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August 29, 2008

Greg Price
Attorney Examiner
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43226

RE: Vectren Energy Delivery of Ohio, Inc.;
PUCO Case Nos. 07-1080-GA-AIR and 07-1080-GA-ALT

Dear Examiner Price:

I am writing this letter to advise you that the Ohio Partners for Affordable Energy and Vectren Energy Delivery of Ohio, Inc., parties to this proceeding, have reached an agreement in principle that will be submitted in the next few days in the form of a Stipulation and Recommendation. Honda of America Mfg., Inc. has advised us that it will not oppose the agreement in principle once incorporated into a Stipulation and Recommendation. This Stipulation and Recommendation will be submitted by such parties as their joint recommendation on how the Commission should properly resolve many of the contested issues. We expect that other parties will support or not oppose the Stipulation and Recommendation. A summary of the agreement is included below with the understanding that work is presently underway to prepare detailed language that must be developed and included in the Stipulation and Recommendation.

Summary

Revenue Increase	\$ 14,779,153
Rate Base	\$ 234,839,282
Overall Return	8.89%
Annual Revenue	\$ 456,791,425 ¹
Conservation Funding	\$ 4,000,000 ²

¹ This amount does not include revenue that may be collected pursuant to new riders established by or implemented pursuant to the agreement.

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The agreement addresses and resolves issues related to the distribution of the total revenue between the rate classes but does not resolve certain specified issues regarding the design of residential rates and the form of the decoupling mechanism that should be established on a going forward basis.

The agreement resolves contested issues in Case Nos. 05-1444-GA-UNC, 07-1081-GA-ALT and 08-632-GA-AAM.

The agreement establishes a mechanism to address and resolve issues associated with the repair and replacement of customer service lines and risers, costs related to the investigation of customer service lines and risers and the systematic replacement of bare steel and cast iron mains.

Respectfully yours,



Samuel C. Randazzo

SCR:dr

cc: Parties of Record

² This amount is included in the annual revenue. The agreement will also make provisions for an opportunity to increase funding through a rider as part of the ongoing work of the collaborative process approved by the Commission.