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BEFORE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Indiana Gas Company, Inc. and Vectren Energy Delivery of Ohio, Inc. for Authority to Issue Long-Term Debt, to Issue and Sell Common and/or Preferred Stock, and Enter into Interest Rate Risk Management Transactions pursuant to the previously approved Financial Services Agreement.	)))))))))	Case No. 09-655-GA-AIS

APPLICATION

Pursuant to Sections 4905.40 and 4905.41, Ohio Revised Code, Indiana Gas Company, Inc. and Vectren Energy Delivery of Ohio, Inc. ("IGC" and "VEDO," respectively and "Applicants," collectively) respectfully request the authorization of the Public Utilities Commission of Ohio ("Commission") to issue long-term debt, to issue and sell common and/or preferred stock, and to enter into interest rate risk management transactions as set forth below[1]:

1 The authority sought in the instant application is similar to that being sought by the Applicant from the Indiana Utility Regulatory Commission. *See Petition of Indiana Gas Company, Inc. ("IGC") for Authority to Implement its 2009-2011 Financing Program by (1) Issuing Not to Exceed $200 Million in Aggregate Principal Amount of Long-Term Debt in the Form of Unsecured Promissory Notes to Vectren Utility Holdings, Inc. ("VUHI"), its Immediate Parent Company pursuant to the previously approved Financial Services Agreement, or to Unaffiliated Lenders; (2) Executing and Delivering Evidences of Indebtedness Relating to Such Long-Term Debt; (3) Entering into Interest Rate Risk Management Transactions; (4) Issuing and Selling Not to Exceed $100 Million of Common and/or Preferred Stock; and (5) Using the Net Proceeds from the Financing Program to Reimburse its Treasury and, thereafter, to Repay and Refund Outstanding Long-Term Debt, Repay its Short-Term Debt, and Finance its Construction Program. A copy of this Petition and the related testimony and exhibits are being provided to Commission Staff coincident with the filing of this Application.*

1. **Applicants' Organization.** IGC is both an Indiana and an Ohio corporation and a wholly-owned subsidiary of Vectren Utility Holdings, Inc. ("VUHI"), which is a wholly-owned subsidiary of Vectren Corporation. VEDO is an Ohio corporation and a wholly-owned subsidiary of VUHI. IGC and VEDO co-own the assets of VEDO, which is a public utility subject to the jurisdiction of the Commission. As co-owners of VEDO's assets, Applicants are subject to the provisions of Sections 4905.40 and 4905.41, Ohio Revised Code.

2. **Proposed Financing Program.** Applicants propose to carry out, from time to time, during the period ending December 31, 2010, a financing program consisting of one or more or a combination of the following:

   a. **New Long-Term Debt.** Applicants request that they be granted the authority to issue and sell not to exceed $180 million in aggregate principal amount of long-term debt. The new long-term debt issued pursuant to the financing program (i) will have maturities not to exceed forty (40) years; (ii) will bear interest at a fixed or variable rate at an initial annual rate not to exceed 8.0%; (iii) will be issued and sold for cash at not less than 95% of the face amount thereof plus accrued interest, if any, to the date of delivery thereof; and (iv) will have such other terms and characteristics as shall be fixed and determined by the Board of Directors of Applicants. Applicants may issue some or all of the long-term debt to VUHI pursuant to the debt pooling arrangement described below. Debt issued to non-affiliated parties will consist in whole or in some combination of unsecured promissory notes, debentures, medium-term notes, mortgage bonds, or other instruments evidencing debt of Applicants and may be issued and sold by way of public offerings or private placements.

b. **Common and Preferred Stock.** Applicants request that they be granted authority to issue and sell additional common stock or preferred stock (including tax-deductible preferred stock) or a combination thereof, for cash, for an aggregate sale price not to exceed $105 million. The additional common stock will be sold to VUHI. Applicants will sell any preferred stock, for cash (i) by way of public offerings or private placements to non-affiliated parties or (ii) to VUHI in the event VUHI sells its own preferred stock, some or all of the proceeds of which will be allocated to Applicants. In the event of such a preferred stock sale by VUHI, Applicants will sell preferred stock to VUHI with terms that match those applicable to the VUHI preferred stock for an amount equal to the proceeds of the VUHI preferred stock sale allocated to Applicants. Any preferred stock will be sold at a price of not less than the par value per share plus accrued dividends, if any, from the date of issuance to the date of delivery. The preferred stock will bear dividends at an annual rate not to exceed 8.0%. Before issuing any preferred stock pursuant to this authority, Applicants' Board of Directors will, by resolution, in accordance with Applicants' Articles of Incorporation, as amended (the "Articles"), fix and determine the relative rights, preferences, qualifications, limitations and restrictions of each series of preferred stock, including the maximum number of shares, the annual dividend per share, provisions for a variable or adjustable rate, redemption and sinking fund provisions, preferences as to dividends and other distributions, including rights upon dissolution, and other terms and characteristics as may be determined and approved by the Board of Directors.

c. **Interest Rate Risk Management Transactions.** Applicants request Commission approval and authority to enter into one or more interest rate risk management transactions, including financing instruments such as forward starting interest rate swaps, treasury locks, derivative products, interest rate caps, floors and collars. The purpose of these types of transactions is to better manage interest rate risks associated with any of the debt issued pursuant to this authorization or previous orders of the Commission by, in effect (i) synthetically converting variable rate debt to fixed rate debt, (ii) synthetically converting fixed rate debt to variable rate debt, (iii) limiting the impact of changes in interest rates resulting from variable rate debt and (iv) providing the ability to enter into interest rate risk management transactions in future periods for planned issuances of debt securities. Applicants propose that the costs involved in any of these transactions be amortized over the life of the new issue or the remaining life of the outstanding debt issue and included in determining the overall cost of capital in future rate proceedings, consistent with its past practices.

3. **Purposes of the Financing Program.** Applicants propose to apply the proceeds from the financing program, after payment of expenses incurred in connection therewith, for the reimbursement of their treasury for money actually expended for (i) the acquisition of property, material, or working capital; (ii) the construction, completion, extension, or improvement of facilities, plant, or distribution system; (iii) the improvement of service; and (iv) the discharge or lawful refunding of their obligations. Applicants have kept their accounts and vouchers of such expenditures in such a manner as to enable the Commission to ascertain the amount of money so expended and the purpose for which such expenditures were made. Thereafter, Applicants shall use such net proceeds of the financing program to repay and refund outstanding long-term debt, to repay short-term borrowings and to finance construction programs.

During the period of the financing program, none of Applicant's currently outstanding long-term debt will become due and payable, but on May 1, 2010, the owners of IGC's 6.36% Series F Notes, which have a principal amount of $10 million and a maturity date of May 1, 2028, have the right to require IGC to prematurely redeem that series. Although not currently anticipated, but depending upon market conditions in existence during the period of time that the financing authority requested herein remains in effect, it may be advantageous for Applicants to redeem in whole or in part outstanding debt prior to the maturity date thereof. The desirability of any such transaction will depend on several factors, including the current interest rate environment, the market value of the securities and the premium Applicants would have to pay to redeem any such securities.

In addition, on December 1, 2011, VUHI has a large issue ($250,000,000) of its long-term debt that matures of which $162,000,000 is loaned to Applicants. To minimize refinancing risk in 2011, Applicants may issue long-term debt in 2009-2010 equal to approximately one-half of the $162 million VUHI debt that matures in 2011.

Applicants are engaged in the construction and acquisition of improvements, replacements and extensions to their gas utility plant, property, equipment and facilities required in their gas utility operations. Applicants estimate that for the calendar years ending December 31, 2009, and December 31, 2010, capital expenditures totaling approximately $72 million and $80 million, respectively, will be required for these purposes. Applicants initially will make short-term borrowings for such purposes, which must be repaid and permanently funded from the proceeds of Applicants' long-term debt and equity issues.

4. **Vectren Utility Holdings, Inc.** Applicants are affiliates of one other operating utility, Southern Indiana Gas and Electric Company ("SIGECO"), which provides gas and electric utility service in the southwestern portion of Indiana. Applicants and SIGECO are wholly-owned subsidiaries of VUHI, which in turn is a wholly-owned subsidiary of Vectren Corporation. Pursuant to authority granted by the Commission in its Order in Case No.

03-688-GA-AIS dated April 1, 2003, and an Entry dated April 17, 2003 and a Financial Services Agreement between and among VUHI, Applicants, and SIGECO, and subsequently acknowledged by the Commission in its Orders in Case No. 05-1142-GA-AIS dated October 19, 2005, and in Case No. 07-1010-GA-AIS dated October 17, 2007, and an Entry dated October 31, 2007, SIGECO and Applicants ("Participants") issue new debt through VUHI under an arrangement in which Applicants' debt requirements are pooled with those of SIGECO, thereby creating larger debt issues at more attractive interest rates and lower transaction costs than would otherwise be available. Applicants propose to issue some or all of the new debt for which authority is sought herein pursuant to this debt pooling arrangement.

Pursuant to the Financial Services Agreement, VUHI satisfies the Participants' combined long-term debt requirements by selling its own long-term debt securities in the public or private markets and reloaning the proceeds thereof to the Participants on the same terms as apply to the corresponding debt issue of VUHI. To maximize the benefits of the pooling arrangement, the Participants provide joint and several guarantees of VUHI's debt to make VUHI's debt issues attractive to investors and to achieve lower debt costs.

The Financial Services Agreement also sets forth the method by which the costs incurred by VUHI in connection with its long-term borrowings, short-term borrowings and cash management services are allocated to each of the Participants and provides for on-going guarantees of the long-term and short-term debt issued by VUHI. Applicants' participation in this Agreement was most recently acknowledged by the Commission in Case No. 07-1010-GA-AIS, in which authority was granted for Applicants' on-going participation in the debt pooling arrangement, as set forth in the Financial Services Agreement, including providing on-going guarantees of the outstanding debt of VUHI and on-going participation in multi-year credit facilities that may include provisions related to term-out options.

The Financial Services Agreement was executed on January 5, 2001 and amended on January 22, 2003. In the event that a material change is made to the Financial Services Agreement, Applicants will provide a copy of the amended Agreement to the Commission staff.

5. **Amortization of Issuance Costs.** Applicants request authority from the Commission to amortize issuance and hedging costs associated with new or existing long-term debt and preferred stock issued pursuant to the authority granted herein over the life of the new issue or the remaining life of the outstanding debt issue. Applicants also request authority to treat all costs associated with the early redemption and any unamortized issuance expense of prematurely retired issues of any outstanding debt, as described in Paragraph 3 above, as an issuance expense to be amortized over the life of the refinancing issue.

6. **Rate Effect.** The effect on revenue requirements for Applicants resulting from the issuance of $180 million in long-term debt and $105 million in common and/or preferred stock will be reflected in the determination of the required amount of revenue in a rate proceeding where all the factors affecting rates are taken into account according to law.

7. **Issuance Detail Reporting.** Applicants will report to the Commission, as soon as reasonably practicable, the issuance of the long-term debt and common and preferred stock referred to in Paragraph 2, setting forth the proceeds received from such issuance and the associated interest rate in reasonable detail.

8. **Applicants' Financial Reporting.** Pursuant to Section 4905.41, Ohio Revised Code, Applicants submit the following as part of this Application:

   a. Schedules of long-term debt, as of December 31, 2008, are attached hereto as *Exhibit A*.

   b. Balance sheets as of December 31, 2008, and December 31, 2007 are attached hereto as *Exhibit B.*

   c. Income statements for the twelve months ended December 31, 2008 and 2007, are attached hereto as *Exhibit C*.

9. **Application.** Applicants request that the Commission approve this Application as soon as practicable so as to maximize the opportunities for

flexibility for the issuance of the long-term debt and common and/or preferred stock for which authority is sought herein.

WHEREFORE, Applicants respectfully request that the Commission order that:

(a) The Applicants be authorized to issue from time to time during the period ending December 31, 2010, up to $180 million in aggregate principal amount of long-term debt in the form of promissory notes, first mortgage bonds and other evidences of indebtedness as described in this Application and in Applicants' evidence to be submitted herein;

(b) The Applicants be authorized to engage in interest rate risk management transactions, as described in this Application;

(c) The Applicants be authorized to sell additional common stock or preferred stock or a combination thereof for an aggregate sale price not to exceed $105 million;

(d) The Applicants be authorized to use the cash proceeds arising from the issuance and sale of such long-term debt, common stock and preferred stock for the purposes set forth in this Application;

(e) The Applicants be authorized to amortize the issuance and hedging costs associated with new long-term debt, and preferred stock issued, pursuant to the authority granted herein over the life of the new or existing debt issue and to treat the costs associated with the early redemption and any unamortized issuance expense of prematurely retired issues of outstanding long-term debt, including any premium as an issuance expense to be amortized over the life of the refinancing issue.

Respectfully submitted this 29th day of July, 2009.

INDIANA GAS COMPANY, INC. and
VECTREN ENERGY DELIVERY OF OHIO, INC.

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

By: Robert E. Heidorn
Robert E. Heidorn
Vice President, General Counsel and
Assistant Secretary

Counsel:

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STATE OF INDIANA)
COUNTY OF VANDERBURGH) ss:

Personally appeared before me, Robert L. Goocher and Robert E. Heidorn, who being first duly sworn, say that they are the Vice President and Treasurer and Vice President, General Counsel, and Assistant Secretary of Indiana Gas Company, Inc. and Vectren Energy Delivery of Ohio, Inc., respectively, that they did sign the foregoing Application, and that the statements contained therein are true as they verily believe.

Sworn to and subscribed before me this 29th day of July, 2009.

Mary Payne
Notary Public

(SEAL)

Official Seal
Mary Payne
Notary Public – State of Indiana
My Commission Expires July 1 2015

Vectren Energy Delivery of Ohio, Inc. 1
Schedule of Long-Term Debt Outstanding 2
December 31, 2008 3

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Long-Term Notes	Maturity Date	Principal Amount Outstanding	
			5
6.625% Series VUHI Notes	12/01/11	61,846,287	6
5.95% Series VUHI Notes	10/01/36	45,582,022	7
		$107,428,309	8

Effective Weighted Average Cost = 6.81%

Indiana Gas Company, Inc.
Schedule of Long-Term Debt Outstanding
December 31, 2008

Debt Series	Maturity Date	Principal Amount Outstanding
6.69% Series E5	6/10/13	5,000,000
7.15% Series E1	3/15/15	5,000,000
6.69% Series E4	12/21/15	5,000,000
6.69% Series E6	12/29/15	10,000,000
6.53% Series E3	6/27/25	10,000,000
6.42% Series E7	7/7/27	5,000,000
6.68% Series E8	7/7/27	1,000,000
6.34% Series F2	12/10/27	20,000,000
6.36% Series F5	5/1/28	10,000,000
6.55% Series F6	6/30/28	20,000,000
7.08% Series G	10/5/29	30,000,000
6.625% VUHI Notes	12/1/11	98,954,060
5.45% VUHI Notes	12/1/15	24,716,007
5.75% VUHI Notes	8/1/18	37,128,275
6.10% VUHI Notes	12/1/35	50,568,961
5.95% VUHI Notes	10/1/36	46,488,022
6.25% VUHI Notes	4/1/39	22,079,941
		$400,935,266

Effective Weighted Average Interest Rate = 6.76%

VECTREN ENERGY DELIVERY OF OHIO, INC.
BALANCE SHEET
($000's)

		At December 31, 2008		At December 31, 2007
ASSETS				
Utility Plant				
Original cost	$	495,779	$	478,889
Less: accumulated depreciation & amortization		149,212		142,400
Net utility plant		**346,567**		**336,488**
Current Assets				
Cash & cash equivalents		2,350		2,264
Accounts receivable, less reserves		40,785		38,862
Receivables due from other Vectren companies		104,170		1
Accrued unbilled revenues		42,780		38,983
Inventories		2,068		63,937
Prepayments & other current assets		2,547		2,265
Total current assets		**194,699**		**146,312**
Nonutility property, Net		1,647		1,647
Acquisition Adj DPL Gas Properties, Net		199,457		199,457
Other investments		2,728		3,008
Regulatory assets		13,726		13,148
Other assets		3,070		2,292
TOTAL ASSETS	**$**	**761,893**	**$**	**702,351**
LIABILITIES & SHAREHOLDER'S EQUITY				
Common Shareholder's Equity				
Common stock (no par value)	$	115,000	$	115,000
Retained earnings		(23,737)		(26,309)
Total common shareholder's equity		**91,263**		**88,691**
Long-term debt payable to Utility Holdings		107,428		108,334
Total long-term debt, net		**107,428**		**108,334**
Current Liabilities				
Accounts payable		94,059		44,350
Payables to other Vectren companies		30,350		12,766
Refundable natural gas costs		2,471		9,943
Accrued liabilities		38,440		26,537
Short-term borrowings payable to Utility Holdings		-		39,015
Current maturities of long-term debt		-		-
Long-term debt subject to tender		-		-
Total current liabilities		**165,320**		**132,611**
Deferred Income Taxes & Other Liabilities				
Deferred income taxes		56,991		45,268
Regulatory liabilities		82,483		78,297
Deferred credits & other liabilities		12,443		10,690
Total deferred credits & other liabilities		**151,917**		**134,255**
Minority Interest (1)		**245,965**		**238,462**
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	**$**	**761,893**	**$**	**702,352**

(1) Investment of Indiana Gas Company, Inc., in the Ohio operations

INDIANA GAS COMPANY, INC.
BALANCE SHEETS
($000's)

	At December 31, 2008	At December 31, 2007
ASSETS		
Utility Plant		
Original cost	$ 1,503,756	$ 1,430,999
Less: accumulated depreciation & amortization	551,004	514,868
Net utility plant	**952,752**	**916,131**
Current Assets		
Cash & cash equivalents	2,712	2,249
Accounts receivable, less reserves	65,955	50,580
Receivables due from other Vectren companies	3,686	74
Accrued unbilled revenues	86,837	69,083
Inventories	16,225	11,690
Prepayments & other current assets	76,248	70,715
Total current assets	**251,663**	**204,391**
Investment in the Ohio operations	245,965	238,462
Other investments	6,626	6,355
Regulatory assets	32,382	35,243
Other assets	5,650	7,651
TOTAL ASSETS	**$ 1,495,038**	**$ 1,408,233**
LIABILITIES & SHAREHOLDER'S EQUITY		
Common Shareholder's Equity		
Common stock (no par value)	$ 367,995	$ 367,995
Retained earnings	106,997	102,026
Total common shareholder's equity	**474,992**	**470,021**
Long-term debt payable to third parties - net of current maturities & debt subject to tender	121,000	121,000
Long-term debt payable to Utility Holdings	279,935	257,855
Total long-term debt, net	**400,935**	**378,855**
Current Liabilities		
Accounts payable	56,650	52,055
Accounts payable to affiliated companies	61,022	56,954
Payables to other Vectren companies	16,654	15,422
Refundable natural gas costs	1,618	11,933
Accrued liabilities	62,994	54,054
Short-term borrowings payable to Utility Holdings	116,887	86,234
Current maturities of long-term debt	-	-
Long-term debt subject to tender	-	-
Total current liabilities	**315,825**	**276,652**
Deferred Income Taxes & Other Liabilities		
Deferred income taxes	100,729	88,263
Regulatory liabilities	172,099	162,775
Deferred credits & other liabilities	30,458	31,667
Total deferred income taxes & other liabilities	**303,286**	**282,705**
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	**$ 1,495,038**	**$ 1,408,233**

VECTREN ENERGY DELIVERY OF OHIO, INC.
STATEMENTS OF INCOME
($000's)

	Twelve Months Ended December 31, 2008		Twelve Months Ended December 31, 2007
OPERATING REVENUES	$ 408,098		$ 374,320
COST OF GAS	273,843		245,472
GAS OPERATING MARGIN	**134,255**		**128,848**
OPERATING EXPENSES:			
Other operating	62,849		63,039
Depreciation and amortization	15,237		14,554
Taxes other than income taxes	31,591		28,329
Total operating expenses	109,677		105,922
OPERATING INCOME	**24,578**		**22,927**
Other income / (expense) - net	(704)		(477)
Interest Expense	7,706		8,600
INCOME BEFORE INCOME TAXES	**17,576**		**14,804**
Income taxes	6,385		5,465
NET INCOME (LOSS)	**$ 11,191**		**$ 9,338**

INDIANA GAS COMPANY, INC.
STATEMENTS OF INCOME
($000's)

	Twelve Months Ended December 31, 2008	Twelve Months Ended December 31, 2007
OPERATING REVENUES	$ 864,955	$ 762,858
COST OF GAS	594,890	512,800
GAS OPERATING MARGIN	**270,065**	**250,058**
OPERATING EXPENSES		
Other operating	105,826	101,350
Depreciation & amortization	52,951	50,272
Taxes other than income taxes	20,254	20,740
Total operating expenses	179,031	172,362
OPERATING INCOME	**91,034**	**77,696**
Other income / (expense) - net	(547)	(575)
Interest expense	29,217	27,087
INCOME BEFORE INCOME TAXES	***61,270***	***50,034***
Income taxes	24,878	23,132
Equity in earnings of the Ohio operations - net of tax	7,503	6,641
NET INCOME	**$ 43,895**	**$ 33,543**