142	\$1,009,152	\$1,189,162	\$1,366,172	\$1,541,182	\$1,714,192	\$1,885,202	\$2,054,212	\$2,221,222	\$2,387,232	\$2,552,242	\$2,716,252
33 330335	\$111	\$202	\$293	\$384	\$475	\$566	\$657	\$748	\$839	\$930	\$1,021	\$1,112	\$1,203	\$1,294	\$1,385
34 341	\$111	\$202	\$293	\$384	\$475	\$566	\$657	\$748	\$839	\$930	\$1,021	\$1,112	\$1,203	\$1,294	\$1,385
35 360	\$138,743	\$276,305	\$409,867	\$547,429	\$684,991	\$822,553	\$960,115	\$1,097,677	\$1,235,239	\$1,372,801	\$1,510,363	\$1,647,925	\$1,785,487	\$1,923,049	\$2,060,611
36 Precipitated Margin	\$69,033,500	\$69,033,500	\$69,033,500	\$69,033,500	\$69,033,500	\$69,033,500	\$69,033,500	\$69,033,500	\$69,033,500	\$69,033,500	\$69,033,500	\$69,033,500	\$69,033,500	\$69,033,500	\$69,033,500
37 310315	\$32,193,184	\$32,193,184	\$32,193,184	\$32,193,184	\$32,193,184	\$32,193,184	\$32,193,184	\$32,193,184	\$32,193,184	\$32,193,184	\$32,193,184	\$32,193,184	\$32,193,184	\$32,193,184	\$32,193,184
38 320325	\$5,020,671	\$5,020,671	\$5,020,671	\$5,020,671	\$5,020,671	\$5,020,671	\$5,020,671	\$5,020,671	\$5,020,671	\$5,020,671	\$5,020,671	\$5,020,671	\$5,020,671	\$5,020,671	\$5,020,671
39 330335	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157
40 341	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157	\$4,157
41 360	\$8,112,792	\$8,112,792	\$8,112,792	\$8,112,792	\$8,112,792	\$8,112,792	\$8,112,792	\$8,112,792	\$8,112,792	\$8,112,792	\$8,112,792	\$8,112,792	\$8,112,792	\$8,112,792	\$8,112,792
42 Margin Impact	2.54%	5.04%	7.46%	9.87%	12.21%	14.56%	16.89%	19.21%	21.52%	23.83%	26.14%	28.45%	30.76%	33.07%	35.38%
43 310315	13.15%	13.15%	13.15%	13.15%	13.15%	13.15%	13.15%	13.15%	13.15%	13.15%	13.15%	13.15%	13.15%	13.15%	13.15%
44 320325	2.02%	3.89%	5.81%	7.78%	9.82%	11.84%	13.86%	15.88%	17.89%	19.91%	21.93%	23.95%	25.97%	27.99%	29.99%
45 330335	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46 341	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
47 360	2.29%	4.52%	6.70%	8.83%	10.91%	12.94%	14.91%	16.83%	18.70%	20.52%	22.38%	24.00%	25.69%	27.27%	28.83%
48 Annual Dollar Impact - Residential	\$6.71	\$17.25	\$25.61	\$33.60	\$41.81	\$49.64	\$57.31	\$64.78	\$72.10	\$79.24	\$86.20	\$92.99	\$99.60	\$106.04	\$112.30

* ORET included to illustrate total impact of DRR on revenues and customer bills.

VECTREN ENERGY DELIVERY OF OHIO
REVENUE REQUIREMENT DETAIL - MAINS
DISTRIBUTION REPLACEMENT RIDER

Annual Construction Costs	\$ 3,470,044
# Years	20
Total Construction Costs	\$ 69,400,880
Construction Rate	1.283%
Depreciation Rate	2.56%
Cost of Capital	8.35%
Total Maintenance Savings	\$ 1,117,298

	15	17	18	19	20
1 Construction Costs	\$ 135,520,704	\$ 143,990,748	\$ 152,460,792	\$ 160,930,836	\$ 169,400,880
2 Less: Accumulated Depreciation					
3 Net Construction Costs	\$ 28,789,350	\$ 32,367,818	\$ 36,209,438	\$ 40,232,709	\$ 44,487,731
4 Cost of Capital	\$ 108,722,564	\$ 111,562,830	\$ 116,261,354	\$ 120,698,127	\$ 124,933,149
5 Return Amount	8.35%	8.35%	8.35%	8.35%	8.35%
6 Return Amount	\$ 9,069,231	\$ 10,445,069	\$ 10,981,127	\$ 11,267,396	\$ 11,863,743
7 Income Tax Factor	0.5385	0.5385	0.5385	0.5385	0.5385
8 Income Tax (Gross)	\$ 5,379,617	\$ 5,524,279	\$ 5,859,069	\$ 6,063,186	\$ 6,328,631
9 Revenue Requirement	\$ 15,408,048	\$ 16,906,307	\$ 18,740,166	\$ 20,590,530	\$ 22,390,373
10 Property Tax Requirement	\$ 1,282,271	\$ 1,340,768	\$ 1,395,760	\$ 1,450,186	\$ 1,501,072
11 Depreciation	\$ 3,348,018	\$ 3,590,769	\$ 3,811,520	\$ 4,023,271	\$ 4,235,022
12 Maintenance Savings	(\$ 893,837)	(\$ 918,702)	(\$ 1,005,588)	(\$ 1,081,431)	(\$ 1,117,298)
13 Revenue Requirement Before GREY	\$ 19,144,500	\$ 20,960,222	\$ 23,042,808	\$ 25,172,568	\$ 27,608,171
14 GREY Adjustment *	4.8767%	4.8767%	4.8767%	4.8767%	4.8767%
15 Total Revenue Requirement - Mains	\$ 20,078,120	\$ 21,938,459	\$ 23,964,321	\$ 26,385,316	\$ 29,111,753
16 Total Revenue Requirement - Service Lines	\$ 23,705,918	\$ 25,520,265	\$ 27,600,227	\$ 29,846,803	\$ 32,159,994
17 Total Revenue Requirement	\$ 43,784,038	\$ 47,458,724	\$ 51,564,548	\$ 56,232,119	\$ 61,271,747
18 Allocation - Mains					
19 310015	61.460%	61.460%	61.460%	61.460%	61.460%
20 320325	23.380%	23.380%	23.380%	23.380%	23.380%
21 330046	6.140%	6.140%	6.140%	6.140%	6.140%
22 341	0.005%	0.005%	0.005%	0.005%	0.005%
23 360	0.005%	0.005%	0.005%	0.005%	0.005%
24 Allocation - Services					
25 310015	85.184%	85.184%	85.184%	85.184%	85.184%
26 320325	14.180%	14.180%	14.180%	14.180%	14.180%
27 330046	0.439%	0.439%	0.439%	0.439%	0.439%
28 341	0.002%	0.002%	0.002%	0.002%	0.002%
29 360	0.194%	0.194%	0.194%	0.194%	0.194%
30 Allocated Total Revenue Requirement					
31 310015	\$ 24,241,236	\$ 25,951,286	\$ 27,610,741	\$ 29,219,608	\$ 30,777,680
32 320325	\$ 9,341,354	\$ 9,732,301	\$ 10,160,386	\$ 10,535,435	\$ 10,907,502
33 330046	\$ 1,315,715	\$ 1,371,115	\$ 1,427,518	\$ 1,483,102	\$ 1,539,097
34 341	\$ 1,464	\$ 1,464	\$ 1,464	\$ 1,464	\$ 1,464
35 360	\$ 1,654,239	\$ 1,654,239	\$ 1,654,239	\$ 1,654,239	\$ 1,654,239
36 Processed Margin					
37 310015	\$ 88,033,500	\$ 88,033,500	\$ 88,033,500	\$ 88,033,500	\$ 88,033,500
38 320325	\$ 32,183,184	\$ 32,183,184	\$ 32,183,184	\$ 32,183,184	\$ 32,183,184
39 330046	\$ 5,020,671	\$ 5,020,671	\$ 5,020,671	\$ 5,020,671	\$ 5,020,671
40 341	\$ 4,157	\$ 4,157	\$ 4,157	\$ 4,157	\$ 4,157
41 360	\$ 6,112,792	\$ 6,112,792	\$ 6,112,792	\$ 6,112,792	\$ 6,112,792
42 Margin Impact					
43 310015	34.55%	34.55%	34.55%	34.55%	34.55%
44 320325	25.91%	25.91%	25.91%	25.91%	25.91%
45 330046	26.60%	26.60%	26.60%	26.60%	26.60%
46 341	35.84%	35.84%	35.84%	35.84%	35.84%
47 360	30.33%	30.33%	30.33%	30.33%	30.33%
48 Annual Dollar Impact - Residential	\$ 118.36	\$ 124.30	\$ 130.04	\$ 135.60	\$ 140.99

* GREY included to illustrate total impact of GREY on revenues and customer bills.

**VECTREN ENERGY DELIVERY OF OHIO
REVENUE REQUIREMENT DETAIL - SERVICES
DISTRIBUTION REPLACEMENT RIDER**

Annual Construction Costs	\$ 5,403,910
# Years	20
Total Construction Costs	\$ 108,118,200
Interest Expense	12.00%
Depreciation Rate	2.00%
Cost of Capital	8.35%
Incremental O & M	\$ 5,940,000
(Upon program completion)	
Total Maintenance Savings	\$ 160,000

	1	2	3	4	5	6	7	8	9	10
1 Construction Costs	\$ 8,403,910	\$ 16,811,820	\$ 25,217,730	\$ 33,623,640	\$ 42,029,550	\$ 50,435,460	\$ 58,841,370	\$ 67,247,280	\$ 75,653,190	\$ 84,059,100
2 Less: Accumulated Depreciation	210,148	630,443	1,290,887	2,101,478	3,152,215	4,413,163	5,884,137	7,565,319	9,466,849	11,588,128
3 Net Construction Costs	\$8,193,762	\$16,181,377	\$23,926,844	\$31,522,163	\$38,877,334	\$46,022,387	\$52,957,233	\$59,681,961	\$66,186,341	\$72,470,972
4 Cost of Capital	8.35%	8.35%	8.35%	8.35%	8.35%	8.35%	8.35%	8.35%	8.35%	8.35%
5 Return Amount	\$767,123	\$1,514,577	\$2,242,261	\$2,969,474	\$3,696,688	\$4,423,902	\$5,151,116	\$5,878,330	\$6,605,544	\$7,332,758
6 Income Tax Factor	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385	0.5385
7 Income Tax (Gross)	\$413,068	\$815,541	\$1,207,425	\$1,599,317	\$2,395,419	\$3,191,521	\$3,987,623	\$4,783,725	\$5,579,827	\$6,375,929
8 Revenue Requirement	\$1,180,190	\$2,330,118	\$3,449,786	\$4,569,391	\$5,688,996	\$6,808,601	\$7,928,206	\$9,047,811	\$10,167,416	\$11,287,021
9 Property Tax Requirement	\$98,472	\$196,944	\$295,416	\$393,888	\$492,360	\$590,832	\$689,304	\$787,776	\$886,248	\$984,720
10 Depreciation	\$210,148	\$420,296	\$630,443	\$840,591	\$1,050,739	\$1,260,887	\$1,471,034	\$1,681,182	\$1,891,330	\$2,101,478
11 Incremental O&M	\$387,000	\$580,500	\$774,000	\$967,500	\$1,165,000	\$1,362,500	\$1,560,000	\$1,757,500	\$1,955,000	\$2,152,500
12 Maintenance Savings	(\$8,000)	(\$16,000)	(\$24,000)	(\$32,000)	(\$40,000)	(\$48,000)	(\$56,000)	(\$64,000)	(\$72,000)	(\$80,000)
13 Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14 Revenue Req Before GRET	\$1,777,810	\$3,622,833	\$5,206,070	\$6,914,821	\$8,561,166	\$10,175,065	\$11,788,964	\$13,344,463	\$14,851,963	\$16,309,463
15 GRET Adjustment	4.8767%	4.8767%	4.8767%	4.8767%	4.8767%	4.8767%	4.8767%	4.8767%	4.8767%	4.8767%
16 Total Revenue Requirement - Service Line	\$1,884,639	\$3,854,631	\$5,460,269	\$7,281,722	\$9,078,668	\$10,971,212	\$12,933,469	\$14,953,262	\$17,042,769	\$19,257,782

**VECTREN ENERGY DELIVERY OF OHIO
REVENUE REQUIREMENT DETAIL - SERVICES
DISTRIBUTION REPLACEMENT RIDER**

INPUTS:	Annual Construction Costs \$	8,405,970
	# Years	20
	Total Construction Costs \$	168,115,200
	Priority Tax Rate	1.2016%
	Construction Cost	2.85%
	Cost of Capital	8.30%
	Incremental O & M \$	\$,941,000
	(Upon program completion)	
	Total Maintenance Savings \$	160,000

YEAR	11	12	13	14	15	16	17	18	19	20
1 Construction Costs	\$ 52,465,076	\$ 100,870,920	\$ 109,276,830	\$ 117,682,740	\$ 126,088,650	\$ 134,484,560	\$ 142,890,470	\$ 151,306,380	\$ 159,712,290	\$ 168,118,200
2 Less Accumulated Depreciation	13,659,752	16,391,525	19,123,445	22,065,514	25,217,730	29,580,094	32,152,060	35,625,285	38,928,073	44,131,028
3 Net Construction Costs	\$ 38,805,324	\$ 84,479,395	\$ 90,153,385	\$ 95,617,226	\$ 100,870,920	\$ 105,914,466	\$ 110,742,804	\$ 115,371,115	\$ 119,784,216	\$ 123,987,173
4 Cost of Capital	9.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%
5 Return Amount	\$ 7,356,516	\$ 7,807,271	\$ 8,430,357	\$ 8,948,772	\$ 9,441,518	\$ 9,913,594	\$ 10,369,000	\$ 10,788,736	\$ 11,211,803	\$ 11,600,198
6 Income Tax Factor	0.5365	0.5365	0.5365	0.5365	0.5365	0.5365	0.5365	0.5365	0.5365	0.5365
7 Income Tax (Gross)	\$ 3,957,201	\$ 4,257,762	\$ 4,543,731	\$ 4,819,109	\$ 5,083,684	\$ 5,338,099	\$ 5,581,652	\$ 5,814,704	\$ 6,037,125	\$ 6,248,853
8 Revenue Requirement	\$ 11,317,717	\$ 12,105,033	\$ 12,982,087	\$ 13,798,881	\$ 14,625,412	\$ 15,251,983	\$ 15,947,682	\$ 16,613,441	\$ 17,248,927	\$ 17,854,153
9 Priority Tax Requirement	\$ 944,322	\$ 1,015,020	\$ 1,083,153	\$ 1,148,841	\$ 1,211,964	\$ 1,272,592	\$ 1,330,636	\$ 1,386,164	\$ 1,439,207	\$ 1,489,708
10 Depreciation	2,311,025	2,521,773	2,731,821	2,942,069	3,152,216	3,362,364	3,572,512	3,782,660	3,992,807	4,202,955
11 Incremental O&M	\$ 3,267,000	\$ 3,594,000	\$ 3,881,000	\$ 4,138,000	\$ 4,455,000	\$ 4,752,000	\$ 5,049,000	\$ 5,346,000	\$ 5,643,000	\$ 5,940,000
12 Maintenance Savings	(868,000)	(868,000)	(868,000)	(868,000)	(868,000)	(868,000)	(868,000)	(868,000)	(868,000)	(868,000)
13 Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14 Revenue Req Before GREY	\$ 17,752,865	\$ 19,108,828	\$ 20,554,291	\$ 21,905,790	\$ 23,224,593	\$ 24,510,809	\$ 25,789,340	\$ 27,064,284	\$ 28,317,942	\$ 29,558,514
15 GREY Adjustment	4.8707%	4.8707%	4.8707%	4.8707%	4.8707%	4.8707%	4.8707%	4.8707%	4.8707%	4.8707%
16 Total Revenue Requirement - Service Lives	\$ 18,618,309	\$ 20,164,061	\$ 21,566,558	\$ 22,854,070	\$ 24,357,137	\$ 25,705,818	\$ 27,020,265	\$ 28,300,227	\$ 29,545,803	\$ 30,756,984

RATES Schedule 2

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

<u>Rate Schedule</u>	<u>Description</u>	<u>Mains Allocation Factors (a) (%)</u>	<u>Service Line Allocation Factors (b) (%)</u>
310/315	Residential Sales / Transportation	61.480%	85.184%
320/325	General Sales / Transportation	23.390%	14.180%
330/345	Large General Sales / Transportation	6.140%	0.439%
341	Dual Fuel	0.005%	0.002%
360	Large Volume Transportation	8.986%	0.194%
Total		<u>100.000%</u>	<u>100.000%</u>

(a) Total Component of Mains Allocation Factor as proposed in Case No. 07-1081-GA-ALT

(b) Total Services Allocation Factor as proposed in Case No. 07-1081-GA-ALT

Vectren Energy Delivery of Ohio, Inc.
Case No. 07-1081-GA-ALT
Alternative Rate Plan

**Alt. Reg. Exhibit B: VEDO's Justification for Deviation From Traditional
Rate of Return Regulation**

As indicated in Alt Reg Exhibits A and C, VEDO's proposals do not seek a deviation from traditional rate of return regulation, and do not seek to sever costs from rates. VEDO's DRR and SRR-B are rate adjustment mechanisms, permitted pursuant to Section 4929.11, Revised Code, the underpinnings of which are cost-of-service considerations required by Section 4909.15, Revised Code. VEDO's System Integrity and Reliability Program proposal seeks the annualization of budgeted test year expenses, and is filed as an alternative rate plan to emphasize the importance of the safety and maintenance-related activities funded by these expenses, and to the extent program implementation does not proceed exactly as budgeted, due to weather conditions or other contingencies beyond the control of VEDO, VEDO will still have the opportunity to obtain full funding necessary for these important programs. Alt Reg Exhibit A describes the operational and financial need as well as the Company and customer benefits for the various components of VEDO's Alternative Rate Proposals. Each of these proposals seeks only the recovery of the cost of providing service as discussed below:

I. Distribution Replacement Rider (DRR), Sheet No. 38

The DRR requires VEDO to make filings annually on its investment in accelerated infrastructure replacement, the associated revenue requirement, and

derivation of proposed rates. The Company will also submit to the Commission its construction plan for the upcoming year. VEDO bears the burden of proof in its DRR filings which are subject to Commission and Staff review. The DRR follows traditional ratemaking procedures as it matches the cost of natural gas service to the service that causes those costs to be incurred. Also, because VEDO bears the burden of proof in its annual DRR proceedings, VEDO's performance is better matched to quality of service. The Plan also benefits customers by enhancing the safety and reliability of VEDO's distribution system as well as passes through maintenance savings attributable to the Program. Finally, the Plan avoids the regulatory lag associated with the traditional ratemaking process as well as the cost, time and effort associated with more frequent rate case filings. VEDO will continue to bear the burden of demonstrating the reasonableness of the costs included in the DRR, and the DRR will remain subject to Commission review and subject to scrutiny by interested parties.

II. Sales Reconciliation Rider- B (SRR-B), Sheet No. 44

VEDO's SRR-B proposal does not deviate from traditional ratemaking. In this rate case application, VEDO is also proposing to move toward a straight fixed-variable rate design for distribution rates. The SRR-B is a temporary rate mechanism which will be eliminated when the transition to a straight fixed-variable rate design is reached. The SRR-B seeks to recover the difference between VEDO's actual base rate revenues and the revenues approved in the current rate case, as adjusted for customer additions and provides VEDO a

reasonable opportunity to collect only the revenues ultimately approved by the Commission in this proceeding. Approval of SRR-B will provide the same revenue recovery result to VEDO that would occur from an immediate movement to a straight fixed-variable design.

III. System Integrity and Reliability Programs

The proposed System Integrity and Reliability Program does not deviate from traditional ratemaking. The costs of this program are included in the projected test year and included in operating expenses for the revenue requirement calculation. The components of this program were included in VEDO's Alternative Rate Plan because they are scheduled to be implemented during the test year and because of their significant importance to the provision of safe and reliable service going forward. Because the Programs are dependent, in terms of implementation timing, on both weather and the availability of internal and external labor resources, the request for alternative regulation recognizes the need for support and recovery of costs that may not fall neatly within traditional ratemaking.

Vectren Energy Delivery of Ohio, Inc.
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Alternative Rate Plan

Alt. Reg. Exhibit C: VEDO's Statement Regarding Severing of Costs and Rates

Pursuant to OAC 4901:1-19-05(C)(2)(c), VEDO states that the proposals in its Alternative Rate Plan do not result in severing of costs and rates.

Vectren Energy Delivery of Ohio, Inc.
Case No. 07-1081-GA-ALT
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Alt. Reg. Exhibit D: Statement of VEDO Regarding Exempt Services

Pursuant to OAC 4901:1-19-05(C)(2)(d), VEDO states that it has not been authorized to exempt any service under R. C. 4929.04.

Vectren Energy Delivery of Ohio, Inc.
Case No. 07-1081-GA-ALT
Alternative Rate Plan

**Alt. Reg. Exhibit E: Matrix of VEDO Showing Rates, Services, and
Regulations Affected by the Plan**

MATRIX OF VECTREN ENERGY DELIVERY OF OHIO, INC.
OF RATES, SERVICES AND REGULATIONS AFFECTED BY THE PLAN

I. Distribution Replacement Rider (DRR)

<u>Sheet No.</u>	<u>Name</u>	<u>Explanation</u>
10	Rate 310 Residential Sales Service	Rate Schedules that are subject to the proposed Distribution Replacement Rider (DRR) as described below. The projected bill impacts by rate schedule resulting from the proposed DRR are reflected in Attachment 1 to VEDO's Alt. Reg. Exhibit A.I.
11	Rate 315 Residential Transportation Service	
12	Rate 320 General Sales Service	
13	Rate 325 General Transportation Service	
14	Rate 330 Large General Sales Service	
16	Rate 341 Dual Fuel Sales Service	
17	Rate 345 Large General Transportation Service	
18	Rate 360 Large Volume Transportation Service	
38	Distribution Replacement Rider	
		The DRR will recover (1) a return on and of incremental annual costs incurred under its proposed accelerated bare steel and cast iron pipeline replacement program, (2) individual riser replacements arising from VEDO's investigation of the installation, use, and performance of natural gas risers (PUCO Case No. 05-0463-GA-COI), (3) the incremental costs attributable to assuming ownership of service lines installed or replaced by VEDO and (4) the incremental cost of assuming

59	Definitions	maintenance responsibility for all service lines. Definitions have been modified and added to improve utilization and understanding of tariff language.
64	Meters and Metering Equipment – Location and Installation	Reflects VEDO's proposal to assume responsibility for service line installations.
<u>Sheet No.</u>	<u>Name</u>	<u>Explanation</u>
65	Service Pipe – Location and Installation	Reflects VEDO's proposal to assume responsibility for service line installations, while retaining language applicable to service lines which continue to be customer-owned as well as fuel lines which all customers will continue to own.
66	Equipment on Customer's Premises	Reflects VEDO's proposal to assume responsibility for service line installations, while retaining language applicable to service lines which continue to be customer-owned as well as fuel lines which all customers will continue to own.
67	Use and Character of Service Extension of Gas	Reflects VEDO's proposal to assume responsibility for service line installations.
69	Facilities to House Trailer Parks	Reflects VEDO's proposal to assume responsibility for service line installations.

II. Sales Reconciliation Rider – (SRR-B)

<u>Sheet No.</u>	<u>Name</u>	<u>Explanation</u>
10	Rate 310 Residential Sales Service	Rate Schedules that are subject to the proposed Sales Reconciliation Rider-B (SRR-B) as described below.
11	Rate 315 Residential Transportation Service	
12	Rate 320 General Sales Service	
13	Rate 325 General Transportation Service	
44	Sales Reconciliation Rider - B	The proposed SRR-B will permit recovery from or passback to the Residential and General Service customer classes the difference between actual base revenues and the base revenues approved for each customer class in this case, as adjusted for Customer additions.

III. System Integrity and Reliability Program

<u>Sheet No.</u>	<u>Name</u>	<u>Explanation</u>
10	Rate 310 Residential Sales Service	Rate Schedules whose rates will recover allocated portions of the costs associated with the proposed System Integrity and Reliability Programs.
11	Rate 315 Residential Transportation Service	
		As above.

<u>Sheet No.</u>	<u>Name</u>	<u>Explanation</u>
12	Rate 320 General Sales Service	As above.
13	Rate 325 General Transportation Service	As above.
14	Rate 330 Large General Sales Service	As above.
16	Rate 341 Dual Fuel Sales Service	As above.
17	Rate 345 Large General Transportation Service	As above.
18	Rate 360 Large Volume Transportation Service	As above.

Vectren Energy Delivery of Ohio, Inc.
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Alt. Reg. Exhibit F: Statement of VEDO Regarding Cross-Subsidization of Services

Pursuant to OAC 4901:1-19-05(C)(2)(f), VEDO states it does not expect any cross subsidization of services to occur under its Alternative Regulatory Plan. In fact, the combination of the proposed SRR-B and the transition to straight fixed-variable rate design included in the rate case application will ultimately eliminate the subsidization occurring within the residential customer class through which large volume residential customers subsidize the contribution of low volume residential customers to the fixed costs of distribution service resulting from volumetric rates for distribution service.

Vectren Energy Delivery of Ohio, Inc.
Case No. 07-1081-GA-ALT
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**Alt. Reg. Exhibit G: Statement of VEDO Regarding Compliance with R.C.
4905.35 and 4929.02**

Pursuant to the requirements of Section 4929.05, Revised Code, and Rule 4901:1-19-05(C)(2)(g), O.A.C., VEDO states that it is compliant with Section 4905.35, Revised Code, which prohibits a public utility from making or giving any undue or unreasonable preference or advantage to any party or subjecting a party to undue or unreasonable prejudice or disadvantages; requires a utility to offer regulated services or goods to all similarly situated consumers, including those with which it is affiliated or which it controls, under comparable terms and conditions; mandates unbundling of services that include both regulated and unregulated services or goods; and prohibits a utility from conditioning or limiting the availability or condition of services or goods on the basis of identity of the supplier of the other services or goods or on the purchase of unregulated services or goods.

VEDO's public utility services are available on a comparable and non-discriminatory basis. As evidenced by VEDO's Supplier Code of Conduct and Affiliate Code of Conduct (existing Tariff Sheet No. 52, pages 8-10), VEDO also offers its regulated services or goods to all similarly-situated customers, including any persons with which it is affiliated or which it controls, under comparable terms and conditions. Consistent with the obligation to make its service offerings available on a comparable and non-discriminatory basis, VEDO has applied

these principles in developing its service offerings, the terms and conditions upon which it provides public utility service and its rates. Such services, terms and conditions and rates have been reviewed and approved by the Commission and are currently incorporated in VEDO's tariff.

VEDO does not presently have any bundled service offerings that include a regulated and unregulated service. Finally, VEDO does not condition or limit the availability of any regulated services or goods, or condition the availability of a discounted rate or improved quality price, term or condition for any regulated services or goods, on the basis of the identity of the supplier of any other services or goods or on the purchase on any unregulated services or goods from VEDO.

Section 4929.02, Ohio Revised Code, establishes the state policy regarding the provisions of natural gas service and goods. That policy promotes the availability of adequate, reliable and reasonably priced services and goods as well as the unbundling and comparability of those services and goods. It also supports effective choices for supplies and suppliers and encourages market access to supply and demand side services and goods and acknowledges the importance of effective competition and the regulatory treatment needed to support competition.

VEDO currently works to promote, encourage, recognize, facilitate and ensure the goals in Section 4929.02 are met. VEDO's record of service in Ohio includes a proactive effort to work with stakeholders to implement unbundled and ancillary service offerings that provide customers with effective and convenient

choices to meet their natural gas supply needs. VEDO's current tariff provides several bundled and unbundled services of varying terms and conditions to provide options to meet customer's particular needs for the purchase and delivery of natural gas. VEDO's services provide all customers the opportunity to choose an alternative commodity supplier. VEDO's current rates provide no subsidies flowing to or from regulated services or goods. VEDO developed and implemented a successful residential and commercial natural gas choice program within the first two years of its ownership and operation of the VEDO system. In order to support the choice program, VEDO secured capacity contract reduction rights from its gas supply portfolio manager to mitigate the stranded capacity costs resulting from customer migration to choice, a strategy that has proven to be of great benefit to all VEDO customers.

VEDO's rates provide funding for low-income conservation programs resulting in more efficient use and conservation of natural gas for qualifying customers. As a result of the Commission's Supplemental Order in Case No. 05-1444-GA-UNC, VEDO contributes additional funding for additional, expanded low-income conservation programs for which approximately 60% of VEDO's residential customers qualify. VEDO offers a Nexus tool on its website, the use of which permits customers to obtain customized information about their energy use and efficiency options. VEDO bill inserts, advertising initiatives, and company customer service representatives provide information useful to customers in making choices about natural gas services and goods.

VEDO also maintains an active Transportation Working Group which addresses and resolves issues related to the changes in the provision and delivery of natural gas service. VEDO continues to seek ways to enhance effective competition through ongoing discussions with the stakeholders in its choice program and by actively seeking growth in marketer participation.

It should be noted that, in its September 13, 2006, Opinion and Order in Case No. 05-1444-GA-UNC and based on substantially the same information, the Commission has previously found VEDO in compliance with Section 4905.35, Revised Code and in substantial compliance with Section 4929.02, Revised Code. VEDO will continue to maintain compliance with Section 4905.35, Revised Code and substantial compliance with the policies specified in Section 4929.02, Revised Code, after implementation of VEDO's alternative rates plan proposals.

VEDO's proposal for accelerated replacement (and ownership as described) of certain plant and service lines and recovery of the associated costs through the proposed Distribution Replacement Rider is a coordinated, cost-effective, and efficient systematic approach to preserving infrastructure reliability and public safety by decreasing the instances of leakage. VEDO's System Reliability and Integrity Program is comprised of proactive, preventative maintenance programs designed to achieve asset longevity, integrity, safety and reliability for VEDO's customers. Sales Reconciliation Rider-B will enable VEDO to continue to offer adequate and reliable gas service at a reasonable price by providing VEDO the opportunity to collect the revenue requirement approved by

the Commission and removes disincentives to VEDO support of conservation. Implementation of these proposals, combined with VEDO's existing services and programs, will ensure continued and enhanced compliance with the policies described in Section 4929.02, Revised Code.

Vectren Energy Delivery of Ohio, Inc.
Case No. 07-1081-GA-ALT
Alternative Rate Plan

**Alt. Reg. Exhibit H: Statement of VEDO Regarding Financial Data if Plan is
Adopted**

Pursuant to Rule 4910:1-19-03, O.A.C. VEDO states that it has filed a motion for a waiver from the filing requirement of Rule 4901:1-19-05(C)(2)(h), O.A.C., for good cause shown. As indicated in the motion, included in this filing, other information is available in other parts of VEDO's application which will permit evaluation of the financial impact of VEDO's proposals.

Vectren Energy Delivery of Ohio, Inc.
Case No. 07-1081-GA-ALT
Alternative Rate Plan

**Alt. Reg. Exhibit I: Statement of VEDO Regarding Financial Data if Plan is
Not Adopted**

Pursuant to Rule 4910:1-19-03, O.A.C. VEDO states that it has filed a motion for a waiver from the filing requirement of Rule 4901:1-19-05(C)(2)(i), O.A.C., for good cause shown. As indicated in the motion, included in this filing, other information is available in other parts of VEDO's application which will permit evaluation of the financial impact of VEDO's proposals.

Vectren Energy Delivery of Ohio, Inc.
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Alternative Rate Plan

Alt. Reg. Exhibit J: List of Witnesses for VEDO's Alternative Rate Plan

Pursuant to OAC 4901:1-19-05(C)(2)(j), VEDO provides the following list of witnesses in support of its Alternative Rate Plan:

<u>Schedule</u>	<u>Witness</u>
Alt Reg A	James M. Francis and Scott E. Albertson (DRR); Jerrold L. Ulrey (SRR-B); William S. Doty (System Integrity and Reliability Programs-Aging Workforce); Daniel G. Berry (System Integrity and Reliability Programs-Gas Distribution System and Maintenance Program/Right-of-Way Clearance Program).
Alt Reg B	James M. Francis and Scott E. Albertson (DRR); Jerrold L. Ulrey (SRR-B); William S. Doty (System Integrity and Reliability Programs-Aging Workforce); Daniel G. Berry (System Integrity and Reliability Programs- Gas Distribution System and Maintenance Program/Right-of-Way Clearance Program).
Alt Reg C	Jerrold L. Ulrey
Alt Reg D	Jerrold L. Ulrey
Alt Reg E	Jerrold L. Ulrey
Alt Reg F	Jerrold L. Ulrey
Alt Reg G	Jerrold L. Ulrey
Alt Reg H	Waiver requested
Alt Reg I	Waiver requested
Statement of Commitments	James M. Francis and Scott E. Albertson (DRR); Jerrold L. Ulrey (Rider SRR); William S. Doty (System Integrity and Reliability Programs-Aging Workforce); Daniel G. Berry (System Integrity and Reliability Programs- Gas Distribution

System and Maintenance Program/Right-of-Way Clearance Program).

Vectren Energy Delivery of Ohio, Inc.
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Alternative Rate Plan

Statement Required by Section 4901:1-19-05(C)(3), O.A.C.

As demonstrated by Alt Reg Exhibits A, B, and C, VEDO's alternative regulation proposals do not seek relief from the rate formula set out in Section 4909.15, Revised Code. VEDO's DRR and SRR-B are rate adjustment mechanisms, permitted pursuant to Section 4929.11, Revised Code, the underpinnings of which are cost-of-service considerations required by Section 4909.15, Revised Code. VEDO's System Integrity and Reliability Program proposal seeks the annualization of budgeted test year expenses and is filed as an alternative regulation proposal to emphasize the importance of the safety and maintenance-related activities funded by these expenses, and to the extent program implementation does not proceed exactly as budgeted, due to weather conditions or other contingencies beyond the control of VEDO, then VEDO will still have the opportunity to obtain full funding necessary for these important programs. Alt Reg Exhibit A describes the operational and financial need as well as the Company and customer benefits for the various components of VEDO's Alternative Regulation proposals. There are commitments to customers implicit in VEDO's proposals. These include the improvement of the safety and reliability of service and consequent maintenance savings attributable to reduced leakage maintenance costs resulting from the implementation of the plant replacement and maintenance proposals, the costs of which will be recovered by the DRR. The SRR-B proposal is the necessary companion to the proposed transition to a straight fixed variable rate applicable to distribution

service, the commitment for which is the establishment of an appropriate price signal for the recovery of the fixed costs of distribution service, the elimination of cross-subsidization of fixed cost responsibility within the residential class, and the elimination of disincentives to VEDO to advocate and support customer conservation efforts. VEDO has previously demonstrated a commitment to a conservation culture, involving employee dedication to helping customers reduce consumption. This commitment would not be possible absent acceptance of the proposal for a staged transition to a straight fixed variable rate design (including the decoupling feature during the transition stages), which, among other things, benefits customers during cold weather winter months. Finally, the System Integrity and Reliability Program will fund infrastructure maintenance activities that will preserve the useful life of facilities, improve reliability and assist in meeting anticipated compliance requirements associated with evolving distribution system integrity and maintenance rules, and permit proactive effort to avoid adverse impacts arising from the nationally-recognized impending deficiency in a competent workforce.

Parenthetically, VEDO remains committed to the continuation of the TEEM Program which provides \$1.1 million annually for a low-income weatherization program funded through rates. VEDO also proposes no changes to the Percentage of Income Payment Plan (PIPP) arrearage forgiveness programs it offers to active PIPP customers and no changes to the Fresh Start arrearage forgiveness program it offers to PIPP customers who have become income-ineligible for PIPP.

Additionally, VEDO intends to continue its working groups, in which it involves stakeholders in discussions resulting in ongoing improvements to its services and rates.

VEDO's working groups include its Transportation Working Group, its Choice Working Group, and its Conservation Working Group. Each of these groups has made significant contributions to the services and rates relevant to it over the last six years. VEDO believes that involvement of stakeholders in these discussions helps to produce results more likely to be operationally feasible and to produce the intended benefits to participants.

SECTION A
REVENUE REQUIREMENTS
VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
TEST YEAR: 12 MONTHS ENDING MAY 31, 2008
DATE CERTAIN: AUGUST 31, 2007

SCHEDULES:

A-1 OVERALL FINANCIAL SUMMARY

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
OVERALL FINANCIAL SUMMARY
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE A-1
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	DESCRIPTION	SUPPORTING SCHEDULE REFERENCE	JURISDICTIONAL PROPOSED TEST YEAR
1	Jurisdictional Rate Base	B-1	\$ 233,532,983
2	Current Operating Income	C-1	\$ 4,989,460
3	Earned Rate of Return (Line 2 / Line 1)		2.14%
4	Requested Rate of Return	D-1	9.36%
5	Required Operating Income (Line 1 x Line 4)		\$ 21,858,687
6	Operating Income Deficiency (Line 5 - Line 2)		\$ 16,869,227
7	Gross Revenue Conversion Factor	C-10	1.6175096
8	Revenue Deficiency (Line 6 x Line 7)		\$ 27,286,137
9	Revenue Increase Requested (Derived from Noticed Rates)	E-4	\$ 27,331,071
10	Adjusted Operating Revenues	C-1	\$ 374,136,856
11	Revenue Requirement (Line 9 + Line 10)		\$ 401,467,926
12	Percent Increase (Line 9 / Line 10)		7.31%

SECTION B
RATE BASE
VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
TEST YEAR: 12 MONTHS ENDING MAY 31, 2008
DATE CERTAIN: AUGUST 31, 2007

SCHEDULES:

- B-1 JURISDICTIONAL RATE BASE SUMMARY
- B-2 PLANT IN SERVICE SUMMARY BY MAJOR PROPERTY GROUPINGS
- B-2.1 PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
- B-2.2 ADJUSTMENTS TO PLANT IN SERVICE
- B-2.3 GROSS ADDITIONS, RETIREMENTS & TRANSFERS
- B-2.4 LEASED PROPERTY
- B-2.5 PROPERTY EXCLUDED FROM RATE BASE
- B-3 ACCUMULATED DEPRECIATION AND AMORTIZATION
- B-3.1 ADJUSTMENTS TO ACCUMULATED DEPRECIATION AND AMORTIZATION
- B-3.2 DEPRECIATION ACCRUAL RATES AND BALANCES BY ACCOUNTS AND SUBACCOUNTS
- B-3.3 DEPRECIATION RESERVE ACCOUNTS, RETIREMENTS AND TRANSFERS
- B-3.4 DEPRECIATION RESERVE AND EXPENSE FOR LEASED PROPERTY
- B-4 CONSTRUCTION WORK IN PROGRESS
- B-4.1 CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE (TIME)
- B-4.2 CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE (DOLLARS)
- B-5 ALLOWANCE FOR WORKING CAPITAL
- B-5.1 MISCELLANEOUS WORKING CAPITAL ITEMS
- B-6 OTHER RATE BASE ITEMS SUMMARY
- B-6.1 ADJUSTMENTS TO OTHER RATE BASE ITEMS
- B-6.2 CONTRIBUTIONS IN AID OF CONSTRUCTION BY ACCOUNTS AND SUBACCOUNTS
- B-7 JURISDICTIONAL ALLOCATION FACTORS
- B-7.1 JURISDICTIONAL ALLOCATION STATISTICS
- B-7.2 EXPLANATION OF CHANGES IN ALLOCATION PROCEDURES
- B-8 GAS DATA
- B-9 MIRRORED CWIP ALLOWANCES

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
JURISDICTIONAL RATE BASE SUMMARY
AS OF AUGUST 31, 2007

DATA: "X" ACTUAL ☐ ESTIMATED ☐
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S):

SCHEDULE B-1
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	RATE BASE COMPONENT	SUPPORTING SCHEDULE REFERENCE	COMPANY PROPOSED AMOUNT
1	Plant In Service	B-2/WPB-2.1	\$ 466,295,537
2	Reserve for Accumulated Depreciation	B-3/WPB-3	\$ (216,710,346)
3	Net Plant In Service (Line 1+ Line 2)		\$ 249,585,192
4	Construction Work in Progress	B-4	\$ -
5	Cash Working Capital	B-5	\$ -
6	Material and Supplies	B-5	\$ 683,662
7	LP Gas Inventory	B-5	\$ 951,698
8	Customer Service Deposits	B-5	\$ (5,179,137)
9	Other Items:		
10	Customer Advances for Construction	B-6	\$ (6,108,903)
11	PIPP Deferred Asset	B-6	\$ 5,969,191
12	Deferred Income Taxes	B-6	\$ (12,368,720)
13	Jurisdictional Rate Base (Line 3 thru Line 12)		\$ 233,532,983

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
PLANT IN SERVICE SUMMARY BY MAJOR PROPERTY GROUPINGS
AS OF AUGUST 31, 2007

(\$000 Omitted)

DATA: "X" ACTUAL ESTIMATED SCHEDULE B-2
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED PAGE 1 OF 1
WORK PAPER REFERENCE NO(S): WPB-2.1 WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	MAJOR PROPERTY GROUPINGS	TOTAL COMPANY	ALLOCATION %	ALLOCATED TOTAL	ADJUSTMENTS	ADJUSTED JURISDICTION
1	Intangible	\$ 14,662	100.00	\$ 14,662	-	\$ 14,662
2	Manufactured Gas Production	4,494	100.00	4,494	-	4,494
3	Transmission	15,630	100.00	15,630	-	15,630
4	Distribution	404,077	100.00	404,077	-	404,077
5	General	27,432	100.00	27,432	-	27,432
6	TOTAL	\$ 466,295	100.00	\$ 466,295	-	\$ 466,295

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF AUGUST 31, 2007

INTANGIBLE PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-2.1

SCHEDULE B-2.1
PAGE 1 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	F.E.R.C. COMPANY		ACCOUNT TITLE	TOTAL COMPANY	ALLOCATION %	ALLOCATED TOTAL	ADJUSTMENTS	ADJUSTED JURISDICTION
	ACCT. NO.	ACCT. NO.						
1	303	603	Miscellaneous Intangible Plant	\$ 14,662	100.00	\$ 14,662	\$ -	\$ 14,662
2			Total Intangible Plant	\$ 14,662	100.00	\$ 14,662	\$ -	\$ 14,662

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF AUGUST 31, 2007

MANUFACTURED GAS PRODUCTION PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-2.1

SCHEDULE B-2.1
PAGE 2 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	F.E.R.C. COMPANY		ACCOUNT TITLE	TOTAL COMPANY	ALLOCATION %	ALLOCATED TOTAL	ADJUSTMENTS	ADJUSTED JURISDICTION
	ACCT. NO.	ACCT. NO.						
1	304	604.1	Land and Land Rights	\$ 192	100.00	\$ 192	-	\$ 192
2	305	605.1	Structures and Improvements - Production	591	100.00	591	-	591
3	305	605.2	Structures and Improvements - Storage	-	100.00	-	-	-
4	311	611.1	Liquefied Petroleum Gas Equip. - Production	2,644	100.00	2,644	-	2,644
5	311	611.2	Liquefied Petroleum Gas Equip. - Storage	92	100.00	92	-	92
6	311	611.3	Liquefied Petroleum Gas Equip. - Lines	975	100.00	975	-	975
7	Total Manufactured Gas Production Plant			\$ 4,494	100.00	\$ 4,494	-	\$ 4,494

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1060-GA-AIR; CASE NO. 07-1061-GA-ALT
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF AUGUST 31, 2007

TRANSMISSION PLANT
(\$000 Omitted)

DATA: "X" ACTUAL _____ ESTIMATED _____
TYPE OF FILING: "X" ORIGINAL _____ UPDATED _____ REVISED _____
WORK PAPER REFERENCE NO(S): WPB-2.1

SCHEDULE B-2.1
PAGE 3 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	F.E.R.C. COMPANY		ACCOUNT TITLE	TOTAL COMPANY	ALLOCATION %	ALLOCATED TOTAL	ADJUSTMENTS	ADJUSTED JURISDICTION
	ACCT. NO.	ACCT. NO.						
1	365.1	665.1	Land and Land Rights	\$ 40	100.00	\$ 40	-	\$ 40
2	365.2	665.2	Rights-of-Way	38	100.00	38	-	38
3	366	666.2	Measuring and Regulating Station Structures	37	100.00	37	-	37
4	367	667	Mains	14,776	100.00	14,776	-	14,776
5	369	669	Measuring and Regulating Station Equipment	720	100.00	720	-	720
6	371	671	Other Equipment	19	100.00	19	-	19
7	Total Transmission Plant			\$ 15,630	100.00	\$ 15,630	-	\$ 15,630

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF AUGUST 31, 2007

DISTRIBUTION PLANT
(\$000 Omitted)

SCHEDULE B-2.1
PAGE 4 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-2.1

LINE NO.	F.E.R.C. COMPANY		ACCOUNT TITLE	TOTAL COMPANY	ALLOCATION %	ALLOCATED TOTAL	ADJUSTMENTS	ADJUSTED JURISDICTION
	ACCT. NO.	ACCT. NO.						
1	374	674.1	Land	\$ 233	100.00	\$ 233	\$ -	233
2	374	674.2	Land Rights	3,952	100.00	3,952	-	3,952
3	375	675	Structures and Improvements	884	100.00	884	-	884
4	376	676	Mains	212,922	100.00	212,922	-	212,922
5	378	678	Meas. & Reg. Station Equipment - General	10,529	100.00	10,529	-	10,529
6	379	679	Meas. & Reg. Station Equipment - City Gate	1,478	100.00	1,478	-	1,478
7	380	680	Services	129,639	100.00	129,639	-	129,639
8	381	681	Meters	33,082	100.00	33,082	-	33,082
9	382	682	Meter Installations	5,046	100.00	5,046	-	5,046
10	383	683	House Regulators	5,016	100.00	5,016	-	5,016
11	384	684	House Regulator Installations	911	100.00	911	-	911
12	385	685	Industrial Meas. & Reg. Station Equipment	346	100.00	346	-	346
13	387	687	Other Equipment	39	100.00	39	-	39
14	Total Distribution Plant			\$ 404,077	100.00	\$ 404,077	\$ -	\$ 404,077

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
CONTRIBUTIONS IN AID OF CONSTRUCTION
AS OF AUGUST 31, 2007

GENERAL PLANT
(\$000 Omitted)

SCHEDULE B-2.1
PAGE 5 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-2.1

LINE NO.	F.E.R.C. COMPANY		ACCOUNT TITLE	TOTAL COMPANY	ALLOCATION %	ALLOCATED TOTAL	ADJUSTMENTS	ADJUSTED JURISDICTION
	NO.	ACCT. NO.						
1	389	689.1	Land	\$ 1,850	100.00	\$ 1,850	\$ -	\$ 1,850
2	390	690	Structures and Improvements	8,888	100.00	8,888		8,888
3	391	691.1	Electronic Equipment	481	100.00	481		481
4	391	691.2	Office Furniture & Fixtures	2,901	100.00	2,901		2,901
5	392	692.1	Automobiles	77	100.00	77		77
6	392	692.2	Light Trucks	1,252	100.00	1,252		1,252
7	392	692.3	Trailers	510	100.00	510		510
8	392	692.4	Heavy Trucks	2,003	100.00	2,003		2,003
9	394	694	Tools, Shop and Garage Equipment	2,237	100.00	2,237		2,237
10	396	696	Power Operated Equipment	722	100.00	722		722
11	397	697	Communication Equipment	5,868	100.00	5,868		5,868
12	398	698	Miscellaneous Equipment	633	100.00	633		633
13	Total General Plant			\$ 27,432	100.00	\$ 27,432	\$ -	\$ 27,432
14	Total Gas Plant			\$ 466,295	100.00	\$ 466,295	\$ -	\$ 466,295

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ADJUSTMENTS TO PLANT IN SERVICE
AS OF AUGUST 31, 2007

(\$000 Omitted)

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-2.2

SCHEDULE B-2.2
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY ADJUSTMENT	ALLOCATION %	JURISDICTIONAL ADJUSTMENT
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NONE

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
GROSS ADDITIONS, RETIREMENTS & TRANSFERS
FROM MARCH 31, 2004 TO AUGUST 31, 2007

INTANGIBLE PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ____ ESTIMATED ____
TYPE OF FILING: "X" ORIGINAL ____ UPDATED ____ REVISED ____
WORK PAPER REFERENCE NO(S): WPB-2.3

SCHEDULE B-2.3
PAGE 1 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

				TRANSFERS/RECLASSIFICATIONS			
LINE NO.	F.E.R.C. COMPANY		ACCOUNT TITLE	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	AMOUNT
	ACCT. NO.	ACCT. NO.					
1	303	803	Miscellaneous Intangible Plant	\$ 13,387	\$ 1,275	\$ -	\$ -
							\$ 14,662
2			Total Intangible Plant	\$	\$ 1,275		\$ 14,662

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
GROSS ADDITIONS, RETIREMENTS & TRANSFERS
FROM MARCH 31, 2004 TO AUGUST 31, 2007

MANUFACTURED GAS PRODUCTION PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-2.3

SCHEDULE B-2.3
PAGE 2 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

				TRANSFERS/RECLASSIFICATIONS				
LINE NO.	F.E.R.C. COMPANY		ACCOUNT TITLE	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	AMOUNT	ENDING BALANCE
	ACCT. NO.	ACCT. NO.						
1	304	604.1	Land	\$	\$	(2)	10	\$
2	305	605.1	Structures & Improvements - Production	541	50	-	-	591
3	305	605.2	Structures & Improvements - Storage	885	-	885	-	0
4	311	611.1	Liquefied Petroleum Gas Equip. - Production	2,525	188	69	-	2,844
5	311	611.2	Liquefied Petroleum Gas Equip. - Storage	416	-	324	-	92
6	311	611.3	Liquefied Petroleum Gas Equip. - Lines	998	-	23	-	975
7	Total Manufactured Gas Production Plant			\$ 5,569	\$ 238	\$ 1,311	\$ -	\$ 4,494

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
GROSS ADDITIONS, RETIREMENTS & TRANSFERS
FROM MARCH 31, 2004 TO AUGUST 31, 2007

TRANSMISSION PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-2.3

SCHEDULE B-2.3
PAGE 3 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

				TRANSFERS/RECLASSIFICATIONS				
LINE NO.	F.E.R.C. COMPANY		ACCOUNT TITLE	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	AMOUNT	ENDING BALANCE
	ACCT. NO.	ACCT. NO.					EXPLANATION OF TRANSFER INVOLVED	
1	385	665.1	Land and Land Rights	\$ -	\$ 40	-	-	\$ 40
2	385	665.2	Rights-of-Way	-	38	-	-	38
3	366	666.2	Meas. & Reg. Station Structure	-	37	-	-	37
4	367	667	Mains	-	14,776	-	-	14,776
5	369	669	Meas. & Reg. Station Equipment	-	720	-	-	720
6	371	671	Other Equipment	-	19	-	-	19
7	Total Transmission Plant			\$ -	\$ 15,630	\$ -	\$ -	\$ 15,630

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
GROSS ADDITIONS, RETIREMENTS & TRANSFERS
FROM MARCH 31, 2004 TO AUGUST 31, 2007

DISTRIBUTION PLANT
(\$000 Omitted)

DATA: "X" ACTUAL _____ ESTIMATED _____
TYPE OF FILING: "X" ORIGINAL _____ UPDATED _____ REVISED _____
WORK PAPER REFERENCE NO(S): WPB-2.3

SCHEDULE B-2.3
PAGE 4 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

F.E.R.C. COMPANY				TRANSFERS/RECLASSIFICATIONS				
LINE NO.	ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	AMOUNT	ENDING BALANCE
							EXPLANATION OF TRANSFER INVOLVED	
1	374	674.1	Land	\$ 217	\$ 16	\$ -	\$ -	\$ 233
2	374	674.2	Land Rights	3,893	59	-	-	3,952
3	375	675	Structures & Improvements	777	108	1	-	884
4	376	676	Mains	192,688	21,130	896	-	212,922
5	378	678	Meas. & Reg. Station Equipment - General	10,274	330	75	-	10,529
6	379	679	Meas. & Reg. Station Equipment - City Gate	1,447	31	-	-	1,478
7	380	680	Services	108,583	21,403	347	-	129,639
8	381	681	Meters	27,332	6,644	894	-	33,082
9	382	682	Meter Installations	4,467	583	5	-	5,045
10	383	683	House Regulators	4,646	385	14	-	5,017
11	384	684	House Regulator Installations	909	2	-	-	911
12	385	685	Industrial Meas. & Reg. Station Equipment	67	282	3	-	346
13	387	687	Other Equipment	-	39	-	-	39
14			Total Distribution Plant	\$ 355,300	\$ 51,012	\$ 2,235	\$ -	\$ 404,077

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
GROSS ADDITIONS, RETIREMENTS & TRANSFERS
FROM MARCH 31, 2004 TO AUGUST 31, 2007

GENERAL PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ____ ESTIMATED ____
TYPE OF FILING: "X" ORIGINAL ____ UPDATED ____ REVISED ____
WORK PAPER REFERENCE NO(S): WPB-2.3

SCHEDULE B-2.3
PAGE 5 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	AMOUNT	TRANSFERS/RECLASSIFICATIONS		ENDING BALANCE
								EXPLANATION OF TRANSFER	OTHER ACCTS. INVOLVED	
1	389	689.1	Land and Land Rights	\$ 1,781	\$ 69	\$ -	\$ -			\$ 1,850
2	390	690	Structures & Improvements	7,522	1,367	1	-			8,888
3	391	691.1	Electronic Office Equipment	449	42	-	-			491
4	391	691.2	Office Furniture & Fixtures	2,848	53	-	-			2,901
5	392	692.1	Transportation Equip - Class 1 - Autos	170	36	128	-			78
6	392	692.2	Transportation Equip - Class 2 - Light Trucks	316	1,121	186	-			1,251
7	392	692.3	Transportation Equip - Class 3 - Trailers	538	-	78	-			510
8	392	692.4	Transportation Equip - Class 4 - Heavy Trucks	1,056	1,588	641	-			2,003
9	394	694	Tools, Ship & Garage Equipment	1,990	288	9	-			2,237
10	395	695	Power Operated Equipment	552	198	27	-			723.00
11	397	697	Communication Equipment	161	5,708	-	-			5,867
12	398	698	Miscellaneous Equipment	527	6	-	-			633
13			Total General Plant	\$ 18,030	\$ 10,472	\$ 1,070	\$ -			\$ 27,432
14			Total Gas Plant	\$ 378,899	\$ 78,625	\$ 4,616	\$ -			\$ 466,295

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
LEASED PROPERTY
(TOTAL COMPANY)
AS OF AUGUST 31, 2007

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):
SCHEDULE B-2.4
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

IDENTIFICATION OR REFERENCE NUMBER	DESCRIPTION OF TYPE AND USE OF PROPERTY	NAME OF LESSOR	FREQUENCY OF PAYMENT	AMOUNT OF LEASE PAYMENT	DOLLAR VALUE OF PROPERTY INVOLVED	INCLUDED IN RATE BASE (YES/NO)
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NONE

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
PROPERTY EXCLUDED FROM RATE BASE
(FOR REASONS OTHER THAN RATE AREA ALLOCATION)
AS OF AUGUST 31, 2007

DATA: "X" ACTUAL ☐ ESTIMATED ☐
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S):

SCHEDULE B-2.5
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	COMPANY ACCT. NO.	DESCRIPTION OF EXCLUDED PROPERTY	IN-SERVICE DATE	ORIGINAL COST	ACCUM. DEPRE.	NET ORIGINAL COST	TEST YEAR		REASON FOR EXCLUSION
							REVENUE & EXPENSES	ACCT. NO.	

NONE

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF AUGUST 31, 2007

INTANGIBLE PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-3

SCHEDULE B-3
PAGE 1 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY		ALLOCATION %	RESERVE BALANCES		ADJUSTED JURISDICTION
				PLANT INVESTMENT	COMPANY		TOTAL	ALLOCATED	
1	303	603	Miscellaneous Intangible Plant	\$ 14,662	\$ 6,272	100.00	\$ 6,272	\$ 6,272	\$ 6,272
2			Total Intangible Plant	\$ 14,662	\$ 6,272		\$ 6,272	\$ 6,272	\$ 6,272

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF AUGUST 31, 2007

MANUFACTURED GAS PRODUCTION PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-3

SCHEDULE B-3
PAGE 2 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY INVESTMENT	TOTAL COMPANY	ALLOCATION %	ALLOCATED TOTAL	RESERVE BALANCES		ADJUSTED JURISDICTION
								TOTAL	ADJUSTMENTS	
1	304	604.1	Land and Land Rights	\$ 192	\$ -	100.00	\$ -			\$ -
2	305	605.1	Structures and Improvements - Production	581	521	100.00	521			521
3	305	605.2	Structures and Improvements - Storage	-	452	100.00	452			452
4	311	611.1	Liquefied Petroleum Gas Equip. - Production	2,844	2,880	100.00	2,880			2,880
5	311	611.2	Liquefied Petroleum Gas Equip. - Storage	92	222	100.00	222			222
6	311	611.3	Liquefied Petroleum Gas Equip. - Lines	875	1,265	100.00	1,265			1,265
7			Total Manufactured Gas Production Plant	\$ 4,494	\$ 5,140		\$ 5,140			\$ 5,140

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF AUGUST 31, 2007

TRANSMISSION PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-3

SCHEDULE B-3
PAGE 3 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	F.E.R.C. COMPANY		ACCOUNT TITLE	TOTAL COMPANY PLANT INVESTMENT	TOTAL		RESERVE BALANCES		ADJUSTED JURISDICTION
	ACCT. NO.	ACCT. NO.			COMPANY	ALLOCATION %	ALLOCATED TOTAL	ADJUSTMENTS	
1	366.1	665.1	Land and Land Rights	\$ 40	\$ -	100.00	\$ -		\$ -
2	366.2	665.2	Rights-of-Way	38	-	100.00	-		-
3	366	666.2	Measuring and Regulating Station Structures	37	1	100.00	1		1
4	367	667	Mains	14,776	24	100.00	24		24
5	369	669	Measuring and Regulating Station Equipment	720	20	100.00	20		20
6	371	671	Other Equipment	19	2	100.00	2		2
7	Total Transmission Plant			\$ 15,830	\$ 47		\$ 47		\$ 47

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF AUGUST 31, 2007

DISTRIBUTION PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WP8-3

SCHEDULE B-3
PAGE 4 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	F.E.R.C. COMPANY		ACCOUNT TITLE	TOTAL COMPANY PLANT INVESTMENT	RESERVE BALANCES		ADJUSTED JURISDICTION
	ACCT. NO.	ACCT. NO.			TOTAL COMPANY	ALLOCATED %	
1	374	674.1	Land	\$ 233	\$ -	100.00	\$ -
2	374	674.2	Land Rights	3,952	-	100.00	-
3	375	675	Structures and Improvements	864	364	100.00	364
4	376	676	Mains	212,922	81,323	100.00	81,323
5	378	678	Meas. & Reg. Station Equipment - General	10,529	5,029	100.00	5,029
6	379	679	Meas. & Reg. Station Equipment - City Gate	1,478	480	100.00	480
7	380	680	Services	129,639	93,328	100.00	93,328
8	381	681	Meters	33,082	9,685	100.00	9,685
9	382	682	Meter Installations	5,048	1,767	100.00	1,767
10	383	683	House Regulators	5,016	2,183	100.00	2,183
11	384	684	House Regulator Installations	911	435	100.00	435
12	385	685	Industrial Meas. & Reg. Station Equipment	346	68	100.00	68
13	387	687	Other Equipment	39	1	100.00	1
14	Total Distribution Plant			\$ 404,077	\$ 194,663		\$ 194,663

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF AUGUST 31, 2007

GENERAL PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-3

SCHEDULE B-3
PAGE 5 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY INVESTMENT	TOTAL COMPANY	ALLOCATION %	RESERVE BALANCES		ADJUSTED JURISDICTION
							TOTAL	ALLOCATED	
1	389	689.1	Land	\$ 1,850	\$ -	100.00	\$ -	\$ -	\$ -
2	390	690	Structures and Improvements	8,888	4,291	100.00	4,291	4,291	4,291
3	391	691.1	Electronic Equipment	491	245	100.00	245	245	245
4	391	691.2	Office Furniture & Fixtures	2,901	1,884	100.00	1,884	1,884	1,884
5	392	692.1	Automobiles	77	177	100.00	177	177	177
6	392	692.2	Light Trucks	1,252	440	100.00	440	440	440
7	392	692.3	Trailers	510	810	100.00	810	810	810
8	392	692.4	Heavy Trucks	2,003	1,094	100.00	1,094	1,094	1,094
9	394	694	Tools, Shop & Garage Equipment	2,237	889	100.00	889	889	889
10	396	696	Power Operated Equipment	722	390	100.00	390	390	390
11	397	697	Communication Equipment	5,868	276	100.00	276	276	276
12	398	698	Miscellaneous Equipment	633	92	100.00	92	92	92
Total General Plant				\$ 27,432	\$ 10,588		\$ 10,588	\$ 10,588	\$ 10,588
Total Gas Plant				\$ 486,285	\$ 216,710		\$ 216,710	\$ 216,710	\$ 216,710

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ADJUSTMENTS TO ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF AUGUST 31, 2007

(\$000 Omitted)

DATA: "X" ACTUAL ☐ ESTIMATED ☐
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S):
SCHEDULE B-3.1
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL		ALLOCATION %	JURISDICTIONAL ADJUSTMENT
				COMPANY	ADJUSTMENT		

NONE

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
DEPRECIATION ACCRUAL RATES AND
JURISDICTIONAL ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF AUGUST 31, 2007

INTANGIBLE PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-3 & WPB-2.1

SCHEDULE B-3.2
PAGE 1 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO. (A)	FERC ACCT. NO. (B-1)	COMPANY ACCT. NO. (B-2)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED JURISDICTION PLANT INVESTMENT (D)	ACCUMULATED BALANCE (E)	CURRENT ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G=DxF)	% NET SALVAGE (H)	AVERAGE SERVICE LIFE (I)	CURVE FORM (J)
1	303	803	Miscellaneous Intangible Plant	\$ 14,662	\$ 6,272	10.00%	\$ 1,466	0.00%	10	
2			Total Intangible Plant	\$ 14,662	\$ 6,272		\$ 1,466			

(1) Accrual rates, net salvage percentage, and average service life established per Commission Order in Case No. 04-571-GA-AIR

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
DEPRECIATION ACCRUAL RATES AND
JURISDICTIONAL ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF AUGUST 31, 2007

MANUFACTURED GAS PRODUCTION PLANT
(\$000 Omitted)

DATA: "X" ACTUAL _____ ESTIMATED _____
TYPE OF FILING: "X" ORIGINAL _____ UPDATED _____ REVISED _____
WORK PAPER REFERENCE NO(S): WPB-3 & WPB-2.1

SCHEDULE B-3.2
PAGE 2 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO. (A)	FERC COMPANY ACCT. NO. ACCT. NO. (B-1) (B-2)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED JURISDICTION PLANT INVESTMENT (D)	ACCUMULATED BALANCE (E)	(1) CURRENT ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G=DxF)	(1) % NET SALVAGE (H)	AVERAGE SERVICE LIFE (I)	CURVE FORM (J)
1	304	604.1 Land and Land Rights	\$ 192	\$ -	0.00%	\$ -	-		
2	305	605.1 Structures and Improvements - Production	591	521	2.50%	15	0.00%	40	
3	305	605.2 Structures and Improvements - Storage	0	452	1.82%	-	0.00%	55	
4	311	611.1 Liquefied Petroleum Gas Equip. - Production	2,644	2,680	2.86%	76	0.00%	35	
5	311	611.2 Liquefied Petroleum Gas Equip. - Storage	92	222	2.86%	3	0.00%	35	
6	311	611.3 Liquefied Petroleum Gas Equip. - Lines	975	1,285	1.82%	18	0.00%	55	
7		Total Manufactured Gas Production Plant	\$ 4,484	\$ 6,140		\$ 112			

(1) Accrual rates, net salvage percentage, and average service life established per Commission Order in Case No. 04-571-GA-AIR

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
DEPRECIATION ACCRUAL RATES AND
JURISDICTIONAL ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF AUGUST 31, 2007

TRANSMISSION PLANT
(\$000 Omitted)

DATA: "X" ACTUAL, ESTIMATED
TYPE OF FILING: "X" ORIGINAL, UPDATED, REVISED
WORK PAPER REFERENCE NO(S): WPB-3 & WPB-2.1

SCHEDULE B-3.2
PAGE 3 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	FERC ACCT. NO.	COMPANY (B-2)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED JURISDICTION PLANT INVESTMENT (D)	ACCUMULATED BALANCE (E)	CURRENT ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G=DxF)	% NET SALVAGE (H)	AVERAGE SERVICE LIFE (I)	CURVE FORM (J)
1	365.1	665.1	Land and Land Rights	\$ 40	\$ -	0.00%	\$ -	-	-	-
2	365.2	665.2	Rights-of-Way	38	-	0.00%	-	-	-	-
3	366	666.2	Meas. & Reg. Station Structures	37	1	2.00%	1	0.00%	50	50
4	367	667	Mains	14,776	24	1.77%	262	-15.00%	65	65
5	369	669	Meas. & Reg. Station Equipment	720	20	2.88%	21	-15.00%	40	40
6	371	671	Other Equipment	19	2	6.67%	1	0.00%	15	15
7			Total Transmission Plant	\$ 15,630	\$ 47		\$ 285			

(1) Accrual rates, net salvage percentages, and average service life established per Commission Order in Case No. 04-571-GA-AIR
(2) No Transmission Plant rates established in Commission Order in Case No. 04-571-GA-AIR, estimated life/accrual rate equivalent based on similar assets in the Distribution Plan and General Plant Accounts

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
DEPRECIATION ACCRUAL RATES AND
JURISDICTIONAL ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF AUGUST 31, 2007

DISTRIBUTION PLANT
(\$000 Omitted)

DATA: "X" ACTUAL, ESTIMATED
TYPE OF FILING: "X" ORIGINAL, UPDATED, REVISED
WORK PAPER REFERENCE NO(S): WPB-3 & WPB-2.1

SCHEDULE B-3.2
PAGE 4 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO. (A)	FERC COMPANY NO. ACCT. NO. (B-1)	COMPANY (B-2)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED JURISDICTION PLANT INVESTMENT (D)	ACCUMULATED BALANCE (E)	CURRENT ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G=DxF)	(1), (2) % NET SALVAGE (H)	(1), (2) AVERAGE SERVICE LIFE (I)	CURVE FORM (J)
1	374	674.1	Land	\$ 233	\$ -	0.00%	\$ -	-	-	-
2	374	674.2	Land Rights	3,962	-	0.00%	-	-	-	-
3	375	675	Structures and Improvements	584	364	2.00%	18	-2.00%	50	50
4	376	676	Mains	212,922	81,323	1.77%	3,769	-15.00%	65	65
5	378	678	Meas. & Reg. Station Equipment - General	10,529	5,029	2.88%	303	-15.00%	40	40
6	379	679	Meas. & Reg. Station Equipment - City Gate	1,478	480	2.74%	40	-15.00%	42	42
7	380	680	Services	129,639	93,328	5.26%	6,819	-200.00%	57	57
8	381	681	Meters	33,082	9,885	2.38%	787	0.00%	42	42
9	382	682	Meter Installations	5,046	1,787	1.82%	92	0.00%	55	55
10	383	683	House Regulators	5,016	2,183	2.86%	143	0.00%	35	35
11	384	684	House Regulator Installations	911	435	2.86%	26	0.00%	35	35
12	385	685	Industrial Meas. & Reg. Station Equipment	346	88	3.33%	12	0.00%	30	30
13	387	687	Other Equipment (2)	39	1	3.33%	1	0.00%	30	30
14			Total Distribution Plant	\$ 404,077	\$ 194,863		\$ 12,010			

(1) Accrual rates, net salvage percentage, and average service life established per Commission Order in Case No. 04-571-GA-AIR
(2) No Other Equipment (387) rate established in Commission Order in Case No. 04-571-GA-AIR, estimated life/accrual rate equivalent based on Industrial Meas. & Reg. Station Equipment (385)

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
DEPRECIATION ACCRUAL RATES AND
JURISDICTIONAL ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF AUGUST 31, 2007

GENERAL PLANT
(\$000 Omitted)

DATA: "X" ACTUAL _____ ESTIMATED _____
TYPE OF FILING: "X" ORIGINAL _____ UPDATED _____ REVISED _____
WORK PAPER REFERENCE NO(S): WPB-3 & WPB-2.1

SCHEDULE B-3.2
PAGE 5 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	FERC ACCT. NO.	COMPANY (B-1)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED PLANT INVESTMENT (D)	JURISDICTION ACCUMULATED BALANCE (E)	CURRENT ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G=DxF)	% NET SALVAGE (H)	AVERAGE SERVICE LIFE (I)	CURVE FORM (J)
(A)	(B-1)	(B-2)	(C)	(D)	(E)	(F)	(G=DxF)	(H)	(I)	(J)
1	389	389.1	Land	\$ 1,850	\$ -	0.00%	\$ -	-	-	-
2	390	690	Structures and Improvements	8,968	4,291	2.50%	222	0.00%	40	40
3	391	691.1	Electronic Equipment	491	245	16.67%	82	0.00%	6	6
4	391	691.2	Office Furniture & Fixtures	2,801	1,884	3.80%	110	5.00%	25	25
5	392	692.1	Automobiles (2)	77	177	18.00%	14	10.00%	5	5
6	392	692.2	Light Trucks (2)	1,252	440	15.00%	188	10.00%	6	6
7	392	692.3	Trailers (2)	510	810	6.16%	31	20.00%	13	13
8	392	692.4	Heavy Trucks (2)	2,003	1,094	8.16%	164	10.00%	11	11
9	394	694	Tools, Shop & Garage Equipment	2,237	889	3.57%	80	0.00%	28	28
10	395	695	Power Operated Equipment	722	390	6.92%	50	10.00%	13	13
11	397	697	Communication Equipment	5,868	276	6.67%	391	0.00%	15	15
12	398	698	Miscellaneous Equipment	633	92	6.67%	42	0.00%	15	15
13			Total General Plant	\$ 27,432	\$ 10,588		\$ 1,374			
14			Total Gas Plant	\$ 468,295	\$ 216,710		\$ 15,247			
15			Less: Transportation Equipment (2) - Sum (Lines 6-8)				(397)			
16			Depreciation Expense (Line 14 + Line 15)				\$ 14,850			

(1) Accrual rates, net salvage percentage, and average service life established per Commission Order in Case No. 04-571-GA-AIR
(2) 100% of Transportation Equipment (392) depreciation is debited to Clearing Accounts (184) and distributed to O&M and Capital based on an hourly rate.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
DEPRECIATION RESERVE ACCOUNTS, RETIREMENTS AND TRANSFERS
FROM MARCH 31, 2004 TO AUGUST 31, 2007

INTANGIBLE PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-3.3a & WPB-3.3b

SCHEDULE B-3.3
PAGE 1 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	F.E.R.G. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	BEGINNING BALANCE	ACCRUAL	SALVAGE	RETIREMENTS	COST OF REMOVAL	TRANSFERS/RECLASSIFICATIONS			ENDING BALANCE
									EXPLANATION OF TRANSFER	AMOUNT	OTHER ACCTS. INVOLVED	
1	303	603	Miscellaneous Intangible Plant	\$ 1,538	\$ 4,734	\$ -	\$ -	\$ -		\$ -		\$ 6,272
2			Total Intangible Plant	\$ 1,538	\$ 4,734	\$ -	\$ -	\$ -		\$ -		\$ 6,272

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR, CASE NO. 07-1081-GA-ALT
DEPRECIATION RESERVE ACCOUNTS, RETIREMENTS AND TRANSFERS
FROM MARCH 31, 2004 TO AUGUST 31, 2007

MANUFACTURED GAS PRODUCTION PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPS-3.3a & WPB-3.3b

SCHEDULE B-3.3
PAGE 2 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	BEGINNING BALANCE	ACCRUAL	SALVAGE	RETIREMENTS	COST OF REMOVAL	TRANSFERS/RECLASSIFICATIONS			ENDING BALANCE
									EXPLANATION OF TRANSFER	OTHER ACCTS. INVOLVED		
1	304	604.1	Land and Land Rights	\$ -	\$ -	-	\$ -	-	\$ -	-	-	\$ -
2	305	605.1	Structures and Improvements - Production	473	47	-	-	-	-	-	-	\$ 521
3	306	606.2	Structures and Improvements - Storage	1,166	41	-	755	-	-	-	-	\$ 452
4	311	611.1	Liquefied Petroleum Gas Equip. - Production	2,466	253	-	37	1	-	-	-	\$ 2,680
5	311	611.2	Liquefied Petroleum Gas Equip. - Storage	345	33	-	166	-	-	-	-	\$ 222
6	311	611.3	Liquefied Petroleum Gas Equip. - Lines	1,223	62	-	20	-	-	-	-	\$ 1,265
7			Total Transmission Plant	\$ 5,673	\$ 436	-	\$ 968	\$ 1	\$ -	-	-	\$ 5,140

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR, CASE NO. 07-1081-GA-ALT
DEPRECIATION RESERVE ACCOUNTS, RETIREMENTS AND TRANSFERS
FROM MARCH 31, 2004 TO AUGUST 31, 2007

TRANSMISSION PLANT
(\$000 Omitted)

DATA: "X" ACTUAL ESTIMATED
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED
WORK PAPER REFERENCE NO(S): WPB-3.3a & WPB-3.3b

SCHEDULE B-3.3
PAGE 3 OF 5
WITNESS RESPONSIBLE:
M. S. HARDWICK

LINE NO.	F.E.C. COMPANY		ACCOUNT TITLE	BEGINNING BALANCE	ACCRUALS	SALVAGE	RETIREMENTS	COST OF REMOVAL	TRANSFERS/RECLASSIFICATIONS		ENDING BALANCE
	ACCT. NO.	ACCT. NO.							AMOUNT OF TRANSFER	OTHER ACCTS. INVOLVED	
1	365.1	665.1	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	\$ -
2	365.2	665.2	Rights-of-Way	-	-	-	-	-	-	-	-
3	366	666.2	Measuring and Regulating Station Structures	-	1	-	-	-	-	1	-
4	367	667	Mains	-	24	-	-	-	-	24	-
5	368	668	Measuring and Regulating Station Equipment	-	20	-	-	-	-	20	-
6	371	671	Other Equipment	-	2	-	-	-	-	2	-
7	Total Transmission Plant			\$ -	\$ 47	\$ -	\$ -	\$ -	-	-	\$ 47

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
DEPRECIATION RESERVE ACCOUNTS, RETIREMENTS AND TRANSFERS
FROM MARCH 31, 2004 TO AUGUST 31, 2007

DISTRIBUTION PLANT
(\$000 Omitted)

DATA: "X" ACTUAL — ESTIMATED
TYPE OF FILING: "X" ORIGINAL — UPDATED — REVISED
WORK PAPER REFERENCE NO(S): WPB-3.3a & WPB-3.3b

SCHEDULE B-3.3
PAGE 4 OF 5
WITNESS RESPONSIBLE:
M. S. HARDWICK

LINE NO.	F.E.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	BEGINNING BALANCE	ACCRUALS	SALVAGE	RETIREMENTS	COST OF REMOVAL	TRANSFERS/RECLASSIFICATIONS			ENDING BALANCE
									AMOUNT	EXPLANATION OF TRANSFER	OTHER ACCTS. INVOLVED	
1	374	674.1	Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
2	374	674.2	Land Rights	-	-	-	-	-	-			-
3	375	675	Structures and Improvements	-	55	-	-	13	-			364
4	376	676	Mains	71,235	12,112	-	895	1,178	-			81,323
5	378	678	Meas. & Reg. Station Equipment - General	4,031	1,021	-	75	(2)	-			5,029
6	379	679	Meas. & Reg. Station Equipment - City Gate	343	137	-	-	-	-			480
7	380	680	Services	73,600	20,719	-	347	724	-			93,328
8	381	681	Meters	8,306	2,412	-	894	139	-			9,655
9	382	682	Meas. Installations	1,565	239	-	5	92	-			1,757
10	383	683	House Regulators	1,875	442	-	14	120	-			2,183
11	384	684	House Regulator Installations	350	85	-	-	-	-			435
12	385	685	Industrial Meas. & Reg. Station Equipment	39	35	-	2	4	-			68
13	387	687	Other Equipment	-	1	-	-	-	-			1
14	Total Distribution Plant			\$ 161,847	\$ 37,316	\$ -	\$ 2,234	\$ 2,268	\$ -			\$ 194,653

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-0A-AIR; CASE NO. 07-1081-0A-ALT
DEPRECIATION RESERVE ACCOUNTS, RETIREMENTS AND TRANSFERS
FROM MARCH 31, 2004 TO AUGUST 31, 2007

GENERAL PLANT
(\$000 Omitted)

DATA: 'X' ACTUAL _____ ESTIMATED _____
TYPE OF FILING: 'X' ORIGINAL _____ UPDATED _____ REVISED _____
WORK PAPER REFERENCE NO(S): WPB-3.3a & WPB-3.3b

SCHEDULE B-3.3
PAGE 5 OF 5
WITNESS RESPONSIBLE:
M. S. HARDWICK

LINE NO.	F.E.C. COMPANY		ACCOUNT TITLE	BEGINNING BALANCE	ACCRUALS	SALVAGE	RETIREMENTS	COST OF REMOVAL	TRANSFERS/RECLASSIFICATIONS		ENDING BALANCE
	ACCT. NO.	ACCT. NO.							EXPLANATION OF TRANSFER	AMOUNT	
1	389	689.1	Land	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
2	390	690	Structures and Improvements	3,497	795	-	-	-			4,292
3	391	691.1	Electronic Equipment	36	209	-	-	-			245
4	391	691.2	Office Furniture & Fixtures	1,533	351	-	-	-			1,884
5	392	692.1	Automobiles	214	57	-	-	(64)			206
6	392	692.2	Light Trucks	343	244	-	-	(50)			451
7	392	692.3	Trailers	645	233	-	-	(15)			815
8	392	692.4	Heavy Trucks	1,092	621	-	-	24			1,048
9	394	694	Tools, Shop and Garage Equipment	617	281	-	-	-			898
10	396	696	Power Operated Equipment	274	134	-	-	(9)			390
11	397	697	Communication Equipment	19	257	-	-	-			276
12	398	698	Miscellaneous Equipment	6	85	-	-	-			92
13	Total General Plant			\$ 8,276	\$ 3,269	\$ -	\$ 1,071	\$ (114)			\$ 10,588
14	Total Gas Plant			\$ 177,334	\$ 45,804	\$ -	\$ 4,273	\$ 2,169			\$ 216,710

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
DEPRECIATION RESERVE AND EXPENSE FOR LEASED PROPERTY
(TOTAL COMPANY)
AS OF AUGUST 31, 2007

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):

SCHEDULE B-3.4
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

IDENTIFICATION OR REFERENCE NUMBER	ACCT. NO.	ACCOUNT TITLE	DOLLAR VALUE OF PLANT INVESTMENT	ACCUMULATED		DEPRECIATION/ AMORTIZATION PERIOD	DEPRECIATION/ AMORTIZATION EXPENSE		EXPLAIN METHOD OF DEPRECIATION/AMORTIZATION	RATE BASE (YES/NO)
				DEPRECIATION/ AMORTIZATION RESERVE	DEPRECIATION/ AMORTIZATION RATE/ PERIOD		EXPENSE	IN		

NONE

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
CONSTRUCTION WORK IN PROGRESS
AS OF AUGUST 31, 2007

DATA: "X" ACTUAL ESTIMATED
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED
WORK PAPER REFERENCE NO(S):

SCHEDULE B-4
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

Line No. (A)	Project No. (B)	Description of Project (C)	Accumulated Costs		Allocation % (G)	Total Jurisdictional Cost at Date Certain (H)	Estimated Physical Percent Completion (I)
			Construction Dollars (D)	AFUDC Capitalized (E)			
			Total Cost (F=D+E)				

Not Applicable. CWIP is not included in Rate Base.

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VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE (TIME)
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

SCHEDULE B-4.1
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

DATA: "X" ACTUAL ___ ESTIMATED ___
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED ___
WORK PAPER REFERENCE NO(S): WPB-4.1

Line No. (A)	Project No. (B)	Data Construction Work Began (C)	Estimated Project Completion Date (D)	Elapsed Days:		Date Certain % Completion (G)=(E)/(F)	Date Certain % of Total Expenditures (H)
				Beginning to Data Certain (E)	Beginning to Estimated Completion (F)		

Not Applicable. CWIP is not included in Rate Base.

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VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE (DOLLARS)
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

SCHEDULE B-4.2
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-4.1

Line No. (A)	Project No. (B)	Most Recent Budget Estimate			Project Expenditures As of Date Certain		Date Certain % Completion	
		Construction Dollars (C)	AFUDC (D)	Total (E)=(C)+(D)	Construction Dollars Trended (F)	Construction Dollars Trended (G)	Construction Dollars Trended (I)=(G)/(C)	Construction Dollars Trended (J)=(H)/(F)

Not Applicable. CWIP is not included in Rate Base.

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VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ALLOWANCE FOR WORKING CAPITAL
AS OF AUGUST 31, 2007

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-5.1

SCHEDULE B-5
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	WORKING CAPITAL COMPONENT	DESCRIPTION of METHODOLOGY USED to DETERMINE JURISDICTIONAL REQUIREMENT	WORK PAPER REFERENCE NUMBER	JURISDICTION
1	Cash Working Capital	Not including in Rate Base	NONE	\$ -
2	Material and Supplies:			
3	M&S Inventory	13 month average balance.	WPB-5.1	\$ 683,662
4	Underground & LPG Storage	13 month average balance	WPB-5.1	\$ 951,698
5	Total Materials and Supplies			\$ 1,635,360
6	Customer Service Deposits	13 month average balance.	WPB-5.1	\$ (5,179,137)

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
MISCELLANEOUS WORKING CAPITAL ITEMS
AS OF AUGUST 31, 2007

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPB-5.1

SCHEDULE B-5.1
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	DESCRIPTION	13 MONTH AVERAGE	DATE CERTAIN BALANCE
		JURISDICTIONAL	JURISDICTIONAL
1	Material and Supplies:		
2	Materials & Supplies and Storeroom Expenses	\$ 683,662	\$ 921,795
3	LP Gas	\$ 951,698	\$ 644,702
4	Total Material and Supplies	\$ 1,635,360	\$ 1,566,497
5	Customer Service Deposits	\$ (5,179,137)	\$ (4,558,043)

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
OTHER RATE BASE ITEMS SUMMARY
AS OF AUGUST 31, 2007

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): SCHC-4, WPB-5.1

SCHEDULE B-6
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	WORKING CAPITAL COMPONENT	DESCRIPTION OF METHODOLOGY USED TO DETERMINE JURISDICTIONAL REQUIREMENT	SCHEDULE/ WORK PAPER REFERENCE	JURISDICTION
1	Customer Advances for Construction	General Ledger Balance	Trial Balance	\$ (6,108,903)
2	Deferred Income Taxes	General Ledger Balance	Trial Balance	\$ (12,368,720)
3	PIPP Deferred Asset	13 month average General Ledger balance	WPB-5.1	\$ 5,969,191

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ADJUSTMENTS TO OTHER RATE BASE ITEMS
AS OF AUGUST 31, 2007

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):
SCHEDULE B-6.1
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	ACCOUNT NUMBER	ACCOUNT TITLE	WORK PAPER REFERENCE	JURISDICAL ADJUSTMENT
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NONE

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
CONTRIBUTIONS IN AID OF CONSTRUCTION BY ACCOUNTS AND SUBACCOUNTS
AS OF AUGUST 31, 2007

DATA: "X" ACTUAL ESTIMATED
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED
WORK PAPER REFERENCE NO(S):

SCHEDULE B-6.2
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	ACCOUNT NUMBER	ACCOUNT TITLE	TOTAL COMPANY	ALLOCATION %	ALLOCATED TOTAL	ADJUSTMENTS	ADJUSTED JURISDICTION
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NONE

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
JURISDICTIONAL ALLOCATION FACTORS
RATE BASE AND OPERATING INCOME

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

SCHEDULE B-7
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	ACCOUNT NUMBER	ACCOUNT TITLE	ALLOCATION FACTOR	DESCRIPTION OF FACTORS
				AND/OR METHOD OF ALLOCATION

Vectren Energy Delivery of Ohio Inc.'s operations are 100% PUCO jurisdictional.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
JURISDICTIONAL ALLOCATION STATISTICS

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

SCHEDULE B-7.1
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	ALLOCATION FACTOR	STATISTIC TOTAL COMPANY	ADJUSTMENT TO TOTAL COMPANY STATISTIC	ADJUSTED STATISTIC FOR TOTAL COMPANY	STATISTIC FOR RATE AREA	ALLOCATION FACTOR
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VEDO's operations are 100% PUCO jurisdictional.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
EXPLANATION OF CHANGES IN ALLOCATION PROCEDURES

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

SCHEDULE B-7.2
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	ACCOUNT NUMBER	DESCRIPTION	PROCEDURES APPROVED IN PRIOR CASE	RATIONALE FOR CHANGE
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NONE

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
GAS DATA
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2007

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

SCHEDULE B-8
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	DESCRIPTION	CCF's as Measured	CCF's at Standard Temp. and Pressure
1	Gas received (purchased, produced, etc.)	531,042,650	531,042,650
2	Sales and other deliveries	520,070,090	520,070,090
3	Company use	86,060	86,060
4	Unaccounted for gas (Line 1 - Line 2 - Line 3)	10,886,500	10,886,500
5	Unaccounted for gas percentage (Line 4 / Line 1)	2.05%	2.05%

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
MIRRORED CWIP ALLOWANCES

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):

SCHEDULE B-9
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO. (A)	PROJECT NUMBER (B)	DESCRIPTION OF PROJECT (C)	PRIOR CASE REFERENCES (D)	EFFECTIVE DATE OF RATES INCL. CWIP (E)	IN SERVICE DATE OF PROJECT (F)	ALLOWANCE INCLUDED IN RATES (G)
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NOT APPLICABLE

SECTION C
OPERATING INCOME
VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
TEST YEAR: 12 MONTHS ENDING MAY 31, 2008
DATE CERTAIN: AUGUST 31, 2007

SCHEDULES:

- C-1 JURISDICTIONAL PROFORMA INCOME STATEMENT
- C-2 ADJUSTED TEST YEAR OPERATING INCOME
- C-2.1 JURISDICTIONAL PROFORMA INCOME STATEMENT
- C-3 SUMMARY OF JURISDICTIONAL ADJUSTMENTS
- C-3.1 ANNUALIZED REVENUE-CONTRACT STORAGE RETURN
- C-3.2 ANNUALIZED REVENUE-SALES RECONCILIATION RIDER
- C-3.3 ANNUALIZED REVENUE-CUSTOMER COUNT
- C-3.4 ANNUALIZED REVENUE-AUPC AND WEATHER
- C-3.5 ANNUALIZED REVENUE-UNCOLLECTIBLE RIDERS SYNCHRONIZATION
- C-3.6 ANNUALIZED REVENUE-CUSTOMER MIGRATION
- C-3.7 ANNUALIZED REVENUE-LARGE CUSTOMER CHANGES
- C-3.8 ANNUALIZED REVENUE-MISCELLANEOUS REVENUE ITEMS
- C-3.9 ANNUALIZED REVENUE-MCF EXCISE TAX
- C-3.10 ANNUALIZED REVENUE-GCR REVENUE
- C-3.11 ANNUALIZED REVENUE-GROSS RECEIPTS TAX REVENUE
- C-3.12 SYSTEM INTEGRITY AND RELIABILITY PROGRAMS
- C-3.13 NATURAL GAS RISERS
- C-3.14 CUSTOMER RELATED EXPENSE
- C-3.15 CONSERVATION
- C-3.16 SHARED SERVICES EXPENSE
- C-3.17 LABOR ADJUSTMENT
- C-3.18 RATE CASE EXPENSE
- C-3.19 INTEREST ON CUSTOMER SERVICE DEPOSITS
- C-3.20 PUCO AND OCC ASSESSMENT FEES
- C-3.21 ANNUALIZED DEPRECIATION EXPENSE
- C-3.22 PROPERTY TAX
- C-3.23 FEDERAL INCOME TAX AT STATUTORY RATE
- C-4 ADJUSTED JURISDICTIONAL FEDERAL INCOME TAXES
- C-4.1 DEVELOPMENT of JURISDICTIONAL FEDERAL INCOME TAXES BEFORE ADJUSTMENTS
- C-5 ASSOC. DUES & FEES
- C-6 CHARITABLE CONTRIBUTIONS
- C-7 CUSTOMER SERVICE AND INFORMATIONAL, SALES EXPENSES, AND GENERAL ADVERTISING EXPENSE
- C-8 RATE CASE EXPENSE
- C-9 OPERATION AND MAINTENANCE PAYROLL COSTS
- C-9.1 TOTAL COMPANY PAYROLL ANALYSIS
- C-10 COMPUTATION of GROSS REVENUE CONVERSION FACTOR
- C-11.1 COMPARATIVE BALANCE SHEETS
- C-11.2 COMPARATIVE INCOME STATEMENTS
- C-12.1 REVENUE STATISTICS-TOTAL COMPANY
- C-12.2 REVENUE STATISTICS-JURISDICTIONAL
- C-12.3 SALES STATISTICS-TOTAL COMPANY
- C-12.4 SALES STATISTICS-JURISDICTIONAL
- C-13 ANALYSIS OF RESERVE FOR UNCOLLECTIBLE ACCOUNTS

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
JURISDICTIONAL PROFORMA INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S): WPC-1

SCHEDULE C-1
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	DESCRIPTION	ADJUSTED REVENUE & EXPENSES (A)	PROPOSED INCREASE (B)	PROFORMA REVENUE & EXPENSES (C)
1	Operating Revenues	\$ 374,136,856	\$ 27,331,071	\$ 401,467,926
2				
3	Operating Expenses			
4	Operation & Maintenance	\$ 327,783,640	\$ 45,370	\$ 327,829,010
5	Depreciation	14,850,200	-	14,850,200
6	Taxes - Other	28,283,988	1,290,307	29,574,295
7	Operating Expenses before Income Taxes	\$ 370,917,828	\$ 1,335,676	\$ 372,253,504
8				
9	Federal Income Taxes	\$ (1,770,433)	\$ 9,098,388	\$ 7,327,955
10				
11	Total Operating Expenses	\$ 369,147,395	\$ 10,434,064	\$ 379,581,460
12				
13	Net Operating Income	\$ 4,989,460	\$ 16,897,006	\$ 21,886,467
14				
15	Rate Base	\$ 233,532,983		\$ 233,532,983
16				
17	Rate of Return	2.14%		9.37%

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ADJUSTED TEST YEAR OPERATING INCOME
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S): SCH. C-2.1, SCH. C-3, SCH. C-4

SCHEDULE C-2
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	DESCRIPTION	UNADJUSTED REVENUE & EXPENSES (A)	ADJUSTMENTS (B)	ADJUSTED REVENUE & EXPENSES (C)
1	OPERATING REVENUES			
2	Base Revenue and Riders	\$ 129,960,360	\$ (8,844,650)	\$ 121,115,710
3	Gas Costs Revenue	257,050,415	(4,029,269)	253,021,146
4	Total Operating Revenues	<u>\$ 387,010,775</u>	<u>\$ (12,873,919)</u>	<u>\$ 374,136,856</u>
5				
6	OPERATING EXPENSES			
7	Operation and Maintenance Expenses			
8	Production Expenses			
9	Liquefied Petroleum Gas	\$ 58,375	\$ -	\$ 58,375
10	Other	569,190	18,438	587,627
11	Total Production Expense	<u>\$ 627,565</u>	<u>\$ 18,438</u>	<u>\$ 646,002</u>
12				
13	Other Gas Supply Expenses			
14	Purchased Gas	\$ 257,050,415	\$ (4,029,269)	\$ 253,021,146
15	Total Other Gas Supply Expense	<u>\$ 257,050,415</u>	<u>\$ (4,029,269)</u>	<u>\$ 253,021,146</u>
16				
17	Transmission Expense	\$ 3,506,742	\$ 467,114	\$ 3,973,856
18	Distribution Expense	12,925,131	2,541,739	15,466,870
19	Customer Accounts Expense	24,552,762	1,406,880	25,959,643
20	Customer Service & Information Expense	2,007,716	172,320	2,180,036
21	Sales Expense	31,407	3,114,631	3,146,039
22	Administrative & General Expense	21,476,567	1,913,482	23,390,049
23	Total Operation & Maintenance Expense	<u>\$ 322,178,305</u>	<u>\$ 5,605,336</u>	<u>\$ 327,783,640</u>
24				
25	Depreciation Expense	<u>\$ 14,795,284</u>	<u>\$ 54,916</u>	<u>\$ 14,850,200</u>
26				
27	Taxes Other Than Income Taxes			
28	Property Taxes	\$ 5,336,075	\$ 155,658	\$ 5,491,733
29	State and Other Taxes	23,200,040	(407,785)	22,792,255
30	Total Taxes Other Than Income Taxes	<u>\$ 28,536,115</u>	<u>\$ (252,127)</u>	<u>\$ 28,283,988</u>
31				
32	Federal Income Taxes			
33	Current Tax Expense	\$ (1,306,034)	\$ (6,655,092)	\$ (7,961,126)
34	Provision for Deferred Income Taxes	5,771,253	419,440	6,190,693
35	Total Federal Income Tax Expense	<u>\$ 4,465,219</u>	<u>\$ (6,235,652)</u>	<u>\$ (1,770,433)</u>
36				
34	Total Operating Expenses and Taxes	<u>\$ 369,974,922</u>	<u>\$ (827,527)</u>	<u>\$ 369,147,395</u>
35				
36	Net Operating Income	<u>\$ 17,035,853</u>	<u>\$ (12,046,392)</u>	<u>\$ 4,989,460</u>

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
JURISDICTIONAL PROFORMA INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S): Supplemental Information (C)(8)

SCHEDULE C-2.1
PAGE 1 OF 3
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	ACCT. NO.	ACCOUNT TITLE	UNADJUSTED JURISDICTION (A)
1		REVENUE	
2		Retail Revenue	
3	480	Residential	\$ 234,129,981 WPC_2.1a
4	481	Commercial/Industrial	110,246,135 WPC_2.1a
5	482	Public Authority	5,365,151 WPC_2.1a
6	489.2	Transported Gas Revenue	35,835,922 WPC_2.1a
7		Total Retail Revenue	<u>\$ 385,577,189</u>
8		Other Revenue	
9	487	Forfeited Discounts	\$ 2,588,686 WPC_2.1a
10	488	Misc Service Revenues	387,330 WPC_2.1a
11	495	Other Gas Revenues	(1,542,430) WPC_2.1a
12		Total Other Revenue	<u>\$ 1,433,586</u>
13		Total Revenue	<u>\$ 387,010,775</u>
14			
15			
16		OPERATING EXPENSES	
17		Production Expenses	
18		Manufactured Expenses	
19		Operation	
20	710	Operation supervision & engineering	\$ 12,993
21	712	Other power expenses	-
22	717	Liquefied petroleum gas expenses	58,375
23	735	Misc Production Expenses	291,796
24		Total Operation	<u>\$ 363,163</u>
25		Maintenance	
26	741	Maint of Structures & improvements	\$ 117,110
27	742	Maint of production equipment	147,291
28		Total Maintenance	<u>\$ 264,401</u>
29		Total Production Expenses	<u>\$ 627,565</u>
30			
31		Other Gas Supply Expense	
32		Purchased Gas Expense	
33	800,803, & 804	Natural Gas City Gate Purchases	\$ 259,655,581
34	806	Other Gas Purchases	-
35	805.1	Purchased Gas Cost Adj.	(2,605,148)
36	813	Other Gas Supply Expense	-
37		Total Other Gas Supply Expense	<u>\$ 257,050,415 WPC_2.1a</u>

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
JURISDICTIONAL PROFORMA INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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SCHEDULE C-2.1
PAGE 2 OF 3
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	ACCT. NO.	ACCOUNT TITLE	UNADJUSTED JURISDICTION
1		Transmission Expenses	
2		Operation	
3	850	Operation supervision & engineering	\$ 270,880
4	851	System Control and Load Dispatching	45,885
5	856	Mains. Expenses	1,862,561
6	857	Meas. & Regulating Station Expenses	143,579
7	860	Rents	-
8		Total Operation	\$ 2,322,904
9		Maintenance	
10	862	Maint of Structures & Improvements	\$ 6,893
11	863	Maint of Mains	1,096,812
12	865	Maint of Meas. And Reg. Station Equip	82,915
13	867	Maint of Other Equipment	17,218
14		Total Maintenance	\$ 1,183,838
15		Total Transmission Expenses	\$ 3,506,742
16			
17		Distribution Expenses	
18		Operation	
19	870	Operation supervision & engineering	\$ 1,040,250
20	874	Mains and Services Expenses	2,486,601
21	875	Meas. & Regulating Station Exp General	304,973
22	878	Removing and Resetting Meters	780,873
23	879	Customer Installation Expenses	2,636,989
24	880	Other Expenses	1,158,189
25	881	Rents	87,553
26		Total Operation	\$ 8,475,428
27			
28		Maintenance	
29	885	Maint supervision & engineering	\$ 703,469
30	886	Maint of Structures & Improvements	660,396
31	887	Maint of Mains	2,151,455
32	889	Maint of Meas. And Reg. Station Equip - General	112,097
33	892	Maint of Services	203,517
34	893	Maint of Meters and House Regulators	445,442
35	894	Maint of Other Equipment	173,226
36		Total Maintenance	\$ 4,449,703
37		Total Distribution Expenses	\$ 12,925,131
38			
39		Customer Accounts Expense	
40		Operation	
41	901	Supervision	\$ 480,605
42	902	Meter Reading Expenses	2,807,902
43	903	Customer's Billing and Accounting	7,073,401
44	903	Collecting	82,363
45	904	Uncollectible Accounts	13,490,982
46	905	Misc. Customer Accounts Expenses	617,509
47		Total Customer Accounts Expense	\$ 24,552,762
48			
49			
50		Customer Service and Information Expense	
51		Operation	
52	908	Customer Assistance	\$ 160,494
53	909	Information and Instructional Advertising	204,124
54	910	Misc. Customer Service and Information Expense	85,884
55	911	Supervision	55,906
56	912	Demonstration & Selling Expense	1,501,307
57		Total Customer Service and Information Expense	\$ 2,007,716

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
JURISDICTIONAL PROFORMA INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): Supplemental Information (C)(8)

SCHEDULE C-2.1
PAGE 3 OF 3
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	ACCT. NO.	ACCOUNT TITLE	UNADJUSTED JURISDICTION
			(A)
1		Sales Expense	
2		Operation	
3	913	Advertising Expense	\$ 10,090
4	916	Misc. Sales Expense	21,377
5		Total Sales Expense	<u>\$ 31,407</u>
6			
7		Administrative and General Expenses	
8		Operation	
9	920	Administrative and General Salaries	\$ 5,430,694
10	921	Office Supplies and Expenses	3,714,608
11	922	Administrative Expenses Transferred - Company	(681,319)
12	923	Vectren Corporate Administrative Expenses Allocation	8,499,748
13	923	Outside Services Employed	795,966
14	924	Property Insurance	240,589
15	925	Injuries and Damages	846,911
16	926	Employee Pensions and Benefits	12,958
17	928	Regulatory Commission Expenses	785,398
18	930.2	Misc. General Expenses	574,972
19	931	Rents	33,573
20		Total Operation	<u>\$ 21,254,086</u>
21		Maintenance	
22	932(935)	Maint of General Plant	\$ 222,480
23		Total Maintenance	<u>\$ 222,480</u>
24		Total Administrative and General Expenses	<u>\$ 21,476,567</u>
25		Total Operating Expense	<u>\$ 322,178,305</u>
26		Depreciation Expense	
27	403	Depreciation Expense - Utility Plant	\$ 14,795,284
28		Total Depreciation Expense	<u>\$ 14,795,284</u>
29			
30		Taxes Other than Income Taxes	
31	408.1	Real Estate & Personal Taxes	\$ 5,336,075
32	408.1	St Gross Inc Tax on Gross Receipt	17,398,531
33	408.1	MCF Excise Tax	5,801,508
34		Total Taxes Other than Income Taxes	<u>\$ 28,536,115</u>
35			
36			
37		Federal Income Tax Expense	
38	409.1	Income Taxes Federal	\$ (1,306,034)
39		Total Federal Income Tax Expense	<u>\$ (1,306,034)</u>
40			
41		Provision for Deferred Income Taxes (Credit)	
42	411.1	Deferred Income Taxes	\$ 5,771,253
43		Total Deferred Income Taxes	<u>\$ 5,771,253</u>
44			
45		Total Federal Income Tax Expense	<u>\$ 4,465,219</u>
46			
47		Total Operating Expense	<u>\$ 359,974,922</u>
48			
49		Net Operating Income	<u>\$ 17,036,853</u>

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-3
PAGE 1 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	TITLE OF ACCOUNT	ANNUALIZED REVENUE - CONTRACT STORAGE RETURN C-3.1	ANNUALIZED REVENUE - SALES RECONCILIATION RIDER C-3.2	ANNUALIZED REVENUE - CUSTOMER COUNT C-3.3	ANNUALIZED REVENUE - AUPC AND WEATHER C-3.4	ANNUALIZED REVENUE - UNCOLLECTIBLE RIDERS SYNCHRONIZATION C-3.5
1	OPERATING REVENUE					
2	Base and Riders	\$ (3,807,043)	\$ (4,986,717)	\$ (739,459)	\$ (211,895)	\$ 1,878,241
3	Gas Costs				(1,085,626)	
4	Total Revenue	\$ (3,807,043)	\$ (4,986,717)	\$ (739,459)	\$ (1,296,525)	\$ 1,878,241
5						
6	OPERATING EXPENSES					
7	Operation and Maintenance Expenses					
8	Production Expenses					
9	Liquefied Petroleum Gas					
10	Other					
11	Total Production Expense	\$ -	\$ -	\$ -	\$ -	\$ -
12						
13	Other Gas Supply Expenses					
14	Purchased Gas				\$ (1,085,626)	
15	Other					
16	Total Other Gas Supply Expense	\$ -	\$ -	\$ -	\$ (1,085,626)	\$ -
17						
18	Transmission Expense					
19	Distribution Expense					
20	Customer Accounts Expense					\$ 1,788,778
21	Customer Serv & Info Expense					
22	Sales Expense					
23	Administrative & General Expense					
24	Total Operation and Maintenance Expenses	\$ -	\$ -	\$ -	\$ (1,085,626)	\$ 1,788,778
25						
26	Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -
27						
28	Taxes Other Than Income Taxes					
29	Property					
30	State and Other Taxes					
31	Total Taxes Other Than Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -
32						
33	Federal Income Taxes					
34	Current Tax Expense	\$ (1,332,485)	\$ (1,746,351)	\$ (258,811)	\$ (74,165)	\$ 30,262
35	Prov Deferred Inc Tax					
36	Total Federal Inc Tax Expense	\$ (1,332,485)	\$ (1,746,351)	\$ (258,811)	\$ (74,165)	\$ 30,262
37						
38	Total Oper. Expenses and Tax	\$ (1,332,485)	\$ (1,746,351)	\$ (258,811)	\$ (1,160,790)	\$ 1,820,040
39						
40	Net Operating Income	\$ (2,474,578)	\$ (3,241,368)	\$ (480,648)	\$ (137,735)	\$ 58,201

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-AIT
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-3
PAGE 2 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	TITLE OF ACCOUNT ELEMENT of OPERATING INCOME	ANNUALIZED REVENUE - CUSTOMER MIGRATION C-3.6	ANNUALIZED REVENUE - LARGE CUSTOMER CHANGES C-3.7	ANNUALIZED REVENUE - MISCELLANEOUS REVENUE C-3.8	ANNUALIZED REVENUE - MCF EXCISE TAX C-3.9	ANNUALIZED REVENUE - GCR REVENUE C-3.10
1	OPERATING REVENUE					
2	Base and Riders	\$ (615,913)	\$ (512,100)	\$ 145,061	\$ 48,671	\$ (21,522)
3	Gas Costs	(5,272,541)		2,738,309		(408,411)
4	Total Revenue	\$ (5,888,454)	\$ (512,100)	\$ 2,883,370	\$ 48,671	\$ (429,933)
5						
6	OPERATING EXPENSES					
7	Operation and Maintenance Expenses					
8	Production Expenses					
9	Liquefied Petroleum Gas					
10	Other					
11	Total Production Expense	\$ -	\$ -	\$ -	\$ -	\$ -
12						
13	Other Gas Supply Expenses					
14	Purchased Gas	\$ (5,272,541)		\$ 2,738,309		(408,411)
15	Other					
16	Total Other Gas Supply Expense	\$ (5,272,541)	\$ -	\$ 2,738,309	\$ -	(408,411)
17						
18	Transmission Expense					
19	Distribution Expense					
20	Customer Accounts Expense	(209,465)				
21	Customer Serv & Info Expense					
22	Sales Expense					
23	Administrative & General Expense					
24	Total Operation and Maintenance Expenses	\$ (5,482,006)	\$ -	\$ 2,738,309	\$ -	(408,411)
25						
26	Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -
27						
28	Taxes Other Than Income Taxes					
29	Property					
30	State and Other Taxes				46,562	
31	Total Taxes Other Than Income Tax	\$ -	\$ -	\$ -	\$ 46,562	\$ -
32						
33	Federal Income Taxes					
34	Current Tax Expense	\$ (142,257)	\$ (179,235)	\$ 50,771	\$ 1,081	(7,533)
35	Prov Deferred Inc Tax					
36	Total Federal Inc Tax Expense	\$ (142,257)	\$ (179,235)	\$ 50,771	\$ 1,081	(7,533)
37						
38	Total Oper. Expenses and Tax	\$ (5,624,263)	\$ (179,235)	\$ 2,789,080	\$ 47,643	(415,944)
39						
40	Net Operating Income	\$ (264,191)	\$ (332,865)	\$ 94,290	\$ 2,008	(13,883)

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1090-GA-AIR; CASE NO. 07-1081-GA-ALT
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-3
PAGE 3 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	TITLE OF ACCOUNT	ANNUALIZED REVENUE - GROSS RECEIPTS TAX C-3.11	SYSTEM INTEGRITY & RELIABILITY PROGRAMS C-3.12	NATURAL GAS RISERS INVESTIGATION EXPENSE C-3.13	ANNUALIZED CUSTOMER RELATED EXPENSES C-3.14	CONSERVATION PROGRAM EXPENSE C-3.15
1	OPERATING REVENUE					
2	Base and Riders	\$ (20,968)				
3	Gas Costs					
4	Total Revenue	\$ (20,968)	\$ -	\$ -	\$ -	\$ -
5						
6	OPERATING EXPENSES					
7	Operation and Maintenance Expenses					
8	Production Expenses					
9	Liquefied Petroleum Gas					
10	Other		18,438			
11	Total Production Expense	\$ -	\$ 18,438	\$ -	\$ -	\$ -
12						
13	Other Gas Supply Expenses					
14	Purchased Gas					
15	Other					
16	Total Other Gas Supply Expense	\$ -	\$ -	\$ -	\$ -	\$ -
17						
18	Transmission Expense	\$ -	436,250		30,864	
19	Distribution Expense		1,771,825	610,000	159,914	
20	Customer Accounts Expense				(173,433)	
21	Customer Serv & Info Expense				172,320	
22	Sales Expense				130,074	2,984,557
23	Administrative & General Expense		49,114			
24	Total Operation and Maintenance Expenses	\$ -	\$ 2,275,826	\$ 610,000	\$ 319,739	\$ 2,984,557
25						
26	Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -
27						
28	Taxes Other Than Income Taxes					
29	Property					
30	State and Other Taxes	(454,367)				
31	Total Taxes Other Than Income Tax	\$ (454,367)	\$ -	\$ -	\$ -	\$ -
32						
33	Federal Income Taxes					
34	Current Tax Expense	\$ 151,880	(796,469)	(213,500)	(111,809)	(1,044,565)
35	Prov Deferred Inc Tax					
36	Total Federal Inc Tax Expense	\$ 151,880	\$ (796,469)	\$ (213,500)	\$ (111,809)	\$ (1,044,565)
37						
38	Total Oper. Expenses and Tax	\$ (302,677)	\$ 1,479,157	\$ 396,500	\$ 207,931	\$ 1,939,992
39						
40	Net Operating Income	\$ 281,709	\$ (1,479,157)	\$ (396,500)	\$ (207,931)	\$ (1,939,992)

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-3
PAGE 4 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	TITLE OF ACCOUNT	ANNUALIZE SHARED SERVICES EXPENSE C-3.16	LABOR ADJUSTMENT C-3.17	RATE CASE EXPENSES C-3.18	INTEREST ON CUSTOMER DEPOSITS C-3.19	PUCO & OCC ASSESSMENT FEE C-3.20
	ELEMENT of OPERATING INCOME					
1	OPERATING REVENUE					
2	Base and Riders					
3	Gas Costs					
4	Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
5						
6	OPERATING EXPENSES					
7	Operation and Maintenance Expenses					
8	Production Expenses					
9	Liquefied Petroleum Gas					
10	Other					
11	Total Production Expense	\$ -	\$ -	\$ -	\$ -	\$ -
12						
13	Other Gas Supply Expenses					
14	Purchased Gas					
15	Other					
16	Total Other Gas Supply Expense	\$ -	\$ -	\$ -	\$ -	\$ -
17						
18	Transmission Expense					
19	Distribution Expenses					
20	Customer Accounts Expense					
21	Customer Serv & Info Expense					
22	Salon Expense					
23	Administrative & General Expense	1,438,128	48,840	283,416	155,374	(61,389)
24	Total Operation and Maintenance Expenses	\$ 1,438,128	\$ 48,840	\$ 283,416	\$ 155,374	\$ (61,389)
25						
26	Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -
27						
28	Taxes Other Than Income Taxes					
29	Property					
30	State and Other Taxes					
31	Total Taxes Other Than Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -
32						
33	Federal Income Taxes					
34	Current Tax Expense	\$ (503,345)	\$ (17,094)	\$ (99,196)	\$ (54,381)	\$ 21,486
35	Prov Deferred Inc Tax					
36	Total Federal Inc Tax Expense	\$ (503,345)	\$ (17,094)	\$ (99,196)	\$ (54,381)	\$ 21,486
37						
38	Total Oper. Expenses and Tax	\$ 934,783	\$ 31,746	\$ 184,220	\$ 100,993	\$ (39,903)
39						
40	Net Operating Income	\$ (934,783)	\$ (31,746)	\$ (184,220)	\$ (100,993)	\$ 39,903

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
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SCHEDULE C-3
PAGE 5 OF 5
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	TITLE OF ACCOUNT	ANNUALIZED DEPRECIATION EXPENSE C-3.21	PROPERTY TAX C-3.22	FEDERAL INCOME TAXES AT STATUTORY RATE C-3.23	TOTAL SCHEDULE C-3
ELEMENT OF OPERATING INCOME					
1	OPERATING REVENUE				
2	Base and Riders				\$ (8,844,650)
3	Gas Costs				(4,029,269)
4	Total Revenue	\$ -	\$ -	\$ -	\$ (12,873,919)
5					
6	OPERATING EXPENSES				
7	Operation and Maintenance Expenses				
8	Production Expenses				\$ -
9	Liquefied Petroleum Gas				
10	Other				18,438
11	Total Production Expense	\$ -	\$ -	\$ -	\$ 18,438
12					
13	Other Gas Supply Expenses				
14	Purchased Gas				\$ (4,029,269)
15	Other				
16	Total Other Gas Supply Expense	\$ -	\$ -	\$ -	\$ (4,029,269)
17					
18	Transmission Expense				\$ 467,114
19	Distribution Expense				2,541,739
20	Customer Accounts Expense				1,406,880
21	Customer Serv & Info Expense				172,320
22	Sales Expense				3,114,631
23	Administrative & General Expense				1,913,482
24	Total Operation and Maintenance Expenses	\$ -	\$ -	\$ -	\$ 5,605,336
25					
26	Depreciation Expense	\$ 54,916		\$ -	\$ 54,916
27					
28	Taxes Other Than Income Taxes				
29	Property		\$ 155,658		\$ 155,658
30	State and Other Taxes				(407,785)
31	Total Taxes Other Than Income Tax	\$ -	\$ 155,658	\$ -	\$ (252,127)
32					
33	Federal Income Taxes				
34	Current Tax Expense	\$ (19,221)		\$ (310,856)	\$ (330,077)
35	Prov Deferred Inc Tax		\$ (54,480)	473,920	419,440
36	Total Federal Inc Tax Expense	\$ (19,221)	\$ (54,480)	\$ 163,064	\$ (9,637)
37					
38	Total Oper. Expenses and Tax	\$ 35,695	\$ 101,178	\$ 163,064	\$ (227,527)
39					
40	Net Operating Income	\$ (35,695)	\$ (101,178)	\$ (163,064)	\$ (299,937)

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ANNUALIZED REVENUE-CONTRACT STORAGE RETURN
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: ☒ ORIGINAL ☐ UPDATED ☐ REVISED
WORK PAPER REFERENCE NO(S): WPC-3.1a

SCHEDULE C-3.1
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	WORK PAPER REFERENCE NO(S)	AMOUNT
	PURPOSE and DESCRIPTION: To reflect adjustments to operating revenues to reflect new base rates effective May 2007 and remove budgeted Sales Reconciliation Rider revenues from the test year.		
1	Remove Test Year Contract Storage Return Revenue	WPC-3.1a	\$ (2,400,445)
2	Remove Test Year Miscellaneous Contract Storage Return Revenue	WPC-3.1a	\$ (1,290,919)
	Gross Receipts Tax Revenue		
3	Contract Storage Return Revenue (Line 1)		\$ (2,400,445)
4	Less: Federal Exempt Contract Storage Return Revenue	WPC-3.1a	\$ (28,359)
5	Taxable Contract Storage Return Revenue (Line 3 - Line 4)		\$ (2,372,086)
6	Ohio Gross Receipts Tax Effective Rate		4.8767%
7	Gross Receipts Tax Revenue Adjustment (Line 5 x Line 6)	WPC-3.1a	\$ (115,680)
8	Adjustment Amount		<u>\$ (3,807,043)</u> To Sch C3 Summary

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ANNUALIZED REVENUE-SALES RECONCILIATION RIDER
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: XX ORIGINAL UPDATED REVISED
WORK PAPER REFERENCE NO(S): WPC-3.1a

SCHEDULE C-3.2
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	WORK PAPER REFERENCE NO(S)	AMOUNT
	PURPOSE and DESCRIPTION: To reflect adjustments to operating revenues to remove budgeted Sales Reconciliation Rider revenues from the last year.		
1	Remove Test Year Sales Reconciliation Rider Revenue	WPC-3.1a	\$ (4,754,951)
	Gross Receipts Tax Revenue		
2	Sales Reconciliation Rider Revenue (Line 1)		\$ (4,754,951)
3	Less: Federal Exempt Sales Reconciliation Rider Revenue	WPC-3.1a	\$ (2,429)
4	Taxable Revenue (Line 2 - Line 3)		\$ (4,752,522)
5	Ohio Gross Receipts Tax Effective Rate		4.8767%
6	Gross Receipts Tax Revenue Adjustment (Line 4 x Line 5)	WPC-3.1a	\$ (231,765)
7	Adjustment Amount (Line 1 + Line 6)		\$ (4,986,717) To Sch C3 Summary

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ANNUALIZED REVENUE-CUSTOMER COUNT
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: ☒ ORIGINAL ☐ UPDATED ☐ REVISED
WORK PAPER REFERENCE NO(S): WPC-3.1a

SCHEDULE C-3.3
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	WORK PAPER REFERENCE NO(S)	AMOUNT
PURPOSE and DESCRIPTION: To reflect adjustment to operating revenues (service charge) for normalized Customer Count.			
1	Base Revenue - Service Charge	WPC-3.1a	\$ (705,073)
	Gross Receipts Tax Revenue		
2	Base Revenue - Service Charge (Line 1)		\$ (705,073)
3	Less: Federal Exempt Base Revenue - Service Charge	WPC-3.1a	\$ 28
4	Taxable Base Revenue - Service Charge (Line 2 - Line 3)		\$ (705,102)
5	Ohio Gross Receipts Tax Effective Rate		<u>4.8767%</u>
6	Gross Receipts Tax Revenue Adjustment (Line 4 x Line 5)	WPC-3.1a	\$ <u>(34,386)</u>
7	Adjustment Amount		<u>\$ (739,459)</u> To Sch C3 Summary

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ANNUALIZED REVENUE-AUPC AND WEATHER
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPC-3.1a

SCHEDULE C-3.4
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	WORK PAPER REFERENCE NO(S)	AMOUNT
PURPOSE and DESCRIPTION: To reflect adjustments to operating revenues and gas cost for average use per customer (AUPC) and 10-year normal weather.			
1	Base Revenue - Tariff Rates	WPC-3.1a	\$ (147,939)
2	Gas Cost Recovery (GCR) Revenue	WPC-3.1a	\$ (1,086,626) To Sch C3 Summary
Gross Receipts Tax Revenue			
3	Base Revenue - Tariff Rates (Line 1)		\$ (147,939)
4	Gas Cost Recovery (GCR) Revenue (Line 2)		\$ (1,086,626)
5	Less: Federal Exempt Base Revenue - Tariff Rates	WPC-3.1a	\$ 8,023
6	Less: Federal Exempt Gas Cost Recovery (GCR) Revenue	WPC-3.1a	\$ 88,984
7	Taxable Revenue (Line 3 + Line 4 - Line 5 - Line 6)		\$ (1,311,551)
8	Ohio Gross Receipts Tax Effective Rate		4.8767%
9	Gross Receipts Tax Revenue Adjustment (Line 7 x Line 8)	WPC-3.1a	\$ (63,960)
10	Revenue Adjustment (Line 1 + Line 2 + Line 9)		\$ (1,290,525)
11	Gas Cost Expense (Line 2)		\$ (1,086,626) To Sch C3 Summary
12	Adjustment Amount (Line 10 - Line 11)		\$ (211,899) To Sch C3 Summary

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR, CASE NO. 07-1081-GA-ALT
ANNUALIZED REVENUE-UNCOLLECTIBLE RIDERS SYNCHRONIZATION
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S): WPC-3.1a

SCHEDULE C-3.5
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	WORK PAPER REFERENCE NO(S)	AMOUNT
PURPOSE and DESCRIPTION: To reflect the change in operating revenues and operating expense for normalized Uncollectible Expense Rider recoveries and Percentage of Income Payment Plan Rider recoveries at the current approved rates of \$0.01882 per ccf and \$0.02377 per ccf respectively.			
1	Uncollectible Expense Rider Revenue	WPC-3.1a	\$ 509,741
2	PIPP Rider Revenue	WPC-3.1a	\$ 1,280,037
Gross Receipts Tax Revenue			
3	Uncollectible Expense Rider Revenue (Line 1)		\$ 509,741
4	PIPP Rider Revenue (Line 2)		\$ 1,280,037
5	Less: Federal Exempt Uncollectible Expense Rider Revenue	WPC-3.1a	\$ 5,249
6	Less: Federal Exempt PIPP Rider Revenue	WPC-3.1a	\$ 11,552
7	Taxable Revenue (Line 3 + Line 4 - Line 5 - Line 6)		\$ 1,772,978
8	Ohio Gross Receipts Tax Effective Rate		4.8767%
9	Gross Receipts Tax Revenue Adjustment (Line 7 x Line 8)	WPC-3.1a	\$ 86,463
10	Revenue Adjustment (Line 1 + Line 2 + Line 9)		\$ 1,876,241 To Sch C3 Summary
11	Uncollectible Expense (Line 1 + Line 2)		\$ 1,789,778 To Sch C3 Summary
12	Adjustment Amount (Line 7 - Line 8)		\$ 86,463

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ANNUALIZED REVENUE-CUSTOMER MIGRATION
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: ☒ ORIGINAL ☐ UPDATED ☐ REVISED
WORK PAPER REFERENCE NO(S): WPC-3.1a

SCHEDULE C-3.6
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	WORK PAPER REFERENCE NO(S)	AMOUNT
PURPOSE and DESCRIPTION: To reflect the change in operating revenues for annualized Customer Migration between rates during the test year.			
1	Base Revenue - Tariff Rates	WPC-3.1a	\$ (371,789)
2	Base Revenue - Service Charge	WPC-3.1a	\$ 84,725
3	PIPP Rider Revenue	WPC-3.1a	\$ (115,406)
4	Uncollectible Expense Rider Revenue	WPC-3.1a	\$ (94,059)
5	Gas Cost Recovery (GCR) Revenue	WPC-3.1a	\$ (5,272,541)
Gross Receipts Tax Revenue			
6	Base Revenue - Tariff Rates (Line 1)		\$ (371,789)
7	Base Revenue - Service Charge (Line 2)		\$ 84,725
8	PIPP Rider Revenue (Line 3)		\$ (115,406)
9	Uncollectible Expense Rider Revenue (Line 4)		\$ (94,059)
10	Gas Cost Recovery (GCR) Revenue (Line 5)		\$ (5,272,541)
11	Less: Federal Exempt Base Revenue - Tariff Rates	WPC-3.1a	\$ 6,123
12	Less: Federal Exempt Base Revenue - Service Charge	WPC-3.1a	\$ (600)
13	Less: Federal Exempt PIPP Rider Revenue	WPC-3.1a	\$ (71,817)
14	Less: Federal Exempt Uncollectible Expense Rider Revenue	WPC-3.1a	\$ (56,895)
15	Less: Federal Exempt Gas Cost Recovery (GCR) Revenue	WPC-3.1a	\$ (3,197,822)
16	Taxable Revenue (Sum of Lines 6-10 less Sum of Lines 11-15)		\$ (2,446,049)
17	Ohio Gross Receipts Tax Effective Rate		4.8767%
18	Gross Receipts Tax Revenue Adjustment (Line 16 x Line 17)	WPC-3.1a	\$ (119,384)
19	Revenue Adjustment (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 + Line 18)		\$ (5,888,454) To Sch C3 Summary
20	PIPP Uncollectible Expense (Line 3)		\$ (115,406) To Sch C3 Summary
21	Uncollectible/Bad Debt Expense (Line 4)		\$ (94,059) To Sch C3 Summary
22	Gas Cost Expense (Line 5)		\$ (5,272,541) To Sch C3 Summary
23	Adjustment Amount (Line 19 - Line 20 - Line 21 - Line 22)		\$ (406,448)

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ANNUALIZED REVENUE-LARGE CUSTOMER CHANGES
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPC-3.1a

SCHEDULE C-3.7
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	WORK PAPER REFERENCE NO(S)	AMOUNT
PURPOSE and DESCRIPTION: To reflect the change in operating revenues for known Large Customer changes related to customer contract, usage, and status.			
1	Base Revenue - Tariff Rates	WPC-3.1a	\$ (482,088)
2	Base Revenue - Service Charge	WPC-3.1a	\$ (6,200)
Gross Receipts Tax Revenue			
3	Base Revenue - Tariff Rates (Line 1)		\$ (482,088)
4	Base Revenue - Service Charge (Line 2)		\$ (6,200)
5	Taxable Revenue (Line 3 + Line 4)		\$ (488,288)
6	Ohio Gross Receipts Tax Effective Rate		4.8767%
7	Gross Receipts Tax Revenue Adjustment (Line 5 x Line 6)	WPC-3.1a	\$ (23,812)
8	Adjustment Amount (Line 1 + Line 2 + Line 7)		\$ (512,100) To Sch C3 Summary

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ANNUALIZED REVENUE-MISCELLANEOUS REVENUE ITEMS
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: ☒ ORIGINAL ☐ UPDATED ☐ REVISED
WORK PAPER REFERENCE NO(S): WPC-3.1a

SCHEDULE C-3.8
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	WORK PAPER REFERENCE NO(S)	AMOUNT
PURPOSE and DESCRIPTION: To reflect the change in operating revenues for rate changes in Miscellaneous Revenue tariff charges, and the removal of actual unbilled revenues.			
1	Miscellaneous Revenue	WPC-3.1a	\$ (359,274) To Sch C3 Summary
2	Removal of Unbilled Base Revenue - Tariff Rates	WPC-3.1a	\$ 504,334 To Sch C3 Summary
3	Removal of Unbilled Gas Cost Recovery (GCR) Revenue	WPC-3.1a	\$ 2,738,309 To Sch C3 Summary
4	Total Revenue Adjustment Amount (Line 1 + Line 2 + Line 3)		\$ 2,883,370
5	Removal of Unbilled Gas Cost Expense (Line 3)		\$ 2,738,309 To Sch C3 Summary
6	Adjustment Amount (Line 4 - Line 5)		\$ 145,061

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1090-GA-AIR; CASE NO. 07-1081-GA-ALT
ANNUALIZED REVENUE-MCF EXCISE TAX
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: ☒ ORIGINAL ☐ UPDATED ☐ REVISED
WORK PAPER REFERENCE NO(S): WPC-3.1a

SCHEDULE C-3.9
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	WORK PAPER REFERENCE NO(S)	AMOUNT
<i>PURPOSE and DESCRIPTION: To reflect the change in operating revenues and operating expense for normalized MCF Excise Tax Revenue.</i>			
1	Pro Forma MCF Excise Tax Revenue	WPC-3.1a	\$ 5,876,344
2	Test Year MCF Excise Tax Revenue	WPC-2.1a	\$ 5,829,762
3	Adjustment - MCF Excise Tax Revenue (Line 1 - Line 2)		\$ 46,582
Gross Receipts Tax Revenue			
4	Adjustment - MCF Excise Tax Revenue (Line 3)		\$ 46,582
5	Less: Federal Exempt MCF Excise Tax Revenue	WPC-3.1a	\$ (16,750)
6	Taxable Revenue (Line 4 - Line 5)		\$ 63,332
7	Ohio Gross Receipts Tax Effective Rate		4.8767%
8	Gross Receipts Tax Revenue Adjustment (Line 7 x Line 6)		\$ 3,069
9	Total Revenue Adjustment (Line 3 + Line 8)		\$ 49,671 To Sch C3 Summary
10	MCF Excise Tax Expense (Line 3)		\$ 46,582 To Sch C3 Summary
11	Adjustment Amount (Line 9 - Line 10)		\$ 3,069

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ANNUALIZED REVENUE-GCR REVENUE
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: ☒ ORIGINAL ☐ UPDATED ☐ REVISED
WORK PAPER REFERENCE NO(S): WPC-3.1a

SCHEDULE C-3.10
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	WORK PAPER REFERENCE NO(S)	AMOUNT
	PURPOSE and DESCRIPTION: To reflect the change in operating revenues and gas cost for actual GCR recoveries at a rate of \$0.92356 per ccf.		
1	Gas Cost Recovery (GCR) Revenue	WPC-3.1a	\$ (408,411) To Sch C3 Summary
	Gross Receipts Tax Revenue		
2	Gas Cost Recovery (GCR) Revenue (Line 1)		\$ (408,411)
3	Less: Federal Exempt Gas Cost Recovery (GCR) Revenue	WPC-3.1a	\$ 32,917
4	Taxable Revenue (Line 2 - Line 3)		\$ (441,328)
5	Ohio Gross Receipts Tax Effective Rate		4.8767%
6	Gross Receipts Tax Revenue Adjustment (Line 4 x Line 5)	WPC-3.1a	\$ (21,522) To Sch C3 Summary
7	Total Revenue Adjustment (Line 1 + Line 6)		\$ (429,933)
8	Gas Cost Expense Adjustment	WPC-3.1a	\$ (408,411) To Sch C3 Summary
9	Adjustment Amount (Line 7 - Line 8)		\$ (21,522)

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ANNUALIZED REVENUE-GROSS RECEIPTS TAX REVENUE
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S): WPC-3.1a, WPC-3.11a

SCHEDULE C-3.11
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	WORK PAPER REFERENCE NO(S)	AMOUNT
PURPOSE and DESCRIPTION: To reflect the change in operating revenues for normalized Gross Receipts Tax Revenue.			
1	Pro Forma Gross Receipts Tax Revenue	WPC-3.1a	\$ 17,030,561
2	Test Year Gross Receipts Tax Revenue	WPC-3.1a	\$ 17,572,488
3	Gross Adjustment (Line 1 - Line 2)		\$ (541,927)
Less: Adjustments Captured in Schedule C-3.			
4	C-3.1 - Contract Storage Return Removal	C-3.1	\$ (115,680)
5	C-3.2 - Sales Reconciliation Rider Revenue Removal	C-3.2	\$ (231,766)
6	C-3.2 - Customer Count	C-3.3	\$ (34,366)
7	C-3.3 - AUPC/Weather	C-3.4	\$ (63,960)
8	C-3.5 - Uncollectible Riders Revenue	C-3.5	\$ 86,463
9	C-3.6 - Customer Migration	C-3.6	\$ (119,384)
10	C-3.7 - Large Customer Changes	C-3.7	\$ (23,812)
11	C-3.9 - MCF Excise Tax Revenue	C-3.9	\$ 3,089
12	C-3.10 - Gas Cost Recovery	C-3.10	\$ (21,522)
13	Total Adjustments Captured in other Schedules (Sum of Lines 4 through 12)		\$ (520,959)
14	Revenue Adjustment Amount (Line 3 - Line 13)		\$ (20,968) To Sch C3 Summary
15	Gross Receipts Tax Expense	WPC-3.11a	\$ (454,367) To Sch C3 Summary
16	Adjustment Amount (Line 14 - Line 15)		\$ 433,399

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
SYSTEM INTEGRITY AND RELIABILITY PROGRAMS
VECTREN ENERGY DELIVERY OF OHIO, INC.

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPC-3.12

SCHEDULE C-3.12
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	SCHEDULE/ WORK PAPER REFERENCE	AMOUNT
PURPOSE and DESCRIPTION: To annualize expense associated with operational programs and employee additions to support the programs.			
1	Gas Distribution System Maintenance Program	WPC-3.12	\$ 793,457
2	Right-of-Way ("ROW") Clearance Program	WPC-3.12	542,849
3	Aging Workforce Program	WPC-3.12	184,217
4	Other Distribution Maintenance Programs	WPC-3.12	402,298
5	Propane Air Facilities	WPC-3.12	18,438
6	Training	WPC-3.12	87,104
7	Employee Additions	WPC-3.12	247,264
8	Adjustment amount (Sum of Lines 1 - 7)	To Sch C-3 Summary <---	\$ 2,275,626

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
NATURAL GAS RISERS
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-3.13
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	SCHEDULE/ WORK PAPER REFERENCE	AMOUNT
	PURPOSE and DESCRIPTION: To capture amortization of deferred expenses associated with natural gas riser investigation as requested in Case No. 07-0294-GA-AAM.		
1	Expected Deferred Expenses Associated with Natural Gas Riser Survey at May 31, 2008		\$ 1,830,000
2	Amortization Period (Years)		3
3	Adjustment amount	To Sch C-3 Summary <—	\$ 610,000

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
CUSTOMER RELATED EXPENSE
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ____ UPDATED ____ REVISED
WORK PAPER REFERENCE NO(S): WPC-3.14

SCHEDULE C-3.14
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	SCHEDULE/ WORK PAPER REFERENCE	AMOUNT
	PURPOSE and DESCRIPTION: To capture incremental expenses to enhance customer support programs.		
1	Sales/Economic Development	WPC-3.14	\$ 146,454
2	Safety Education Program	WPC-3.14	172,320
3	Meter Reading	WPC-3.14	(189,813)
4	Measurement Services	WPC-3.14	190,778
5	Adjustment amount (Sum of Lines 1 - 4)	To Sch C-3 Summary <--	<u>\$ 319,739</u>

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
CONSERVATION
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): WPC_3.15

SCHEDULE C-3.15
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	SCHEDULE/ WORK PAPER REFERENCE	AMOUNT
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PURPOSE and DESCRIPTION: To reflect annual program costs associated
with conservation initiatives focused on residential and general service customers.
This adjustment brings the annual level of program costs to \$4.0 million.

1	Adjustment amount	To Sch C-3 Summary <---	\$ <u>2,984,557</u>
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VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
SHARED SERVICES EXPENSE
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED
WORK PAPER REFERENCE NO(S): WPC 3.16

SCHEDULE C-3.16
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	SCHEDULE/ WORK PAPER REFERENCE	AMOUNT
	PURPOSE and DESCRIPTION: To reflect annual costs associated with human resource and information technology support services provided to Vectren Energy Delivery of Ohio.		
1	Employee Additions	WPC-3.16	\$ 82,312
2	Human Resource (HR) Programs	WPC-3.16	52,063
3	IT Maintenance Fees	WPC-3.16	55,918
4	Asset Charge - Annualize at 2008 Budget Level	WPC-3.16	1,247,835
5	Adjustment amount	To Sch C-3 Summary <—	\$ 1,438,128

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
LABOR ADJUSTMENT
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S): WPC-3.17; WPC-3.17a

SCHEDULE C-3.17
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	SCHEDULE/ WORK PAPER REFERENCE	AMOUNT
PURPOSE and DESCRIPTION: To reflect the level of labor expense that will be in effect during the test year in accordance with company practice and union contract terms.			
1	Adjustment amount	To Sch C-3 Summary <---	\$ <u>48,840</u>

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
RATE CASE EXPENSE
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-3.18
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	SCHEDULE/ WORK PAPER REFERENCE	AMOUNT
	PURPOSE and DESCRIPTION: To reflect the estimated costs related to this proceeding and the unamortized expense related to the prior proceeding as of May 31, 2008 amortized over a three year period.		
1	Deferred Rate Case Expense (Prior Case) Balance at May 31, 2008		\$ 379,588
2	Add: Expected Rate Case Expense for Current Case	Sch C-8	1,078,000
3	Total Deferred Rate Case Expense Balance at May 31, 2008		\$ 1,457,588
4			
5	Amortization Period (Years)		3
6			
7	Pro Forma Rate Case Amortization Expense (Line 3/Line 5)		\$ 485,863
8	Less: Test Year Rate Case Amortization Expense	Sch C-8	202,447
9	Pro Forma Increase in Rate Case Amortization Expense (Line 7 - Line 8)	To Sch C-3 Summary <—	\$ 283,416

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
INTEREST ON CUSTOMER SERVICE DEPOSITS
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-3.19
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	SCHEDULE/ WORK PAPER REFERENCE	AMOUNT
PURPOSE and DESCRIPTION: To reflect the interest on Customer Service Deposits as an operating expense.			
1	Customer Deposits	SCH B-5	\$ 5,179,137
2			
3	Customer Deposit Statutory Interest Rate		3%
4			
5	Adjustment amount (Line 1 * Line 3)	To Sch C-3 Summary <---	<u>\$ 155,374</u>

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
PUCO AND OCC ASSESSMENT FEES
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-3.20
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	SCHEDULE/ WORK PAPER REFERENCE	AMOUNT
	PURPOSE and DESCRIPTION: To annualize the level of PUCO and OCC assessments to the latest known level.		
1	Adjusted Test Year Revenue	C-2	\$ 374,136,856
2			
3	PUCO Assessment Fee	WPC-10a 0.132%	
4	OCC Assessment Fee	WPC-10b 0.034%	
5			<u>0.166%</u>
6			
7	PUCO and OCC Assessment Fee (Line 1 * Line 5)		\$ 621,067
8			
9	Unadjusted Test Year PUCO and OCC Assessment Fee		\$ (682,457)
10			
11	Subtotal		\$ (61,389)
12	Less: Revenue Adjustment	C-3.1	<u>0</u>
13			
14	Adjustment amount	To Sch C-3 Summary <—	<u>\$ (61,389)</u>

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ANNUALIZED DEPRECIATION EXPENSE
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S): WPC-3.21

SCHEDULE C-3.21
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	SCHEDULE/ WORK PAPER REFERENCE	AMOUNT
PURPOSE and DESCRIPTION: To reflect an adjustment to annualize depreciation expense as calculated on Schedule B-3.2 based on plant in service August 31, 2007 at depreciation rates approved in case 04-0571-GA-AIR.			
1	Adjustment Amount	To Sch C-3 Summary <--	\$ <u>54,916</u>

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
PROPERTY TAX
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S): WPC-3.22

SCHEDULE C-3.22
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	SCHEDULE/ WORK PAPER REFERENCE	AMOUNT
	PURPOSE and DESCRIPTION: To recognize property tax assessed for Z-51 pipeline.		
1	Adjustment Amount	To Sch C-3 Summary <---	\$ <u>155,658</u>

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
FEDERAL INCOME TAX AT STATUTORY RATE
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S): WPC-3.23

SCHEDULE C-3.23
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	PURPOSE and DESCRIPTION	SCHEDULE/ WORK PAPER REFERENCE	AMOUNT
	PURPOSE and DESCRIPTION: To adjust federal income taxes based on calculation at Schedule C-4.		
1	Adjustment amount - Current Taxes	To Sch C-3 Summary <---	\$ (310,856)
2	Adjustment amount - Deferred Taxes	To Sch C-3 Summary <---	\$ 473,920
3	Total Adjustment amount	WPC-3.23	<u>\$ 163,064</u>

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ADJUSTED JURISDICTIONAL FEDERAL INCOME TAXES
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): SCH C-4.1, WPC-4

SCHEDULE C-4
PAGE 1 OF 2
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO. DESCRIPTION	AT CURRENT RATES			AT PROPOSED RATES	
	UNADJUSTED	ADJUSTMENTS	ADJUSTED	PROFORMA ADJUSTMENTS	PROFORMA
	(A) (\$)	(B) (\$)	(C) (\$)	(D) (\$)	(E) (\$)
1 Operating Income before Federal Income Tax	\$ 21,501,071	\$ (18,282,044)	\$ 3,219,027	\$ 25,952,657	\$ 29,171,684
2					
3 Reconciling Items:					
4 Net Interest Charges	\$ 8,192,772	\$ (346,064)	\$ 7,846,708	\$ -	\$ 7,846,708
5					
6 Tax Depreciation	\$ 16,201,766	\$ -	\$ 16,201,766	\$ -	\$ 16,201,766
7 Book Depreciation	14,795,284	54,916	14,850,200	-	14,850,200
8 Excess of Tax over Book Depreciation	\$ 1,406,482	\$ (54,916)	\$ 1,351,566	\$ -	\$ 1,351,566
9					
10 Non-Deductible Expenses	\$ 430,698	\$ -	\$ 430,698	\$ -	\$ 430,698
11 Test Year Below the Line Expense	119,833	(119,833)	-	-	-
12 Total Permanent Differences	\$ 550,531	\$ (119,833)	\$ 430,698	\$ -	\$ 430,698
13					
14 Other Reconciling Items:					
15 Goodwill	\$ (13,414,171)		\$ (13,414,171)		\$ (13,414,171)
16 Acquisition Adjustment	(375,331)		(375,331)		(375,331)
17 Prepaid Ohio Excise Tax	404,041		404,041		404,041
18 Interest on Ohio Prepaid Tax	(306,123)		(306,123)		(306,123)
19 Construction Deposits	928,582	(288,582)	640,000		640,000
20 Allowance for Funds Used During Construction	(55,805)		(55,805)		(55,805)
21 Capitalized Interest	73,315		73,315		73,315
22 Cost of Removal	(1,355,434)	(451,811)	(1,807,245)		(1,807,245)
23 Rate Case Expense	164,574	(1,066,597)	(902,023)		(902,023)
24 FAS 106	(453,271)		(453,271)		(453,271)
25 Deferred Compensation	547,000		547,000		547,000
26 Customer Advances for Construction	352,328		352,328		352,328
27 Ohio Choice Programs	(1,873,346)	550,964	(1,322,382)		(1,322,382)
28 Capitalized Building Improvements Exp on Book	(7,513)		(7,513)		(7,513)
29 Pension Expense in Excess of Tax	214,000		214,000		214,000
30 Deferred Asset Pipeline Integrity	74,342	2,691	77,033		77,033
31 Total Other Reconciling Items	\$ (15,082,813)	\$ (1,258,006)	\$ (16,336,128)	\$ -	\$ (16,336,128)
32 Total Reconciling Items	25,232,599	735,193	25,965,100	-	25,965,100
33 Federal Taxable Income	\$ (3,731,527)	\$ (19,017,237)	\$ (22,746,073)	\$ 25,952,657	\$ 3,206,584

* - From WPC-4.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ADJUSTED JURISDICTIONAL FEDERAL INCOME TAXES
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S): SCH C-4.1, WPC-4

SCHEDULE C-4
PAGE 2 OF 2
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO. DESCRIPTION	AT CURRENT RATES			AT PROPOSED RATES	
	UNADJUSTED	ADJUSTMENTS	ADJUSTED	PROFORMA ADJUSTMENTS	PROFORMA
	(A) (\$)	(B) (\$)	(C) (\$)	(D) (\$)	(E) (\$)
1 Federal Taxable Income					
2 from Page 1	\$ (3,731,527)	\$ (19,017,237)	\$ (22,746,073)	\$ 25,952,657	\$ 3,206,584
3					
4 Federal Income Taxes:					
5 First \$ 50,000 \$ (50,000) @ 15%	\$ (7,500)	\$ -	\$ (7,500)	\$ 15,000	\$ 7,500
6 Next \$ 25,000 \$ (25,000) @ 25%	\$ (6,250)	\$ -	\$ (6,250)	12,500	6,250
7 Next \$ 25,000 \$ (25,000) @ 34%	\$ (8,500)	\$ -	\$ (8,500)	17,000	8,500
8 Next \$ 235,000 \$ (235,000) @ 39%	\$ (91,650)	\$ -	\$ (91,650)	183,300	91,650
9 Next \$ 9,665,000 \$ (9,665,000) @ 34%	\$ (1,192,134)	(2,093,966)	(3,286,100)	4,294,504	1,008,404
10 Next \$ 5,000,000 \$ (5,000,000) @ 35%	\$ -	(1,750,000)	(1,750,000)	1,750,000	-
11 Next \$ 3,333,333 \$ (3,333,333) @ 38%	\$ -	(1,266,667)	(1,266,667)	1,266,667	-
12 Over \$ 18,333,333 \$ (4,412,740) @ 35%	\$ -	(1,544,459)	(1,544,459)	1,544,459	-
13 Federal Income Taxes \$ (22,746,073)	35% \$ (1,306,034)	\$ (6,655,092)	\$ (7,961,126)	\$ 9,083,430	\$ 1,122,304
14					
15 Provision Deferred Inc Taxes (Net):					
16 Method Life	\$ 492,269	\$ (19,221)	\$ 473,048		\$ 473,048
17 Goodwill	4,694,960		4,694,960		4,694,960
18 Acquisition Adjustment	131,366		131,366		131,366
19 Prepaid Ohio Excise Tax	(141,414)		(141,414)		(141,414)
20 Interest on Ohio Prepaid Tax	107,143		107,143		107,143
21 Construction Deposits	(325,004)	101,004	(224,000)		(224,000)
22 Allowance for Funds Used During Construction	19,532		19,532		19,532
23 Capitalized Interest	(25,660)		(25,660)		(25,660)
24 Cost of Removal	474,402	158,134	632,536		632,536
25 Rate Case Expense	(57,601)	373,309	315,708		315,708
26 FAS 106	158,645		158,645		158,645
27 Deferred Compensation	(191,450)		(191,450)		(191,450)
28 Customer Advances for Construction	(123,315)		(123,315)		(123,315)
29 Ohio Choice Programs	655,671	(192,844)	462,827		462,827
30 Capitalized Building Improvements Exp on Book	2,630		2,630		2,630
31 Pension Expense in Excess of Tax	(74,900)		(74,900)		(74,900)
32 Deferred Asset Pipeline Integrity	(26,020)	(942)	(26,962)		(26,962)
33 Total Prov Def. Inc Tax	\$ 5,771,253	\$ 419,440	\$ 6,190,693	\$ -	\$ 6,190,693
34 Total Federal Income Taxes	\$ 4,465,219	\$ (6,235,652)	\$ (1,770,432)	\$ 9,083,430	\$ 7,312,997

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
DEVELOPMENT of JURISDICTIONAL FEDERAL INCOME TAXES BEFORE ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-4.1
PAGE 1 OF 2
WITNESS RESPONSIBLE:
M.S. HARDWICK

Line No.	Description	Unadjusted Jurisdiction
		(\$)
1	Operating Income Before Federal Income Taxes	\$ 21,501,071
2		
3	Reconciling Items:	
4	Interest Charges	\$ 8,192,772
5		
6	Test Year Below the Line Expense	\$ 119,833
7	Tax Depreciation	\$ 16,201,766
8	Book Depreciation	14,795,284
9	Excess of Tax over Book Depreciation (Line 6 - Line 7)	\$ 1,406,482
10	Other Non-Deductible Expenses (Permanent Tax Differences)	\$ 430,698
11		
12	Other Reconciling Items	
13	Goodwill	\$ (13,414,171)
14	Acquisition Adjustment	(375,331)
15	Prepaid Ohio Excise Tax	404,041
16	Interest on Ohio Prepaid Tax	(306,123)
17	Construction Deposits	928,582
18	Allowance for Funds Used During Construction	(55,805)
19	Capitalized Interest	73,315
20	Cost of Removal	(1,355,434)
21	Rate Case Expense	164,574
22	FAS 106	(453,271)
23	Deferred Compensation	547,000
24	Customer Advances for Construction	352,328
25	Ohio Choice Programs	(1,873,346)
26	Capitalized Building Improvements Exp on Book	(7,513)
27	Pension Expense in Excess of Tax	214,000
28	Deferred Asset Pipeline Integrity	74,342
29	Total Other Reconciling Items (sum of Lines 12 - 28)	\$ (15,082,813)
30	Total Reconciling Items (Line 4 + Line 8 + Line 9+ Line 29)	25,232,599
31	Federal Taxable Income - Current (Line 1 - Line 30)	\$ (3,731,527)

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
DEVELOPMENT of JURISDICTIONAL FEDERAL INCOME TAXES BEFORE ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-4.1
PAGE 2 OF 2
WITNESS RESPONSIBLE:
M.S. HARDWICK

Line No.	Description	Unadjusted Jurisdiction
		(\$)
1	Federal Taxable Income	<u>\$ (3,731,527)</u>
2	from Page 1	
3		
4	Federal Income Taxes	
5	First \$ 50,000 \$ (50,000) @ 15% \$ (7,500)	
6	Next \$ 25,000 \$ (25,000) @ 25% \$ (6,250)	
7	Next \$ 25,000 \$ (25,000) @ 34% \$ (8,500)	
8	Next \$ 235,000 \$ (235,000) @ 39% \$ (91,650)	
9	Next \$ 9,665,000 \$ (3,396,527) @ 34% \$ (1,192,134)	
10	Next \$ 5,000,000 \$ - @ 35% \$ -	
11	Next \$ 3,333,333 \$ - @ 38% \$ -	
12	Over \$ 18,333,333 \$ - @ 35% \$ -	
13	Federal Income Taxes - Current <u>\$ (3,731,527)</u>	<u>\$ (1,306,034)</u>
14		
15	Provision for Deferred Federal Income Taxes:	
16	Method Life	\$ 492,269
17	Goodwill	4,694,960
18	Acquisition Adjustment	131,366
19	Prepaid Ohio Excise Tax	(141,414)
20	Interest on Ohio Prepaid Tax	107,143
21	Construction Deposits	(325,004)
22	Allowance for Funds Used During Construction	19,532
23	Capitalized Interest	(25,660)
24	Cost of Removal	474,402
25	Rate Case Expense	(57,601)
26	FAS 106	158,645
27	Deferred Compensation	(191,450)
28	Customer Advances for Construction	(123,315)
29	Ohio Choice Programs	655,671
30	Capitalized Building Improvements Exp on Book	2,630
31	Pension Expense in Excess of Tax	(74,900)
32	Deferred Asset Pipeline Integrity	(26,020)
33	Provision for Deferred Federal Income Taxes	<u>\$ 5,771,253</u>
34	Total Federal Income Tax Expense	<u>\$ 4,465,219</u>

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ASSOC. DUES & FEES
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-5
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

NONE

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
CHARITABLE CONTRIBUTIONS
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-8
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

NONE

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
CUSTOMER SERVICE AND INFORMATIONAL, SALES EXPENSES, AND
GENERAL ADVERTISING EXPENSE
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-7
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	ACCOUNT NO.	DESCRIPTION OF EXPENSES	LABOR	NON LABOR	TOTAL UNADJUSTED JURISDICTION
1	908	Customer Assistance Expenses	\$ 160,484	\$ -	\$ 160,484
2	909	Informational and Instructional Advertising	13,462	190,662	204,124
3	910	Misc. Customer Service and Informational Expense	2,430	13,311	15,741
4	910	All Other - Customer Assistance	27,598	42,545	70,143
5	911	Supervision	55,906	-	55,906
6	912	Low Income Conservation Program per Case No. 04-0571-GA-AIR	-	1,100,000	1,100,000
7	912	Economic Development Support	105,643	36,902	142,545
8	912	Miscellaneous Sales and Conservation Expense	117,960	140,802	258,762
9	913	Sales Expenses Other	-	10,030	10,030
10	916	Misc. Sales Expense	137	21,240	21,377
11		Total	\$ 483,631	\$ 1,555,492	\$ 2,039,123

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
RATE CASE EXPENSE
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-8
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

Comparison Of Projected Expenses Associated With The Current Case To Prior Rate Cases

Item of Expense	Current Case Estimated	Prior Case 04-0571-GA-AIR Actual	Prior Case 04-0571-GA-AIR Estimate
Legal	\$655,000	\$446,527	\$555,000
Consultants	283,000	452,535	382,000
Publish Legal Notice	90,000	85,856	90,000
Miscellaneous	50,000	27,316	53,000
Total	<u>\$1,078,000</u>	<u>\$1,012,234</u>	<u>\$1,080,000</u>

Schedule Of Rate Case Expense Amortization

Rate Case	Total Expense To Be Amortized	Opinion / Order Date	Authorized Amortization Period	Amount Amort/Exp To Date	Expenses Included In Unadjusted Test Year Expense
04-0571-GA-AIR	\$1,012,234	April 15, 2005	80 months	\$ 632,646 (1)	\$ 202,447

(1) Amount amort/exp through end of test year (May 31, 2008).

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
OPERATION AND MAINTENANCE PAYROLL COSTS
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S): WPC-3.17a

SCHEDULE C-9
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

OPERATION AND MAINTENANCE EXPENSE					
LINE NO	DESCRIPTION	TOTAL COMPANY UNADJUSTED	ALLOCATION % (B)	JURISDICTIONAL UNADJUSTED	JURISDICTIONAL ADJUSTED
1	Payroll Costs:				
2	Labor	\$ 10,876,481		\$ 10,876,481	\$ 60,545
3					\$ 10,737,026
4	Employee Benefits				
5	Pension/Retirement Costs (A)	1,515,693		1,515,693	62,650
8	All Other Fringe Benefits (B)	3,516,177		3,516,177	59,253
9	Total Employee Benefits	5,031,870		5,031,870	121,903
10					
11	Payroll Taxes (C)	829,687		829,687	29,275
12					858,962
13	Total Payroll Costs	\$ 16,538,038		\$ 16,538,038	211,723
					16,749,761

(A) Pension/Retirement numbers include the costs of pension plans (including 401k) and FAS-106 costs at a rate of 14.7% for the test year and the adjusted level.

(B) All Other Fringe Benefits numbers include the costs of medical plans, dental plans, non-productive labor and misc health plans at a rate of 33.3% for the test year and the current level.

(C) Includes FICA, Federal Unemployment and State Unemployment taxes.

Payroll tax loading rate associated with the Ohio labor dollars was 8.0% and 7.5% for the test year and 8.0% for the adjusted level.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR, CASE NO. 07-1081-GA-ALT
TOTAL COMPANY PAYROLL ANALYSIS
BY EMPLOYEE CLASSIFICATIONS/PAYROLL DISTRIBUTION
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-9.1
PAGE 1 OF 8
WITNESS RESPONSIBLE:
M.S. HARDWICK

Line No	Description	Most Recent 5 Calendar Years					Test Year
		2002	2003	2004	2005	2006	
1	MANHOURS						
2	STRAIGHT TIME HOURS	604,120	638,368	567,040	556,260	571,597	697,671
3	OVERTIME HOURS	39,486	41,951	37,294	33,819	26,489	32,288
4	TOTAL MANHOURS	643,607	680,319	604,335	590,079	598,085	729,959
5							
6	RATIO OF OVERTIME HOURS TO						
7	STRAIGHT TIME HOURS	6.54	5.57	6.58	6.08	4.63	4.63
8							
9	LABOR DOLLARS						
10	OTHER EARNINGS	\$ 20,946	\$ 43,517	\$ 217,387	\$ 67,512	\$ 38,046	\$ 47,089
11	STRAIGHT TIME DOLLARS	11,409,267	12,662,795	11,578,482	12,002,776	12,703,383	15,889,903
12	OVERTIME DOLLARS	869,718	1,057,813	1,069,854	952,475	818,111	1,034,038
13	TOTAL LABOR DOLLARS	12,299,931	13,974,124	12,865,733	13,022,763	13,569,520	16,771,031
14							
15	RATIO OF OVERTIME DOLLARS TO						
16	STRAIGHT TIME DOLLARS	7.62	8.3	9.24	7.94	6.44	6.59
17							
18	O&M LABOR DOLLARS	\$ 8,028,921	\$ 9,321,759	\$ 8,956,662	\$ 8,387,710	\$ 9,909,699	\$ 10,676,481
19	RATIO OF O&M LABOR DOLLARS TO						
20	TOTAL LABOR DOLLARS	65.28	66.71	69.62	72.09	73.08	63.66
21							
22	TOTAL EMPLOYEE BENEFITS	\$ 4,427,975	\$ 4,611,461	\$ 4,245,892	\$ 4,336,580	\$ 4,583,118	\$ 5,520,540
23	EMPLOYEE BENEFITS EXPENSE	2,890,411	3,076,181	2,955,698	3,128,107	3,349,478	3,516,177
24	RATIO OF EMPLOYEE BENEFITS EXP						
25	TO TOTAL EMPLOYEE BENEFITS	65.28	66.71	69.62	72.09	73.08	63.69
26							
27	TOTAL PAYROLL TAXES	\$ 910,195	\$ 1,048,059	\$ 984,930	\$ 976,707	\$ 1,084,762	\$ 6,718,556
28	PAYROLL TAXES EXPENSED	594,140	699,132	671,750	704,078	792,776	4,127,989
29	RATIO OF PAYROLL TAXES EXP TO						
30	TOTAL PAYROLL TAXES	65.28	66.71	69.62	72.09	73.08	61.43
31							
32	AVERAGE EMPLOYEE LEVELS	1758	1740	1750	1781	1837	1916
33	YEAR END EMPLOYEE LEVELS	1748	1734	1741	1819	1837	1926
34	EMPLOYEE LEVELS BY MONTH 2/						
35	JAN	1804	1745	1745	1757	1822	1927
36	FEB	1786	1744	1750	1761	1838	1931
37	MAR	1765	1744	1758	1776	1828	1931
38	APR	1757	1742	1751	1767	1824	1931
39	MAY	1749	1742	1743	1786	1834	1942
40	JUN	1747	1738	1762	1780	1834	1846
41	JUL	1739	1733	1759	1777	1866	1870
42	AUG	1755	1732	1755	1768	1855	1899
43	SEP	1751	1746	1752	1767	1849	1926
44	OCT	1747	1742	1742	1788	1834	1926
45	NOV	1747	1738	1745	1823	1826	1926
	DEC	1748	1734	1741	1819	1837	1926

1/ Budget information is not available for other earnings.

2/ Headcount information includes full headcount for all Vectren Consolidated Companies for each employee type. A portion of each group is allocated to Vectren Energy Delivery of Ohio, based on the work performed.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
UWUA 175 PAYROLL ANALYSIS - VEDO
BY EMPLOYEE CLASSIFICATIONS/PAYROLL DISTRIBUTION
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-9.1
PAGE 2 OF 8
WITNESS RESPONSIBLE:
M.S. HARDWICK

Line No	Description	Most Recent 5 Calendar Years					Test Year
		2002	2003	2004	2005	2006	
1	MANHOURS						
2	STRAIGHT TIME HOURS	358,084	328,981	281,027	266,044	258,533	312,546
3	OVERTIME HOURS	36,825	36,068	32,181	26,840	21,165	26,476
4	TOTAL MANHOURS	394,909	365,049	313,208	292,884	279,698	339,022
5							
6	RATIO OF OVERTIME HOURS TO						
7	STRAIGHT TIME HOURS	10.28	11.03	11.45	10.09	8.19	8.47
8							
9	LABOR DOLLARS						
10	OTHER EARNINGS	\$ 17,592	\$ 19,971	\$ 164,565	\$ 61,828	\$ 37,084	\$ 46,154
11	STRAIGHT TIME DOLLARS	5,287,740	5,438,491	4,815,805	4,953,435	5,183,346	6,442,172
12	OVERTIME DOLLARS	816,445	957,621	968,803	805,648	705,609	908,899
13	TOTAL LABOR DOLLARS	6,121,777	6,414,083	5,949,174	5,820,711	5,926,039	7,397,224
14							
15	RATIO OF OVERTIME DOLLARS TO						
16	STRAIGHT TIME DOLLARS	15.44	17.61	20.12	16.26	13.61	14.11
17							
18	O&M LABOR DOLLARS	\$ 3,282,006	\$ 3,327,187	\$ 3,553,956	\$ 3,488,108	\$ 3,569,957	\$ 3,787,117
19	RATIO OF O&M LABOR DOLLARS TO						
20	TOTAL LABOR DOLLARS	53.61	51.87	59.74	59.93	60.24	51.20
21							
22	TOTAL EMPLOYEE BENEFITS	\$ 2,203,840	\$ 2,115,547	\$ 1,963,227	\$ 1,938,297	\$ 2,003,001	\$ 2,433,693
23	EMPLOYEE BENEFITS EXPENSE	1,181,522	1,097,972	1,172,805	1,161,540	1,206,645	1,247,027
24	RATIO OF EMPLOYEE BENEFITS EXP						
25	TO TOTAL EMPLOYEE BENEFITS	53.61	51.87	59.74	59.93	60.24	51.24
26							
27	TOTAL PAYROLL TAXES	\$ 453,011	\$ 481,056	\$ 446,188	\$ 436,553	\$ 474,083	\$ 573,876
28	PAYROLL TAXES EXPENSED	242,868	249,539	266,547	261,608	285,597	294,168
29	RATIO OF PAYROLL TAXES EXP TO						
30	TOTAL PAYROLL TAXES	53.61	51.87	59.74	59.93	60.24	51.26
31							
32	AVERAGE EMPLOYEE LEVELS	165	165	162	161	152	150
33	YEAR END EMPLOYEE LEVELS	164	163	165	156	155	157
34	EMPLOYEE LEVELS BY MONTH 2/						
35	JAN	167	165	163	165	153	146
36	FEB	165	168	163	164	150	146
37	MAR	165	167	163	163	149	146
38	APR	165	167	163	162	150	146
39	MAY	165	167	163	161	150	146
40	JUN	164	167	163	161	152	147
41	JUL	164	165	160	161	153	146
42	AUG	164	164	158	162	152	146
43	SEP	164	164	159	158	153	157
44	OCT	164	163	159	157	153	157
45	NOV	164	163	163	157	152	157
	DEC	164	163	165	156	155	157

1/ Budget information is not available for other earnings.

2/ Headcount information includes full headcount for all Vectren Consolidated Companies for each employee type. A portion of each group is allocated to Vectren Energy Delivery of Ohio, based on the work performed. This work includes maintenance of common buildings, common meter testing shop, and some common work in propane storage.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
IBEW 702 PAYROLL ANALYSIS
BY EMPLOYEE CLASSIFICATIONS/PAYROLL DISTRIBUTION
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-9.1
PAGE 3 OF 8
WITNESS RESPONSIBLE:
M.S. HARDWICK

Line No	Description	Most Recent 5 Calendar Years					Test Year
		2002	2003	2004	2005	2006	
1	MANHOURS						
2	STRAIGHT TIME HOURS	1,612	1,466	1,241	1,246	1,191	1,336
3	OVERTIME HOURS	40	45	42	48	63	57
4	TOTAL MANHOURS	1,652	1,511	1,283	1,294	1,254	1,393
5							
6	RATIO OF OVERTIME HOURS TO						
7	STRAIGHT TIME HOURS	2.48	3.1	3.38	3.88	5.26	4.27
8							
9	LABOR DOLLARS						
10	OTHER EARNINGS	\$ 1	\$ -	\$ -	\$ -	\$ -	-
11	STRAIGHT TIME DOLLARS	33,277	31,645	27,809	29,113	27,275	29,976
12	OVERTIME DOLLARS	1,368	1,516	1,487	1,777	2,295	2,018
13	TOTAL LABOR DOLLARS	34,646	33,161	29,306	30,890	29,570	31,994
14							
15	RATIO OF OVERTIME DOLLARS TO						
16	STRAIGHT TIME DOLLARS	4.11	4.79	5.38	6.1	8.41	6.73
17							
18	O&M LABOR DOLLARS	\$ 34,646	\$ 33,161	\$ 29,306	\$ 30,890	\$ 29,570	\$ 31,994
19	RATIO OF O&M LABOR DOLLARS TO						
20	TOTAL LABOR DOLLARS	100	100	100	100	100	100.00
21							
22	TOTAL EMPLOYEE BENEFITS	\$ 12,473	\$ 10,943	\$ 9,671	\$ 10,286	\$ 9,995	\$ 10,538
23	EMPLOYEE BENEFITS EXPENSE	12,473	10,943	9,671	10,286	9,995	10,538
24	RATIO OF EMPLOYEE BENEFITS EXP						
25	TO TOTAL EMPLOYEE BENEFITS	100	100	100	100	100	100.00
26							
27	TOTAL PAYROLL TAXES	\$ 2,564	\$ 2,487	\$ 2,198	\$ 2,317	\$ 2,366	\$ 2,487
28	PAYROLL TAXES EXPENSED	2,564	2,487	2,198	2,317	2,366	2,487
29	RATIO OF PAYROLL TAXES EXP TO						
30	TOTAL PAYROLL TAXES	100	100	100	100	100	100.00
31							
32	AVERAGE EMPLOYEE LEVELS	354	346	341	335	330	331
33	YEAR END EMPLOYEE LEVELS	350	345	338	334	326	323
34	EMPLOYEE LEVELS BY MONTH 2/						
35	JAN	361	350	345	338	335	344
36	FEB	360	350	345	337	333	349
37	MAR	357	347	345	336	332	349
38	APR	356	347	343	336	330	349
39	MAY	355	346	342	336	329	349
40	JUN	354	346	341	336	329	312
41	JUL	354	345	338	335	330	312
42	AUG	353	345	339	333	330	310
43	SEP	351	346	340	333	329	323
44	OCT	350	345	338	334	326	323
45	NOV	352	345	338	333	326	323
	DEC	350	345	338	334	326	323

1/ Budget information is not available for other earnings.

2/ Headcount information includes full headcount for all Vectren Consolidated Companies for each employee type. A portion of each group is allocated to Vectren Energy Delivery of Ohio, based on the work performed. This work includes maintenance of common buildings, common meter testing shop, and some common work in propane storage.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
IBEW 1393 PAYROLL ANALYSIS
BY EMPLOYEE CLASSIFICATIONS/PAYROLL DISTRIBUTION
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-9.1
PAGE 4 OF 8
WITNESS RESPONSIBLE:
M.S. HARDWICK

Line No	Description	Most Recent 5 Calendar Years					Test Year
		2002	2003	2004	2005	2006	
1	MANHOURS						
2	STRAIGHT TIME HOURS	2,016	3,228	3,315	3,822	2,589	2,649
3	OVERTIME HOURS	127	149	135	700	200	195
4	TOTAL MANHOURS	2,143	3,377	3,450	4,522	2,789	2,844
5							
6	RATIO OF OVERTIME HOURS TO						
7	STRAIGHT TIME HOURS	6.3	4.62	4.06	18.32	7.72	7.37
8							
9	LABOR DOLLARS						
10	OTHER EARNINGS	\$ 350	\$ 436	\$ 2,119	\$ 2,584	\$ 260	\$ 256
11	STRAIGHT TIME DOLLARS	42,594	68,475	73,923	86,155	60,445	62,593
12	OVERTIME DOLLARS	4,173	4,661	4,823	23,807	7,126	7,033
13	TOTAL LABOR DOLLARS	47,117	73,572	80,865	112,546	67,831	69,882
14							
15	RATIO OF OVERTIME DOLLARS TO						
16	STRAIGHT TIME DOLLARS	9.8	6.81	6.52	27.63	11.79	11.24
17							
18	O&M LABOR DOLLARS	\$ 43,210	\$ 66,715	\$ 73,616	\$ 60,039	\$ 40,656	\$ 36,252
19	RATIO OF O&M LABOR DOLLARS TO						
20	TOTAL LABOR DOLLARS	91.71	90.68	91.28	53.35	59.94	51.88
21							
22	TOTAL EMPLOYEE BENEFITS	\$ 16,962	\$ 24,279	\$ 26,685	\$ 37,478	\$ 22,927	\$ 22,950
23	EMPLOYEE BENEFITS EXPENSE	15,556	22,016	24,359	19,993	13,742	11,912
24	RATIO OF EMPLOYEE BENEFITS EXP						
25	TO TOTAL EMPLOYEE BENEFITS	91.71	90.68	91.28	53.35	59.94	51.90
26							
27	TOTAL PAYROLL TAXES	\$ 3,487	\$ 5,518	\$ 6,095	\$ 8,441	\$ 5,426	\$ 5,390
28	PAYROLL TAXES EXPENSED	3,198	5,004	5,536	4,503	3,252	2,800
29	RATIO OF PAYROLL TAXES EXP TO						
30	TOTAL PAYROLL TAXES	91.71	90.68	91.28	53.35	59.94	51.95
31							
32	AVERAGE EMPLOYEE LEVELS	250	246	244	241	235	229
33	YEAR END EMPLOYEE LEVELS	247	248	241	239	229	233
34	EMPLOYEE LEVELS BY MONTH 2/						
35	JAN	250	245	246	243	241	227
36	FEB	250	245	245	243	236	227
37	MAR	250	249	245	241	238	227
38	APR	253	248	244	241	237	227
39	MAY	253	245	244	243	237	227
40	JUN	250	244	247	242	236	226
41	JUL	250	243	245	240	237	226
42	AUG	250	244	244	240	235	223
43	SEP	248	250	244	240	232	233
44	OCT	248	249	243	239	231	233
45	NOV	246	247	243	239	229	233
	DEC	247	248	241	239	229	233

1/ Budget information is not available for other earnings.

2/ Headcount information includes full headcount for all Vectren Consolidated Companies for each employee type. A portion of each group is allocated to Vectren Energy Delivery of Ohio, based on the work performed. This work includes maintenance of common buildings, common meter testing shop, and some common work in propane storage.

3/ IBEW 1393 is one of the Indiana unions and a small portion of time is spent working on Ohio projects.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
TEAMSTERS 135 PAYROLL ANALYSIS
BY EMPLOYEE CLASSIFICATIONS/PAYROLL DISTRIBUTION
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-9.1
PAGE 5 OF 8
WITNESS RESPONSIBLE:
M.S. HARDWICK

Line No	Description	Most Recent 5 Calendar Years					Test Year
		2002	2003	2004	2005	2006	
1	MANHOURS						
2	STRAIGHT TIME HOURS	195	18	11	1	1	-
3	OVERTIME HOURS	-	-	-	-	-	-
4	TOTAL MANHOURS	195	18	11	1	1	-
5							
6	RATIO OF OVERTIME HOURS TO						
7	STRAIGHT TIME HOURS	-	-	-	-	-	-
8							
9	LABOR DOLLARS						
10	OTHER EARNINGS	\$ -	\$ -	\$ -	\$ -	\$ -	-
11	STRAIGHT TIME DOLLARS	3,811	227	237	23	12	-
12	OVERTIME DOLLARS	-	-	-	-	-	-
13	TOTAL LABOR DOLLARS	3,811	227	237	23	12	-
14							
15	RATIO OF OVERTIME DOLLARS TO						
16	STRAIGHT TIME DOLLARS	-	-	-	-	-	-
17							
18	O&M LABOR DOLLARS	\$ 3,811	\$ 227	\$ 237	\$ 23	\$ 12	-
19	RATIO OF O&M LABOR DOLLARS TO						
20	TOTAL LABOR DOLLARS	100	100	100	100	100	-
21							
22	TOTAL EMPLOYEE BENEFITS	\$ 1,372	\$ 75	\$ 78	\$ 8	\$ 4	-
23	EMPLOYEE BENEFITS EXPENSE	1,372	75	78	8	4	-
24	RATIO OF EMPLOYEE BENEFITS EXP						
25	TO TOTAL EMPLOYEE BENEFITS	100	100	100	100	100	-
26							
27	TOTAL PAYROLL TAXES	\$ 282	\$ 17	\$ 18	\$ 2	\$ 1	-
28	PAYROLL TAXES EXPENSED	282	17	18	2	1	-
29	RATIO OF PAYROLL TAXES EXP TO						
30	TOTAL PAYROLL TAXES	100	100	100	100	100	-
31							
32	AVERAGE EMPLOYEE LEVELS	29	25	23	22	23	22
33	YEAR END EMPLOYEE LEVELS	28	24	23	21	22	23
34	EMPLOYEE LEVELS BY MONTH 2/						
35	JAN	29	27	23	23	23	22
36	FEB	29	26	23	23	23	22
37	MAR	29	25	23	23	23	22
38	APR	29	25	23	23	23	22
39	MAY	29	26	23	23	23	22
40	JUN	29	26	23	23	24	22
41	JUL	29	26	23	23	23	22
42	AUG	29	25	23	22	23	22
43	SEP	28	24	23	21	23	23
44	OCT	28	24	23	21	22	23
45	NOV	28	24	23	21	22	23
	DEC	28	24	23	21	22	23

1/ Budget information is not available for other earnings.

2/ Headcount information includes full headcount for all Vectren Consolidated Companies for each employee type. A portion of each group is allocated to Vectren Energy Delivery of Ohio, based on the work performed. This work includes maintenance of common buildings, common meter testing shop, and some common work in propane storage.

3/ TEAMSTERS 135 is one of the Indiana unions, however, they only worked in the southern territory in the test year.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
USWA 12213 PAYROLL ANALYSIS
BY EMPLOYEE CLASSIFICATIONS/PAYROLL DISTRIBUTION
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-9.1
PAGE 6 OF 8
WITNESS RESPONSIBLE:
M.S. HARDWICK

Line No	Description	Most Recent 5 Calendar Years					Test Year
		2002	2003	2004	2005	2006	
1	MANHOURS						
2	STRAIGHT TIME HOURS	310	333	186	382	205	195
3	OVERTIME HOURS	23	7	2	53	9	9
4	TOTAL MANHOURS	333	340	188	445	215	204
5							
6	RATIO OF OVERTIME HOURS TO						
7	STRAIGHT TIME HOURS	7.54	2.1	1.18	16.39	4.52	4.43
8							
9	LABOR DOLLARS						
10	OTHER EARNINGS	\$ 10	\$ -	\$ 12,464	\$ 204	\$ 12	\$ 12
11	STRAIGHT TIME DOLLARS	6,342	7,067	4,199	8,781	4,860	4,998
12	OVERTIME DOLLARS	708	232	73	2,180	337	340
13	TOTAL LABOR DOLLARS	7,060	7,299	16,736	11,165	5,209	5,350
14							
15	RATIO OF OVERTIME DOLLARS TO						
16	STRAIGHT TIME DOLLARS	11.16	3.28	1.74	24.83	6.93	6.80
17							
18	O&M LABOR DOLLARS	\$ 7,060	\$ 7,299	\$ 16,736	\$ 4,446	\$ 4,221	\$ 3,617
19	RATIO OF O&M LABOR DOLLARS TO						
20	TOTAL LABOR DOLLARS	100	100	100	39.82	81.03	67.61
21							
22	TOTAL EMPLOYEE BENEFITS	\$ 2,542	\$ 2,409	\$ 5,523	\$ 3,718	\$ 1,761	\$ 1,756
23	EMPLOYEE BENEFITS EXPENSE	2,542	2,409	5,523	1,481	1,427	1,188
24	RATIO OF EMPLOYEE BENEFITS EXP						
25	TO TOTAL EMPLOYEE BENEFITS	100	100	100	39.82	81.03	67.64
26							
27	TOTAL PAYROLL TAXES	\$ 522	\$ 547	\$ 1,255	\$ 837	\$ 417	\$ 412
28	PAYROLL TAXES EXPENSED	522	547	1,255	333	338	279
29	RATIO OF PAYROLL TAXES EXP TO						
30	TOTAL PAYROLL TAXES	100	100	100	39.82	81.03	67.69
31							
32	AVERAGE EMPLOYEE LEVELS	88	89	83	79	77	75
33	YEAR END EMPLOYEE LEVELS	87	89	82	78	76	81
34	EMPLOYEE LEVELS BY MONTH 2/						
35	JAN	88	88	88	82	77	73
36	FEB	87	88	86	82	76	72
37	MAR	88	89	85	82	77	72
38	APR	88	89	84	81	77	71
39	MAY	88	90	83	79	77	71
40	JUN	88	90	83	79	77	75
41	JUL	87	90	82	78	77	74
42	AUG	88	89	82	77	78	73
43	SEP	87	89	82	77	76	81
44	OCT	86	89	82	76	76	81
45	NOV	88	89	82	76	76	81
	DEC	87	89	82	76	76	81

1/ Budget information is not available for other earnings.

2/ Headcount information includes full headcount for all Vectren Consolidated Companies for each employee type. A portion of each group is allocated to Vectren Energy Delivery of Ohio, based on the work performed. This work includes maintenance of common buildings, common meter testing shop, and some common work in propane storage.

3/ USWA 12213 is one of the Indiana unions.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
USWA 7441 PAYROLL ANALYSIS
BY EMPLOYEE CLASSIFICATIONS/PAYROLL DISTRIBUTION
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-9.1
PAGE 7 OF 8
WITNESS RESPONSIBLE:
M.S. HARDWICK

Line No	Description	Most Recent 5 Calendar Years					Test Year
		2002	2003	2004	2005	2006	
1	MANHOURS						
2	STRAIGHT TIME HOURS	69	40	25	31	-	-
3	OVERTIME HOURS	8	1	0	2	-	-
4	TOTAL MANHOURS	76	41	25	33	-	-
5							
6	RATIO OF OVERTIME HOURS TO						
7	STRAIGHT TIME HOURS	11.35	3.33	1.92	6.77	-	-
8							
9	LABOR DOLLARS						
10	OTHER EARNINGS	\$ 20	\$ 33	\$ 179	\$ -	\$ -	-
11	STRAIGHT TIME DOLLARS	1,407	858	559	718	-	-
12	OVERTIME DOLLARS	246	43	18	72	-	-
13	TOTAL LABOR DOLLARS	1,673	934	756	790	-	-
14							
15	RATIO OF OVERTIME DOLLARS TO						
16	STRAIGHT TIME DOLLARS	17.49	4.99	3.22	10.03	-	-
17							
18	O&M LABOR DOLLARS	\$ 1,673	\$ 934	\$ 756	\$ 790	\$ -	-
19	RATIO OF O&M LABOR DOLLARS TO						
20	TOTAL LABOR DOLLARS	100	100	100	100	-	-
21							
22	TOTAL EMPLOYEE BENEFITS	\$ 602	\$ 308	\$ 249	\$ 263	\$ -	-
23	EMPLOYEE BENEFITS EXPENSE	602	308	249	263	-	-
24	RATIO OF EMPLOYEE BENEFITS EXP						
25	TO TOTAL EMPLOYEE BENEFITS	100	100	100	100	-	-
26							
27	TOTAL PAYROLL TAXES	\$ 124	\$ 70	\$ 57	\$ 59	\$ -	-
28	PAYROLL TAXES EXPENSED - GAS	124	70	57	59	-	-
29	RATIO OF PAYROLL TAXES EXP TO						
30	TOTAL PAYROLL TAXES	100	100	100	100	-	-
31							
32	AVERAGE EMPLOYEE LEVELS	24	23	22	23	23	21
33	YEAR END EMPLOYEE LEVELS	24	23	23	24	23	21
34	EMPLOYEE LEVELS BY MONTH 2/						
35	JAN	24	23	22	22	24	22
36	FEB	24	23	22	23	22	22
37	MAR	24	23	22	23	22	22
38	APR	24	23	21	23	23	22
39	MAY	24	23	21	23	23	22
40	JUN	24	23	22	23	23	20
41	JUL	24	23	22	23	23	20
42	AUG	24	23	22	24	23	21
43	SEP	24	23	22	24	23	21
44	OCT	24	23	20	24	23	21
45	NOV	24	23	23	24	23	21
	DEC	24	23	23	24	23	21

1/ Budget information is not available for other earnings.

2/ Headcount information includes full headcount for all Vectren Consolidated Companies for each employee type. A portion of each group is allocated to Vectren Energy Delivery of Ohio, based on the work performed. This work includes maintenance of common buildings, common meter testing shop, and some common work in propane storage.

3/ USWA 7441 is one of the Indiana unions and performed work only in Indiana in 2006 and the test year.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
NON UNION PAYROLL ANALYSIS
BY EMPLOYEE CLASSIFICATIONS/PAYROLL DISTRIBUTION
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-9.1
PAGE 8 OF 8
WITNESS RESPONSIBLE:
M.S. HARDWICK

Line No	Description	Most Recent 5 Calendar Years					Test Year
		2002	2003	2004	2005	2006	
1	MANHOURS						
2	STRAIGHT TIME HOURS	241,835	306,303	281,235	284,735	309,077	380,945
3	OVERTIME HOURS	2,463	5,680	4,934	6,165	5,052	5,551
4	TOTAL MANHOURS	244,298	311,983	286,169	290,901	314,129	386,496
5							
6	RATIO OF OVERTIME HOURS TO						
7	STRAIGHT TIME HOURS	1.02	1.85	1.75	2.17	1.63	1.46
8							
9	LABOR DOLLARS						
10	OTHER EARNINGS	\$ 2,973	\$ 23,077	\$ 38,056	\$ 3,096	\$ 690	\$ 668
11	STRAIGHT TIME DOLLARS	6,034,096	7,318,032	6,555,960	6,924,551	7,427,425	9,150,164
12	OVERTIME DOLLARS	46,778	103,740	94,640	118,991	102,744	115,749
13	TOTAL LABOR DOLLARS	6,083,847	7,444,849	6,788,659	7,046,638	7,530,859	9,266,581
14							
15	RATIO OF OVERTIME DOLLARS TO						
16	STRAIGHT TIME DOLLARS	0.78	1.42	1.42	1.72	1.38	1.26
17							
18	O&M LABOR DOLLARS	\$ 4,656,515	\$ 5,886,237	\$ 5,281,855	\$ 5,803,414	\$ 6,265,283	\$ 6,817,501
19	RATIO OF O&M LABOR DOLLARS TO						
20	TOTAL LABOR DOLLARS	76.54	79.06	77.8	82.36	83.19	73.57
21							
22	TOTAL EMPLOYEE BENEFITS	\$ 2,190,165	\$ 2,456,800	\$ 2,240,257	\$ 2,346,530	\$ 2,545,430	\$ 3,050,114
23	EMPLOYEE BENEFITS EXPENSE	1,676,345	1,942,458	1,743,012	1,932,537	2,117,666	2,245,513
24	RATIO OF EMPLOYEE BENEFITS EXP						
25	TO TOTAL EMPLOYEE BENEFITS	76.54	79.06	77.80	82.36	83.19	73.62
26							
27	TOTAL PAYROLL TAXES	\$ 450,206	\$ 558,364	\$ 509,149	\$ 528,498	\$ 602,469	\$ 719,041
28	PAYROLL TAXES EXPENSED	344,582	441,468	390,857	429,453	463,631	529,953
29	RATIO OF PAYROLL TAXES EXP TO						
30	TOTAL PAYROLL TAXES	76.54	79.06	76.77	81.26	76.96	73.70
31							
32	AVERAGE EMPLOYEE LEVELS	849	845	875	920	999	1,087
33	YEAR END EMPLOYEE LEVELS	848	842	869	969	1006	1,088
34	EMPLOYEE LEVELS BY MONTH 2/						
35	JAN	885	847	858	884	969	1,093
36	FEB	871	844	866	889	998	1,093
37	MAR	852	844	875	908	987	1,093
38	APR	842	843	873	901	984	1,094
39	MAY	835	845	867	921	995	1,105
40	JUN	838	842	883	916	993	1,044
41	JUL	831	841	889	917	1023	1,070
42	AUG	847	842	887	910	1014	1,104
43	SEP	849	850	882	914	1013	1,088
44	OCT	847	849	877	937	1003	1,088
45	NOV	845	847	873	973	998	1,088
	DEC	848	842	869	969	1006	1,088

1/ Budget information is not available for other earnings.

2/ Headcount information includes full headcount for all Vectren Consolidated Companies for each employee type. A portion of each group is allocated to Vectren Energy Delivery of Ohio, based on the work performed. This work includes maintenance of common buildings, common meter testing shop, and some common work in propane storage.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
COMPUTATION of GROSS REVENUE CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED MAY 31, 2008

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ☐ UPDATED ☐ REVISED ☐
WORK PAPER REFERENCE NO(S): WPC-10a thru WPC-10c

SCHEDULE C-10
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	DESCRIPTION			PERCENT OF INCREMENTAL GROSS REVENUE
1	Operating Revenues			100.000%
2				
3	Uncollectible Accounts Expense (1)	WPC-10	0.000%	
4	PUCO Maintenance Assessment	WPC-10a	0.132%	
5	Consumers' Counsel Assessment	WPC-10b	0.034%	
6				
7	Statutory Ohio Excise Rate	WPC-3.11a	4.750%	
8	Uncollectible Accounts Expense (1)		0.000%	
9	Statutory Ohio Excise Rate (Line 7)		4.750%	
10	Remove Ohio Excise from Uncollectible (1)		0.000%	
11	Percent Exempt Revenue	WPC-10c	0.610%	
12	Statutory Ohio Excise Rate (Line 7)		4.750%	
13	Remove Ohio Excise from Exempt Revenue		-0.029%	
14				
15	Effective Ohio Excise Rate		4.721%	
16	Revenue Related Expense and Taxes			4.887%
17				
18	Income before Federal Income Tax (Line 1 - Line 16)			95.113%
19				
20	Federal Income Tax (Line 18 x 35%)			33.290%
21				
22	Operating Income Percentage (Line 18 - Line 20)			61.823%
23				
24	Gross Revenue Conversion Factor (100% / 61.823%)			1.6175096

(1) Assumes continuation of Bad Debt Tracker.

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

SCHEDULE C-11.1
PAGE 1 OF 2
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	DESCRIPTION	MOST RECENT FIVE CALENDAR YEARS				
		2008	2009	2010	2011	2012
1	ASSETS					
2	UTILITY PLANT					
3	UTILITY PLANT	\$ 486,295,537	\$ 438,143,966	\$ 421,555,247	\$ 404,078,017	\$ 386,397,713
4	ACQUISITION ADJUSTMENT	205,319,554	205,319,554	205,319,554	205,319,554	205,319,554
5	CONSTRUCTION WORK IN PROGRESS	1,320,879	7,131,068	7,753,576	4,763,176	4,096,808
6	TOTAL UTILITY PLANT	\$ 672,935,970	\$ 650,594,588	\$ 634,628,376	\$ 614,160,747	\$ 595,814,073
7	LESS: ACCUMULATED PROVISION FOR DEPRECIATION	216,710,346	208,862,048	198,127,327	185,537,610	179,575,887
8	LESS: ACCUMULATED PROVISION FOR ACQUISITION ADJUSTMENT	5,862,772	5,862,772	5,862,772	5,862,772	5,862,772
9	NET UTILITY PLANT	\$ 450,362,853	\$ 435,869,767	\$ 430,638,277	\$ 422,760,365	\$ 410,375,414
10	NONUTILITY PROPERTY - NET	1,611,551	1,621,840	1,621,840	1,604,844	1,604,844
11	SPECIAL FUNDS	2,808,870	2,691,218	2,615,111	916,085	859,491
12	TOTAL OTHER PROPERTY AND INVESTMENTS	\$ 4,420,420	\$ 4,312,858	\$ 4,236,752	\$ 2,520,729	\$ 2,464,135
13	CASH	1,068,999	1,983,038	4,282,725	1,287,934	936,323
14	NOTES AND ACCOUNTS RECEIVABLE - NET	28,246,901	65,843,054	98,030,266	71,569,262	65,672,942
15	MATERIALS, SUPPLIES AND FUEL	71,301,448	61,330,187	63,178,340	2,372,198	2,371,465
16	PREPAYMENTS	697,672	614,870	3,219,043	62,569,555	63,263,157
17	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	4,510,906	2,979,972	3,004,989	609,783	1,011,064
18	TOTAL CURRENT AND ACCRUED ASSETS	\$ 105,825,926	\$ 133,751,102	\$ 171,715,383	\$ 138,406,732	\$ 133,254,950
19	MISCELLANEOUS DEFERRED DEBITS	13,657,364	15,438,435	6,861,849	7,305,366	7,505,404
20	ACCUMULATED DEFERRED INCOME TAXES	1,263,562	2,161,510	(86,141)	3,932,566	246,116
21	UNRECOVERED PURCHASED GAS COSTS	-	-	-	-	-
22	TOTAL DEFERRED DEBITS	\$ 14,920,916	\$ 17,599,945	\$ 6,775,708	\$ 11,237,924	\$ 7,751,520
23	TOTAL ASSETS	\$ 575,530,116	\$ 591,533,872	\$ 813,398,119	\$ 574,927,750	\$ 563,846,019

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
COMPARATIVE BALANCE SHEETS
AS OF AUGUST, 31, 2007 AND DECEMBER 31, 2002-2006

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

SCHEDULE C-11.1
PAGE 2 OF 2
WITNESS RESPONSIBLE:
M.S. HARDWICK

LINE NO.	DESCRIPTION	DATE CERTAIN 8/31/2007	MOST RECENT FIVE CALENDAR YEARS				
			2006	2005	2004	2003	2002
1	LIABILITIES AND NET WORTH						
2	PROPRIETARY CAPITAL						
3	COMMON STOCK ISSUED		\$ 115,000,000	\$ 115,000,000	\$ 115,000,000	\$ 115,000,000	\$ 115,000,000
4	RETAINED EARNINGS		(25,790,890)	(26,403,562)	(18,127,052)	(12,243,486)	(10,885,809)
5	TOTAL PROPRIETARY CAPITAL		\$ 89,209,110	\$ 88,596,438	\$ 96,872,948	\$ 102,756,514	\$ 104,114,191
6	MINORITY INTEREST (1)		236,927,884	231,820,927	226,248,553	220,778,782	222,020,408
7	OTHER LONG TERM DEBT		108,334,309	108,232,500	110,200,885	110,200,885	110,184,588
8	TOTAL LONG TERM DEBT		\$ 345,262,193	\$ 340,053,427	\$ 336,449,439	\$ 330,979,668	\$ 332,221,293
9	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS		2,985,448	2,713,934	2,249,018	1,800,281	1,281,673
10	TOTAL OTHER NONCURRENT LIABILITIES		\$ 2,985,448	\$ 2,713,934	\$ 2,249,018	\$ 1,800,281	\$ 1,281,673
11	ACCOUNTS PAYABLE		22,230,226	42,158,928	62,792,881	18,682,074	16,058,727
12	PAYABLES TO ASSOCIATED COMPANIES		46,875,634	39,327,767	44,223,849	68,304,037	57,788,707
13	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES		12,612,446	18,283,594	18,783,856	15,556,828	14,614,747
14	TOTAL CURRENT AND ACCRUED LIABILITIES		\$ 81,518,306	\$ 99,770,288	\$ 125,800,586	\$ 102,522,940	\$ 88,462,181
15	CUSTOMER ADVANCES FOR CONSTRUCTION		6,108,903	5,857,904	5,916,023	5,622,628	5,243,893
16	OTHER DEFERRED CREDITS		4,410,256	3,861,012	2,806,754	1,911,389	1,395,695
17	OTHER REGULATORY LIABILITIES		2,407,960	9,288,989	7,603,302	-	-
18	ACCUMULATED DEFERRED INCOME TAXES		43,627,939	41,391,670	35,868,050	29,334,330	20,917,093
19	TOTAL DEFERRED CREDITS		\$ 56,555,059	\$ 60,399,585	\$ 51,994,129	\$ 38,868,348	\$ 27,556,881
20	TOTAL LIABILITIES		\$ 675,530,116	\$ 591,533,672	\$ 613,366,119	\$ 574,927,750	\$ 553,846,019

(1) Represents 47% ownership by Indiana Gas Company, Inc.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
COMPARATIVE INCOME STATEMENTS
2002-2006 AND THE TWELVE MONTHS ENDING MAY 31, 2006

SCHEDULE C-11.2
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

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

LINE NO.	DESCRIPTION	TEST YEAR	MOST RECENT FIVE CALENDAR YEARS				
			2008	2005	2004	2003	2002
1	UTILITY OPERATING INCOME						
2	OPERATING REVENUES	\$ 390,791,320	\$ 380,710,537	\$ 395,383,215	\$ 329,728,860	\$ 341,362,486	\$ 296,122,913
3	OPERATING EXPENSES						
4	OPERATION EXPENSES	319,381,958	295,105,323	331,299,469	268,164,108	279,507,535	236,303,979
5	MAINTENANCE EXPENSES	6,264,589	6,114,097	5,679,674	5,423,274	5,323,355	5,907,191
6	DEPRECIATION EXPENSE	14,795,284	13,600,250	12,803,303	6,555,656	12,805,543	10,959,302
7	TAXES OTHER THAN INCOME TAXES	28,713,467	27,415,678	28,366,279	25,759,231	26,573,385	23,995,658
8	INCOME TAXES	4,547,006	3,614,283	3,244,972	5,451,883	2,601,275	4,022,807
9	TOTAL UTILITY OPERATING EXPENSES	\$ 373,702,313	\$ 345,849,631	\$ 381,393,697	\$ 311,354,152	\$ 326,811,092	\$ 281,190,938
10	NET UTILITY OPERATING INCOME	\$ 17,089,007	\$ 14,860,906	\$ 13,989,518	\$ 18,374,708	\$ 14,551,374	\$ 14,931,975
11	OTHER INCOME AND DEDUCTIONS						
12	OTHER INCOME						
13	ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION	6,122	2,035	26,046	1,519	56,903	18,821
14	MISCELLANEOUS NONOPERATING INCOME	733,012	785,381	703,179	140,331	444,281	(226,031)
15	TOTAL OTHER INCOME	\$ 739,134	\$ 787,398	\$ 729,225	\$ 141,851	\$ 501,184	\$ (207,411)
16	OTHER INCOME DEDUCTIONS						
17	MISCELLANEOUS INCOME DEDUCTIONS	1,000,000	250,000	552	175,000	576	-
18	TOTAL OTHER INCOME DEDUCTIONS	\$ 1,000,000	\$ 250,000	\$ 552	\$ 175,000	\$ 576	\$ -
19	NET OTHER INCOME AND DEDUCTIONS	\$ (260,866)	\$ 537,396	\$ 728,673	\$ (33,149)	\$ 500,608	\$ (207,411)
20	INTEREST CHARGES						
21	INTEREST ON DEBT TO ASSOC. COMPANIES	8,157,567	8,371,463	7,949,549	8,035,333	7,787,419	7,338,034
22	OTHER INTEREST EXPENSE	35,205	330,651	283,272	150,253	117,538	119,417
23	ALLOWANCE FOR BWD FUNDS USED DURING CONST. - CR.	(141,033)	(89,288)	(26,644)	(25,184)	(44,822)	(27,708)
24	NET INTEREST CHARGES	\$ 8,051,739	\$ 8,612,845	\$ 8,206,178	\$ 8,160,402	\$ 7,860,335	\$ 7,429,743
25	NET INCOME BEFORE MINORITY INTEREST	\$ 8,776,401	\$ 6,785,457	\$ 6,512,013	\$ 10,181,157	\$ 7,191,647	\$ 7,294,821

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-ALT; CASE NO. 07-1081-GA-ALT
REVENUE STATISTICS-TOTAL COMPANY
GAS REVENUES
2002-2012 AND TWELVE MONTHS ENDING MAY 31, 2008

SCHEDULE C-12.1
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

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

LINE NO.	DESCRIPTION	MOST RECENT FIVE CALENDAR YEARS					FIVE PROJECTED CALENDAR YEARS					
		2006	2005	2004	2003	2002	TEST YEAR	2008	2009	2010	2011	2012
1	REVENUE BY CUSTOMER											
2	CLASS-S (A)											
3	SALES & TRANSPORTATION											
4	RESIDENTIAL	231,428,837	253,223,199	211,602,346	222,668,394	195,029,599	253,142,643	258,531,850	255,104,901	253,104,105	247,625,710	242,747,293
5	GENERAL SERVICE	103,720,234	106,851,365	94,537,935	95,113,385	76,878,403	112,127,829	110,398,257	112,031,748	109,781,392	107,302,993	105,068,353
6	LARGE SERVICE (B)	21,459,655	29,553,199	23,568,590	23,579,687	22,238,517	25,520,943	27,901,483	28,847,437	28,718,268	28,540,839	28,384,781
7	TOTAL SALES AND TRANSPORTATION	356,608,726	389,627,763	329,728,931	341,362,456	294,144,489	390,791,314	396,871,399	398,984,086	391,603,767	383,469,541	376,230,407
8												
9	NO. OF CUSTOMERS BY											
10	CLASS (YEAR END)											
11	SALES & TRANSPORTATION											
12	RESIDENTIAL	282,765	282,679	290,538	288,347	287,388	290,226	295,476	296,226	295,976	297,726	298,476
13	GENERAL SERVICE	24,598	24,584	23,917	23,883	24,369	24,881	24,822	24,987	24,952	25,017	25,082
14	LARGE SERVICE (B)	839	835	1,555	1,608	1,289	370	661	663	665	667	669
15	TOTAL SALES AND TRANSPORTATION	318,222	318,198	316,040	313,838	313,046	315,477	320,958	321,775	322,992	323,409	324,226
16												
17	NO. OF CUSTOMERS BY											
18	CLASS-S (A)											
19	SALES & TRANSPORTATION											
20	RESIDENTIAL	280,040	288,713	287,083	286,607	285,792	281,422	281,474	282,224	282,974	283,724	284,474
21	GENERAL SERVICE	24,598	24,597	24,700	23,999	24,369	24,881	24,865	24,746	24,811	24,876	24,941
22	LARGE SERVICE (B)	683	680	515	1,374	1,290	357	661	663	665	667	669
23	TOTAL SALES AND TRANSPORTATION	315,281	313,980	312,398	310,980	311,451	316,744	316,816	317,633	318,450	319,267	320,084
24												
25	AVERAGE REVENUE PER											
26	CUSTOMER											
27	SALES & TRANSPORTATION											
28	RESIDENTIAL	708	877	737	780	682	889	887	883	884	843	824
29	GENERAL SERVICE	4,223	4,347	3,827	3,993	3,155	4,461	4,471	4,527	4,425	4,314	4,214
30	LARGE SERVICE (B)	30,966	43,484	38,355	17,161	17,238	71,487	42,211	43,510	43,185	42,780	42,429

(A) Contains Billed and Unbilled Sales, Choice and Transportation revenue
(B) Large Service includes Non-Residential Large General Sales and Non-Residential Federal Large General Sales for the Test Year through 2012.
(C) Test Year Contains Billed Sales Only.

2002-2012 AND TWELVE MONTHS ENDING MAY 31, 2008

SCHEDULE C-12.2
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

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

LINE NO.	DESCRIPTION	MOST RECENT FIVE CALENDAR YEARS	FIVE PROJECTED CALENDAR YEARS
1	REVENUE BY CUSTOMER		
2	CLASS-\$	2006 2005 2004 2003 2002	TEST YEAR 2009 2010 2011 2012
3			
4			
5			
6			
7	Vectren Energy Delivery of Ohio, Inc. operations are 100% PUCO jurisdictional. Refer to C-12.1		

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
SALES STATISTICS-TOTAL COMPANY
GAS SALES

2002 - 2012 AND TWELVE MONTHS ENDING MAY 31, 2008

SCHEDULE C-12.3
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

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

LINE NO.	DESCRIPTION	MOST RECENT FIVE CALENDAR YEARS					FIVE PROJECTED CALENDAR YEARS				
		2006	2005	2004	2003	2002	2008	2009	2010	2011	2012
1	SALES BY CUSTOMER										
2	CLASS-MCE (A)										
3	SALES & TRANSPORTATION										
4	RESIDENTIAL	22,082,151	25,543,610	25,797,935	27,400,007	26,734,904	23,882,484	24,301,525	23,745,004	23,648,155	23,538,012
5	GENERAL SERVICE	9,787,485	10,578,248	14,987,602	15,610,088	14,878,855	10,711,980	10,472,087	10,295,123	10,230,173	10,187,051
6	LARGE SERVICE (B)	16,253,723	17,345,844	13,372,669	13,608,985	14,888,898	19,577,249	21,252,793	21,888,959	21,887,219	22,075,480
7	TOTAL SALES AND TRANSPORTATION	48,123,379	53,465,700	54,158,196	56,617,089	56,503,655	53,151,713	55,036,385	56,053,623	55,981,491	55,807,543
8											
9	NO. OF CUSTOMERS BY										
10	CLASS (YEAR END)										
11	SALES & TRANSPORTATION										
12	RESIDENTIAL - Sales	282,785	282,679	290,538	288,347	287,388	290,226	295,476	296,226	297,726	298,476
13	GENERAL SERVICE - Sales	24,588	24,664	23,917	23,883	24,369	24,881	24,822	24,952	25,017	25,082
14	LARGE SERVICE (B)	839	835	1,585	1,608	1,289	370	681	685	687	669
15	TOTAL SALES AND TRANSPORTATION	318,222	318,198	316,040	313,838	313,046	315,477	320,958	321,775	322,592	324,226
16											
17	NO. OF CUSTOMERS BY										
18	CLASS-MCE (A)										
19	SALES & TRANSPORTATION										
20	RESIDENTIAL	290,040	288,713	287,083	285,607	285,792	291,422	291,474	292,224	293,974	294,474
21	GENERAL SERVICE	24,588	24,587	24,700	23,999	24,389	24,865	24,681	24,746	24,811	24,941
22	LARGE SERVICE (B)	693	680	615	1,374	1,290	357	661	663	666	669
23	TOTAL SALES AND TRANSPORTATION	315,291	313,980	312,398	310,980	311,451	316,744	316,816	317,633	318,450	319,267
24											
25	AVERAGE SALES PER										
26	CUSTOMER										
27	SALES & TRANSPORTATION										
28	RESIDENTIAL	75	88	90	96	94	82	83	82	81	80
29	GENERAL SERVICE	399	430	607	650	602	428	424	413	411	409
30	LARGE SERVICE (B)	23,454	25,508	21,744	10,122	11,542	52,037	32,168	33,030	33,063	33,113

(A) Contains Billed and Unbilled Sales.
(B) Large Service includes Non-Residential Large General Sales and Non-Residential Federal Large General Sales for the Test Year through 2009.
(C) Test Year Contains Billed Sales Only.

2002 - 2012 AND TWELVE MONTHS ENDING MAY 31, 2008

SCHEDULE C-12.4
PAGE 1 OF 1
WITNESS RESPONSIBLE:
M.S. HARDWICK

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

LINE NO.	DESCRIPTION	MOST RECENT FIVE CALENDAR YEARS	FIVE PROJECTED CALENDAR YEARS
1	SALES BY CUSTOMER		
2	CLASS-Mkt	2006	TEST YEAR
3		2005	2002
4		2004	2003
5		2003	2008
6		2002	2008
7	Vectren Energy Delivery of Ohio, Inc. operations are 100% PUCO jurisdictional. Refer to C-12.3	2011	2012

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
ANALYSIS OF RESERVE FOR UNCOLLECTIBLE ACCOUNTS
2004-2006 AND THE TWELVE MONTHS ENDED MAY 31, 2008

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

SCHEDULE C-13
PAGE 1 OF 1
WITNESSES RESPONSIBLE:
M.S. HARDWICK

LINE NO.	DESCRIPTION	<u>Most Recent Three Calendar Years</u>			Test Year Ending May 31, 2008
		2004	2005	2006	
1	Reserve at Beginning of Year	\$ -	\$ -	\$ -	\$ -
2	Current Year Provision	-	-	-	-
3	Write-offs net of Recoveries	-	-	-	-
4	Reserve at End of Year	\$ -	\$ -	\$ -	\$ -

Note: Uncollectible accounts are tracked through either the PIPP or Uncollectible Expense Riders; therefore, activity nets to zero in the reserve for uncollectible accounts.

SECTION D
RATE OF RETURN
VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
TEST YEAR: 12 MONTHS ENDING MAY 31, 2008
DATE CERTAIN: AUGUST 31, 2007

SCHEDULES:

- D-1 RATE OF RETURN SUMMARY
 VECTREN CORPORATION (CONSOLIDATED) CAPITAL STRUCTURE WITH
 VECTREN ENERGY DELIVERY OF OHIO (CONSOLIDATED) RATES
- D-1A RATE OF RETURN SUMMARY
 VECTREN ENERGY DELIVERY OF OHIO (CONSOLIDATED) CAPITAL STRUCTURE
- D-2A EMBEDDED COST OF SHORT-TERM DEBT
 VECTREN ENERGY DELIVERY OF OHIO (CONSOLIDATED) CAPITAL STRUCTURE
- D-3A EMBEDDED COST OF LONG-TERM DEBT
 VECTREN ENERGY DELIVERY OF OHIO (CONSOLIDATED) CAPITAL STRUCTURE
- D-4A EMBEDDED COST OF PREFERRED STOCK
 VECTREN ENERGY DELIVERY OF OHIO (CONSOLIDATED) CAPITAL STRUCTURE
- D-5A COMPARATIVE FINANCIAL DATA
 VECTREN ENERGY DELIVERY OF OHIO (CONSOLIDATED) CAPITAL STRUCTURE

- D-1B RATE OF RETURN SUMMARY
 VECTREN CORPORATION (CONSOLIDATED) CAPITAL STRUCTURE
- D-2B EMBEDDED COST OF SHORT-TERM DEBT
 VECTREN CORPORATION (CONSOLIDATED) CAPITAL STRUCTURE
- D-3B EMBEDDED COST OF LONG-TERM DEBT
 VECTREN CORPORATION (CONSOLIDATED) CAPITAL STRUCTURE
- D-4B EMBEDDED COST OF PREFERRED STOCK
 VECTREN CORPORATION (CONSOLIDATED) CAPITAL STRUCTURE
- D-5B COMPARATIVE FINANCIAL DATA
 VECTREN CORPORATION (CONSOLIDATED) CAPITAL STRUCTURE

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT

RATE OF RETURN SUMMARY
VECTREN CORPORATION (CONSOLIDATED) CAPITAL STRUCTURE AS OF AUGUST 31, 2007
AND VECTREN ENERGY DELIVERY OF OHIO (CONSOLIDATED) CAPITAL STRUCTURE AS OF AUGUST 31, 2007

DATE OF CAPITAL STRUCTURE: AUGUST 31, 2007
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):

SCHEDULE D-1
PAGE 1 OF 1
WITNESS RESPONSIBLE:
R.L. GOOCHER / P.M. MOUL

LINE NO.	CLASS OF CAPITAL	REFERENCE	ACTUAL AMOUNT (\$000,000)	ADJUSTMENT AMOUNT** (\$000,000)	PRO FORMA AMOUNT (\$000,000)	% of TOTAL	REFERENCE	COST	WEIGHTED COST
1	Long-term debt	D-3B	\$ 1,221.0	\$ -	\$ 1,221.0	47.8%	D-3A	7.02%	3.36%
2									
3	Preferred stock	D-4B	-	-	-	0.0%		0.00%	0.00%
4									
5	Common equity	D-1B	\$ 1,206.4	\$ 125.3	\$ 1,331.7	52.2%	D-1A	11.50%	6.00%
6									
7	Total capital		\$ 2,427.4	\$ 125.3	\$ 2,552.7	100.00%			9.36%
8									
9	Accumulated Deferred Investment Tax Credit				\$ 8.7				
10									
11									
12	Accumulated Deferred Income Taxes (Accelerated Depreciation)				\$ 289.5				
13									
14									
15	Accumulated Deferred Income Taxes (Other Property)				\$ (58.0)				
16									
17									
18	Accumulated Deferred Income Taxes (Acquisition Adjustment)				\$ 1.2				
19									
20									
21	Accumulated Deferred Income Taxes (Goodwill)				\$ 30.0				
22									

**Additional equity of \$125.3m from equity forward agreement dated February 20, 2007; proceeds expected Spring 2008.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
RATE OF RETURN SUMMARY

VECTREN ENERGY DELIVERY OF OHIO (CONSOLIDATED) CAPITAL STRUCTURE AS OF AUGUST 31, 2007

DATE OF CAPITAL STRUCTURE: AUGUST 31, 2007
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED
WORK PAPER REFERENCE NO(S):

SCHEDULE D-1A
PAGE 1 OF 1
WITNESS RESPONSIBLE:
R.L. GOOCHER / P.M. MOUL

Line No.	Class of Cost	Reference	Amount (\$000,000)	% of Total	(%) Cost	Weighted Cost (%)
1	Long-term debt	D-3A	\$ 108.3	54.8%	7.02%	3.85%
2						
3	Common Equity		89.2	45.2%	11.50%	5.19%
4						
5	Total Capital		\$ 197.5	100%		9.04%
6						
7	Accumulated Deferred Investment Tax Credit		N/A			
8						
9						
10	Accumulated Deferred Income Taxes (Accelerated Depreciation)		\$ 15.4			
11						
12						
13	Accumulated Deferred Income Taxes (Other Property)		\$ (4.2)			
14						
15						
16	Accumulated Deferred Income Taxes (Acquisition Adjustment)		\$ 1.2			
17						
18						
19	Accumulated Deferred Income Taxes (Goodwill)		\$ 30.0			
20						

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 07-1080-GA-AIR; CASE NO. 07-1081-GA-ALT
EMBEDDED COST OF SHORT-TERM DEBT
VECTREN ENERGY DELIVERY OF OHIO (CONSOLIDATED) CAPITAL STRUCTURE AS OF AUGUST 31, 2007

DATE OF SHORT-TERM DEBT: AUGUST 31, 2007
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED
WORK PAPER REFERENCE NO(S):

SCHEDULE D-2A
PAGE 1 OF 1
WITNESS RESPONSIBLE:
R.L. GOOCHER / P.M. MOUL

LINE NO.	ISSUE (A)	AMOUNT OUTSTANDING (B)	INTEREST RATE (C)	INTEREST REQUIREMENT (D)
		(\$)	(%)	(\$)
1	VECTREN ENERGY DELIVERY OF OHIO			
2	<u>Short-term Internal Borrowings</u>			
3	Vectren Utilities Holdings, Inc.	\$ 42,102,457	6.03%	\$ 2,538,778
4	Totals	<u>\$ 42,102,457</u>		<u>\$ 2,538,778</u>
5				
6				
7	Fees on Committed Lines and Revolving			
8	Credit Facilities			\$ -
9				
10	Total Consolidated	<u>\$ 42,102,457</u>		<u>\$ 2,538,778</u>
11				
12	Cost of Short-Term Debt		<u>6.03%</u>	

SCHEDULE D-3A
PAGE 1 OF 1
WITNESS RESPONSIBLE:
R.L. GOOCHER / P.M. MOUL

DATE OF LONG-TERM DEBT: AUGUST 31, 2007
TYPE OF FILING: "X" ORIGINAL _____ UPDATED _____ REVISED _____
WORK PAPER REFERENCE NO(S): _____

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