

21 East State Street • Columbus, OH 43215-4228
Tel: 614.469.8000 • Fax: 614.469.4653

Gretchen J. Hummel
(614) 719-2841-Direct Dial
ghummel@mwncmh.com

August 18, 2010

Renee J. Jenkins
Secretary, Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215

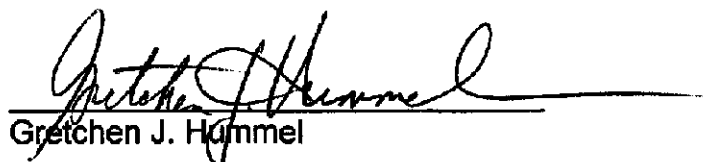
RE: Case Nos. 07-1080-GA-AIR and 10-595-GA-RDR

Dear Secretary Jenkins:

The Stipulation and Recommendation filed in the above cases yesterday contains an inadvertent error. Attached hereto is a corrected Stipulation and Recommendation for the Commission's consideration in these cases.

Thank you for your kind attention to this matter.

Very truly yours,



Gretchen J. Hummel

Attorney for Vectren Energy Delivery of
Ohio, Inc.

Attachment
GJH:dsr

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**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 |) | Case No. 07-1080-GA-AIR |
| Filed Tariffs to Increase the Rates |) | |
| and Charges for Gas Service and |) | |
| Related Matters. |) | |

| | | |
|------------------------------------------|---|------------------------|
| In the Matter of the Application of |) | |
| Vectren Energy Delivery of Ohio, Inc. |) | Case No. 10-595-GA-RDR |
| for Authority to Adjust its Distribution |) | |
| Replacement Rider Rate. |) | |

STIPULATION AND RECOMMENDATION

August 18, 2010

**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 |) | Case No. 07-1080-GA-AIR |
| Filed Tariffs to Increase the Rates |) | |
| and Charges for Gas Service and |) | |
| Related Matters. |) | |

| | | |
|------------------------------------------|---|------------------------|
| In the Matter of the Application of |) | |
| Vectren Energy Delivery of Ohio, Inc. |) | Case No. 10-595-GA-RDR |
| for Authority to Adjust its Distribution |) | |
| Replacement Rider Rate. |) | |

STIPULATION AND RECOMMENDATION

These cases are before the Commission upon the Application ("DRR Application") filed by Vectren Energy Delivery of Ohio, Inc. ("VEDO" or "Company") on April 30, 2010, in accordance with the Commission's January 7, 2009, Opinion and Order in Case No. 07-1080-GA-AIR, approving and adopting a Stipulation and Recommendation ("Rate Case Stipulation") filed on September 8, 2008. Therein, VEDO was authorized to recover certain, identified costs through a Distribution Replacement Rider ("DRR"). Consistent with the Commission's Opinion and Order approving and adopting the Rate Case Stipulation, VEDO filed its DRR Application in Case No. 07-1080-GA-AIR (and Case No. 10-595-GA-RDR) on April 30, 2010, to establish the DRR rate to be effective on September 1, 2010, for the subsequent twelve (12) month period.

Comments addressing the DRR Application were filed by Staff and the Office of the Ohio Consumers' Counsel ("OCC") on July 30, 2010.

Rule 4901-1-30, Ohio Administrative Code, provides that any two or more parties to a proceeding before the Commission may enter into a written stipulation for the purpose of resolving issues presented in such proceeding. The purpose of this document is to set forth the agreement of the signatory parties ("Parties") below and to recommend that the Commission approve and adopt this *Stipulation and Recommendation ("DRR Stipulation")* resolving the issues raised in the recommendations contained in the comments of Staff and OCC in this proceeding. The terms of this DRR Stipulation are consistent with the Staff's recommendations and are supported by the information contained within the schedules and documents filed as a part of VEDO's DRR Application. The Parties agree that this DRR Stipulation is supported by adequate data and information; represents a just and reasonable resolution of the issues which are proposed to be resolved by the terms of this DRR Stipulation; violates no regulatory principle; and is the product of serious bargaining among knowledgeable and capable parties in a cooperative process undertaken by the Parties to settle such contested issues. While this DRR Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission where, as is the case here, it is sponsored by a range of interests, including the Commission Staff.¹

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

The purpose of this DRR Stipulation is to set forth the understanding of VEDO, the Staff, and OCC to resolve the issues raised in the recommendations contained in the comments of the Staff and OCC in these proceedings as set forth below:

1. VEDO agrees to work with Staff prior to filing its next DRR application in order to include more detailed schedules as described in Staff's Comments.

2. VEDO agrees to make the following changes which result in adjustments to the DRR revenue requirement and revised DRR rates as shown on the attached DRR Stipulation Exhibit 1:

a. VEDO agrees to reclassify \$746,228 associated with meter move-out costs from Federal Energy Regulatory Commission Uniform System of Accounts ("FERC USOA") Account No. 380 to Account No. 382 as recommended by Staff.

b. VEDO agrees to exclude from the DRR revenue requirement \$39,832 related to city permits issued prior to 2009, but billed during 2009.²

3. The tariff sheet attached as DRR Stipulation Exhibit 2 contains rates which accurately reflect the DRR revenue requirement revisions described

² This revision was raised by Staff with VEDO after Staff's Comments were filed.

in Paragraph 2 above and shown on DRR Stipulation Exhibit 1. The Parties recommend and request that the Commission issue an order adopting this DRR Stipulation and explicitly approving the tariff sheet in DRR Stipulation Exhibit 2 on an expedited basis.

4. The Parties agree that the DRR Application, the pre-filed testimony of all witnesses, and the Comments filed by the Staff and OCC should be admitted into evidence on the condition that the Commission approves this DRR Stipulation. The Parties waive cross-examination of witnesses.

5. Except for enforcement purposes, neither this DRR Stipulation nor the information and data contained herein or attached hereto shall be cited as a precedent in any future proceeding. More specifically, no specific element or item contained in or supporting this DRR Stipulation shall be construed or applied to attribute the results set forth in this DRR Stipulation as the results that any Party might support or seek but for this DRR Stipulation in these proceedings or in any other proceeding. This DRR Stipulation contains a combination of outcomes that reflects an overall compromise involving a balance of competing positions, and it does not necessarily reflect the position that one or more of the Parties would have taken for purposes of resolving contested issues through litigation. The Parties believe that this DRR Stipulation, taken as a whole, represents a reasonable compromise of varying interests. This DRR Stipulation is expressly conditioned upon adoption in its entirety by the Commission without material modification by the Commission. Should the Commission reject or materially modify all or any part of this DRR Stipulation, the Parties shall have the

right, within thirty (30) days of the issuance of the Commission's order, to file an application for rehearing. The Parties agree they will not oppose or argue against any other Party's application for rehearing that seeks to uphold the original, unmodified DRR Stipulation. Upon the Commission's issuance of an entry on rehearing that does not adopt the DRR Stipulation in its entirety without material modification, any Party may terminate and withdraw from the DRR Stipulation by filing a notice with the Commission within thirty (30) days of the Commission's entry on rehearing. Prior to any Party seeking rehearing or terminating and withdrawing from this DRR Stipulation pursuant to this provision, the Parties agree to convene immediately to work in good faith to achieve an outcome that substantially satisfies the intent of this DRR Stipulation or proposes a reasonable alternative thereto to be submitted to the Commission for its consideration. Upon notice of termination or withdrawal by any Party, pursuant to the above provisions, the DRR Stipulation shall immediately become null and void. In such event, these proceedings shall go forward at the procedural point at which this DRR Stipulation was filed, and the Parties will be afforded the opportunity to present evidence through witnesses, to cross-examine all remaining witnesses, to present rebuttal testimony, and to brief all issues which shall be decided based upon the record and briefs as if this DRR Stipulation had never been executed. This DRR Stipulation is submitted for purposes of these cases only, and may not be relied upon or used in any other proceeding except as necessary to enforce the terms and conditions of this DRR Stipulation. The Signatory Parties agree with and commit to support the reasonableness of this

DRR Stipulation before the Commission and in any appeal from the Commission's adoption or enforcement of this DRR Stipulation.

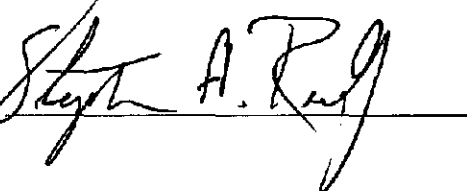
WHEREFORE, the undersigned respectfully request that the Commission issue its Opinion and Order approving and adopting this DRR Stipulation in accordance with the terms set forth above.

Executed this 18th day of August 2010.

Vectren Energy Delivery of Ohio, Inc.

By: 

The Staff of the Public Utilities
Commission of Ohio

By: 

The Office of the Ohio Consumers'
Counsel

By: _____

DRR STIPULATION EXHIBIT 1

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

| <u>Line</u> | <u>Description</u> | <u>Amount</u> | <u>Reference</u> |
|-------------|-----------------------------------|---------------------|-----------------------------|
| 1 | Mains Revenue Requirement | \$ 651,463 | Exhibit No. JMB-S2, Line 24 |
| 2 | Service Lines Revenue Requirement | <u>2,135,278</u> | Exhibit No. JMB-S8, Line 33 |
| 3 | Annual DRR Revenue Requirement | <u>\$ 2,786,741</u> | Line 1 + Line 2 |

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

| Line | Description | Amount | Reference |
|------|-----------------------------------------------------------------|----------------|---------------------------------------------|
| 1 | <u>Return on Investment:</u> | | |
| 2 | Plant In-Service at December 31, 2009 | | |
| 3 | Additions - Services Replacements (Bare Steel/Cast Iron) | \$ 3,441,222 | |
| 4 | Additions - Meter Installation (Bare Steel/Cast Iron) | 746,228 | |
| 5 | Additions - Services Replacements (Service Line Responsibility) | 1,001,250 | (6) |
| 6 | Additions - Natural Gas Risers | 5,451,132 | |
| 7 | Original Cost - Retired Services | (21,552) | |
| 8 | Original Cost - Retired Meter Installation | (2,808) | |
| 9 | Total Plant In-Service | \$ 10,615,472 | Sum of Lines 3 - 8 |
| 10 | <u>Less: Accumulated Depreciation at December 31, 2009</u> | | |
| 11 | Depreciation Expense - Services | \$ (74,998) | |
| 12 | Depreciation Expense - Meter Installation | (3,593) | |
| 13 | Depreciation Expense - Natural Gas Risers | (89,975) | |
| 14 | Cost of Removal - Services | 319,526 | |
| 15 | Original Cost - Retired Services | 21,552 | Line 7 |
| 16 | Original Cost - Retired Meter Installation | 2,808 | Line 8 |
| 17 | Total Accumulated Depreciation | \$ 175,320 | Sum of Lines 11 - 16 |
| 18 | Post In-Service Carrying Costs (PISCC) | \$ 57,709 | (3) |
| 19 | Net Deferred Tax Balance - PISCC | \$ (20,198) | Line 18 x 35% |
| 20 | Deferred Taxes on Depreciation | \$ (1,894,019) | Exhibit No. JMB-S8b, Line 22 |
| 21 | Net Rate Base | \$ 8,934,284 | Sum of Lines 7 and 17-20 |
| 22 | Pre-Tax Rate of Return | 11.67% | Case No. 07-1060-GA-AIR |
| 23 | Annualized Return on Rate Base - Service Lines | \$ 1,042,631 | Line 21 * Line 22 |
| 24 | <u>Operations and Maintenance Expenses</u> | | |
| 25 | Annualized Property Tax Expense | \$ 227,811 | Exhibit No. JMB-S8a, Line 22 |
| 26 | Annualized Depreciation Expense - Services | \$ 519,270 | (Line 1 + Lines 5-7) x 5.26% ⁽¹⁾ |
| 27 | Annualized Depreciation Expense - Meter Installation | \$ 13,530 | (Line 4 + Line 8) x 1.82% ⁽¹⁾ |
| 28 | Annualized PISCC Amortization Expense | \$ 1,012 | Line 18 / 57 years ⁽²⁾ |
| 29 | Incremental O&M - Service Line Responsibility | \$ 71,725 | (2) |
| 30 | Annualized Maintenance Adjustment | \$ 26,581 | (5) |
| 31 | Total Incremental Operating Expenses - Service Lines | \$ 859,929 | Sum of Lines 25-30 |
| 32 | Variance ⁽⁴⁾ | \$ 232,718 | Exhibit No. JMB-4, Line 5 |
| 33 | Total Revenue Requirement - Service Lines | \$ 2,135,278 | Line 23 + Line 31 + Line 32 |

(To Exhibit No. JMB-S7 and Exhibit No. SEA-S4, Page 1 of 5)

(1) FERC Account 680 (Line 25) and FERC Account 682 (Line 26) depreciation rates approved in Case No. 04-0571-GA-AIR.

(2) Support provided by VEDO Witness James Francis, Exhibit No. JMF-5.

(3) PISCC is accrued at an annual rate of 7.02% from the in service date until investments are reflected in the DRR rate.

(4) Variance represents the initial DRR charge associated with deferred natural gas riser investigation and replacement expenses.

(5) Support provided by VEDO Witness James Francis, Exhibit No. JMF-4, Service Leaks and Meter Maintenance Expense. 2008 expense less Baseline expense attributable to Bare Steel/Cast Iron.

(6) Support provided by VEDO Witness James Francis, Exhibit No. JMF-S7.

(7) FERC Account 680 Average Service Life approved in Case No. 04-0571-GA-AIR.

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

| Line | Description | Amount | Reference |
|------|----------------------------------------------------------|--------------|-------------------------------|
| 1 | Service and Meter Installation Replacements - Book Value | \$ 5,188,700 | Exhibit No. JMB-S3, Lines 3-5 |
| 2 | % Good | 98.3% | |
| 3 | Tax Value | \$ 5,100,492 | Line 1 x Line 2 |
| 4 | x 25% | 25.0% | |
| 5 | Taxable Value / Assessment | \$ 1,275,123 | Line 3 x Line 4 |
| 6 | VEDO Average 2010 Property Tax Rate | 8.72% | |
| 7 | Annual Property Tax Expense - Service Line Replacements | \$ 111,191 | Line 5 x Line 6 |
| 8 | Services and Meter Installation Retired - Book Value | \$ (24,360) | Exhibit No. JMB-S3, Lines 7-8 |
| 9 | % Good | 36.7% | |
| 10 | Tax Value | \$ (8,940) | Line 8 x Line 9 |
| 11 | x 25% | 25.0% | |
| 12 | Taxable Value / Assessment | \$ (2,235) | Line 10 x Line 11 |
| 13 | VEDO Average 2010 Property Tax Rate | 8.72% | |
| 14 | Annual Property Tax Reduction - Service Line Retirements | \$ (195) | Line 12 x Line 13 |
| 15 | Risers Replacements - Book Value | \$ 5,451,132 | Exhibit No. JMB-S3, Line 6 |
| 16 | % Good | 98.3% | |
| 17 | Tax Value | \$ 5,358,483 | Line 15 x Line 16 |
| 18 | x 25% | 25.0% | |
| 19 | Taxable Value / Assessment | \$ 1,339,616 | Line 17 x Line 18 |
| 20 | VEDO Average 2010 Property Tax Rate | 8.72% | |
| 21 | Annual Property Tax Expense - Natural Gas Risers | \$ 116,815 | Line 19 x Line 20 |
| 22 | Annualized Property Tax Expense - Service Lines | \$ 227,811 | Line 7 + Line 14 + Line 21 |

(To Exhibit No. JMB-S8, Line 25)

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

| Line | Description | Amount | Reference |
|------|------------------------------------------------------------------|----------------|------------------------------------------|
| 1 | <u>Plant In Service at December 31, 2009:</u> | | |
| 2 | Service Additions - Bare Steel/Cast Iron Replacements | \$ 3,441,222 | Exhibit No. JMB-S3, Line 3 |
| 3 | Meter Installation Additions - Bare Steel/Cast Iron Replacements | 746,228 | Exhibit No. JMB-S3, Line 4 |
| 4 | Service Additions - Service Line Ownership | 1,001,250 | Exhibit No. JMB-S3, Line 5 |
| 5 | Additions of Natural Gas Risers | 5,451,132 | Exhibit No. JMB-S3, Line 6 |
| 6 | Total Plant In Service | \$ 10,639,832 | |
| 7 | Book to Tax Basis Adjustment - Capitalized Interest | \$ (2,287) | |
| 8 | Book to Tax Basis Adjustment - Bonus Depreciation | (5,318,773) | (Line 6+Line 7) * 50% |
| 9 | Total Income Tax MACRS Depreciation Base | \$ 5,318,772 | Sum Lines 6-8 |
| 10 | <u>Tax Depreciation:</u> | | |
| 11 | MACRS - 15 Year | \$ 247,283 | (Line 2+Line 4+Line 5+Line 7) * 50% * 5% |
| 12 | MACRS - 20 Year | 13,992 | Line 3 * 50% * 3.75% |
| 13 | Bonus Depreciation | 5,318,773 | Line 9 |
| 14 | Total Tax Depreciation | \$ 5,580,048 | Line 11 + Line 12 + Line 13 |
| 15 | <u>Book Depreciation:</u> | | |
| 16 | Services | \$ 74,998 | Exhibit No. JMB-S3, Line 11 |
| 17 | Meter Installation | 3,593 | Exhibit No. JMB-S3, Line 12 |
| 18 | Natural Gas Risers | 88,875 | Exhibit No. JMB-S3, Line 13 |
| 19 | Total Book Depreciation | \$ 168,566 | Sum of Lines 16-18 |
| 20 | Tax Depreciation in Excess of Book Depreciation | \$ (5,411,482) | Line 19 - Line 14 |
| 21 | Federal Deferred Taxes at 35% | 35% | |
| 22 | Deferred Tax Balance at December 31, 2009 - Service Lines | \$ (1,894,019) | Line 20 * Line 21 |

(To Exhibit No. JMB-S8, Line 20)

VECTREN ENERGY DELIVERY OF OHIO, INC.
DISTRIBUTION REPLACEMENT RIDER
SUMMARY OF SETTLEMENT FILING REVENUE REQUIREMENT ADJUSTMENTS

First Supplemental Revenue Requirement \$ 2,616,888
Settlement Revenue Requirement \$ 2,786,741
Decrease in Revenue Requirement \$ (169,853)

Item
Number

Summary of Settlement Filing Adjustments

| Item Number | Description | Amount | Supplemental Filing Reference | Settlement Filing Reference | Reason |
|----------------|-----------------------------------------------------------------|--------|--------------------------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | |
| 1 | Service Replacement Revenue Requirement (RRR) | | | | |
| 2 | Decrease - Annualized Return | \$ | (3,074) Exhibit No. JMB-53, Line 19 | Exhibit No. JMB-58, Line 23 | (1) Reclassify meter installation investment for Barn Steel/Cast Iron program from FERC 380 to FERC 382 and recognize accumulated depreciation and |
| 3 | Decrease - Annualized Property Tax Expense | \$ | (891) Exhibit No. JMB-53, Line 21 | Exhibit No. JMB-58, Line 25 | replacements of meter installations. (2) Reduce service replacement additions for service line responsibility; remove prior period city permit expense, \$39,832. |
| 4 | Decrease - Annualized Depreciation Expense - Services | \$ | (41,382) Exhibit No. JMB-53, Line 22 | Exhibit No. JMB-58, Line 26 | Changes in plant in service noted above on Line 2. |
| 5 | Increase - Annualized Depreciation Expense - Meter Installation | \$ | 13,500 Not Applicable | Exhibit No. JMB-58, Line 27 | Reclassification of meter installation expense and reduce in incremental investment for service line responsibility noted above on Line 2. |
| 6 | Total Decrease in Service Replacement RR | \$ | (31,817) | | Reclassification of meter installation expense noted above on Line 2. |
| | Sum Lines 2 - 5 | \$ | | | |

NOTE: Supporting calculation schedules for property taxes (JMB-58a) and deferred taxes (JMB-58b) were also adjusted due to the changes noted above.

VEDO Incremental Service Line Responsibility Capital Costs

| | Baseline | 2009 | Incremental over Baseline |
|----------------------------------------|--------------|--------------|---------------------------|
| Service Line Replacements Costs | \$ 3,313,867 | \$ 5,162,472 | |
| Count of Service Lines Replaced | 896 | 1,125 | |
| Average Cost per Service Line Replaced | \$ 3,699 | \$ 4,589 | \$ 890 |

| Incremental Baseline | Incremental 2009 | Incremental 2009 over Baseline |
|-------------------------------------------------------------------|---------------------|--------------------------------------|
| \$ 890 | \$ 1,125 | \$ 1,001,250 |
| Total Incremental Capital Investment for Service Line Replacement | | |

(Exhibit No. JMB-S8)

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

| Line | Rate Schedule | (A) Mains Allocated DRR Revenue Requirement (b) | (B) Service Lines Allocated DRR Revenue Requirement (b) | (C) Total DRR Revenue Requirement (A) + (B) | (D) Customer Count (c) | (E) Proposed DRR per Customer Per Month (C)/(D)/12 | (F) Annual Volumes (d) | (G) Proposed DRR per Ccf (C)/(F) |
|------|---------------|-------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------|------------------------------|----------------------------------------------------------------|------------------------------|-------------------------------------------|
| 1 | 310/311/315 | \$400,516 | \$1,818,813 | \$2,219,429 | 287,775 | \$0.64 | | |
| 2 | 320/321/325 | \$152,374 | \$302,789 | \$455,183 | | | | |
| 3 | Group 1 | | | \$123,756 (e) | 16,114 | \$0.64 | | |
| 4 | Group 2 & 3 | | | \$331,408 (e) | | | 74,512,297 | \$0.00446 |
| 5 | 341 | \$30 | \$48 | \$78 | 2 | \$3.24 | | |
| 6 | 345 | \$40,001 | \$9,377 | \$49,378 | | | 41,357,001 | \$0.00119 |
| 7 | 360 | \$58,542 | \$4,151 | \$62,693 | | | 53,783,331 | \$0.00117 |
| 8 | Total (a) | \$661,463 | \$2,135,278 | \$2,796,741 | | | | |

(a) Revenue requirement from Exhibit No. JMB-S7

(b) Reflects revenue requirement multiplied by allocation factors found on Exhibit No. SEA-S4, Page 2

(c) Average customer count for CY 2009

(d) 2010 Budget Volumes

(e) From Exhibit No. SEA-S4, Page 3

| DRR Revenues | group 1 | group 2 & 3 |
|--------------|----------|-------------|
| 320 | \$87,452 | \$231,985 |
| 325 | \$36,303 | \$99,422 |

| INPUTS - Updated 04-28-2010 | | |
|-----------------------------|----------------|--|
| Rate Schedule | Customer Count | |
| 310 | 201,785 | |
| 315 | 85,990 | |
| 320 G1 Non fed | 11,387 | |
| 320 G2 Non fed | 4,240 | |
| 320 G3 Non fed | 1,594 | |
| 325 G1 Non fed | 4,727 | |
| 325 G2 Non fed | 1,877 | |
| 325 G3 Non fed | 882 | |
| 330-Non fed | 18 | |
| 345 | 231 | |
| 341 | 2 | |
| 360 | 54 | |

| INPUTS - Updated 04-27-2010 | | |
|-----------------------------|-------------------|--|
| Months | Volume Allocation | |
| Jan | 9.85% | |
| Feb | 9.40% | |
| Mar | 9.03% | |
| Apr | 8.02% | |
| May | 7.68% | |
| Jun | 7.50% | |
| Jul | 7.46% | |
| Aug | 7.44% | |
| Sep | 7.44% | |
| Oct | 7.94% | |
| Nov | 8.61% | |
| Dec | 9.52% | |

| INPUTS 2010 Budget | | |
|--------------------|-------------|--|
| Rate Schedule | Volumes | |
| 310 | 181,058,534 | |
| 315 | 69,024,229 | |
| 320 | 66,941,782 | |
| 325 | 28,688,336 | |
| 330 | 2,450,083 | |
| WP | 4,647,909 | |
| 345 | 38,119,439 | |
| 341 | 20,874 | |
| 360 | 49,802,901 | |

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

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

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

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

| <u>Line</u> | <u>Description</u> | <u>Amount</u> | | <u>Source</u> |
|-------------|-------------------------------------------|------------------|-----------|----------------------------|
| 1 | Proposed DRR - Rate 310/311/315 | \$0.64 | Per Month | Exhibit No. SEA-S4, Page 1 |
| 2 | Proposed DRR - Rate 320/321/325 - Group 1 | \$0.64 | Per Month | Line [1] |
| 3 | Customer Count - Group 1 | <u>16,114</u> | | Exhibit No. SEA-S4, Page 1 |
| 4 | Revenue Requirement - Group 1 (1) | \$123,756 | | Line [2] x Line [3] x 12 |
| 5 | Revenue Requirement - Total 320/321/325 | <u>\$455,163</u> | | Exhibit No. SEA-S4, Page 1 |
| 6 | Revenue Requirement - Group 2 & 3 (1) | <u>\$331,408</u> | | Line [5] - Line [4] |

Notes:
(1) to Exhibit No. SEA-S4, Page 1

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

| <u>Line</u> | <u>Rate Schedule</u> | (A) <u>Present Revenue (a)</u> | (B) <u>Previous DRR Revenue Requirement</u> | (C) <u>Current DRR Revenue Requirement (c)</u> | (D) <u>Incremental DRR Revenue Requirement (C)-(B)</u> | (E) <u>% Increase (D)/(A)</u> | |
|-------------|----------------------|-----------------------------------|------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------|----------------------------------|---------|
| 1 | 310/311 | \$173,803,267 | \$0 | \$1,556,242 | \$1,556,242 | 0.90% | (d) |
| 2 | 315 | \$24,340,895 | \$0 | \$663,187 | \$663,187 | 2.72% | (b) (d) |
| 3 | 320/321 | \$63,209,467 | \$0 | \$319,437 | \$319,437 | 0.51% | (d) |
| 4 | 325 | \$7,096,433 | \$0 | \$135,726 | \$135,726 | 1.91% | (b) (d) |
| 5 | 341 | \$20,339 | \$0 | \$78 | \$78 | 0.38% | |
| 6 | 345 | \$7,684,911 | \$0 | \$49,378 | \$49,378 | 0.64% | (b) (e) |
| 7 | 360 | \$6,593,932 | \$0 | \$62,693 | \$62,693 | 0.95% | (b) (e) |
| 8 | Total | \$282,749,244 | \$0 | \$2,786,741 | \$2,786,741 | 0.99% | |

(a) Twelve months ending December 31, 2009

(b) Does not include gas costs

(c) From Exhibit No. SEA-S4, Page 2

(d) Current revenues calculated as unit rate times Number of customers

(e) Present revenues include allocation of former Rate 330 revenues

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

| | (A) | (B) | (C) |
|------|----------------------------------------|--------------------------|----------------------------|
| Line | Month | Allocation Factor (1) | Approved Recoveries (2) |
| 1 | September-10 | 7.44% | \$207,284 |
| 2 | October-10 | 7.94% | \$221,217 |
| 3 | November-10 | 8.61% | \$239,936 |
| 4 | December-10 | 9.52% | \$265,334 |
| 5 | Subtotal (To Second Annual DRR Filing) | | \$933,752 |
| 6 | January-11 | 9.95% | \$277,418 |
| 7 | February-11 | 9.40% | \$262,055 |
| 8 | March-11 | 9.03% | \$251,720 |
| 9 | April-11 | 8.02% | \$223,618 |
| 10 | May-11 | 7.68% | \$213,932 |
| 11 | June-11 | 7.50% | \$208,883 |
| 12 | July-11 | 7.46% | \$207,909 |
| 13 | August-11 | 7.44% | \$207,455 |
| 14 | Subtotal (To Third Annual DRR Filing) | | \$1,852,989 |

- (1) Based on monthly volumes / customer count (as applicable) as a percentage of annual, in 2010 Budget.
(2) Allocation Factor in Column B times total revenue requirement.

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

Sheet No. 45
Fourth Revised Page 2 of 2
Cancels Third Revised Page 2 of 2

DISTRIBUTION REPLACEMENT RIDER

DISTRIBUTION REPLACEMENT RIDER CHARGE

The charges for the respective Rate Schedules are:

| <u>Rate Schedule</u> | <u>\$ Per Month</u> | <u>\$ Per Ccf</u> |
|----------------------------------|----------------------------|--------------------------|
| 310, 311 and 315 | \$0.64 | |
| 320, 321 and 325 (Group 1) | \$0.64 | |
| 320, 321 and 325 (Group 2 and 3) | | \$0.00445 |
| 341 | \$3.24 | |
| 345 | | \$0.00119 |
| 360 | | \$0.00117 |

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of the Public
Utilities Commission of Ohio.

Issued: _____

Issued by: Jerrold L. Ulrey, Vice President

Effective: _____

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

Line

| | | |
|---|-------------------------------------------------|----------------------|
| 1 | Proposed Residential DRR Per Customer Per Month | \$0.64 |
| 2 | Months | <u>12</u> |
| 3 | Annual Bill Impact | <u><u>\$7.68</u></u> |

DRR STIPULATION EXHIBIT 2

DISTRIBUTION REPLACEMENT RIDER

DISTRIBUTION REPLACEMENT RIDER CHARGE

The charges for the respective Rate Schedules are:

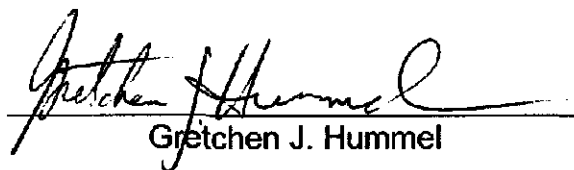
| <u>Rate Schedule</u> | <u>\$ Per Month</u> | <u>\$ Per Ccf</u> |
|----------------------------------|--------------------------------|--------------------------|
| 310, 311 and 315 | \$0.64 | |
| 320, 321 and 325 (Group 1) | \$0.64 | |
| 320, 321 and 325 (Group 2 and 3) | | \$0.00445 |
| 341 | \$3.24 | |
| 345 | | \$0.00119 |
| 360 | | \$0.00117 |

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities
Commission of Ohio.

Issued _____ Issued by Jarrold L. Ulrey, Vice-President Effective _____

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Stipulation and Recommendation* was served upon the following parties of record this 18th day of August 2010, *via* electronic transmission, hand-delivery, or ordinary U.S. mail, postage prepaid.



Gretchen J. Hummel

David Rinebolt
Colleen Mooney
Ohio Partners for Affordable Energy
337 S. Main St., 4th Floor, Suite 5
PO Box 1793
Findlay, OH 45839-1793

Vern Margard
Stephen Reilly
Assistant Attorneys General
Public Utilities Commission of Ohio
180 East Broad Street, 9th Floor
Columbus, OH 43215

Maureen Grady
Joseph Serio
Michael Idzkowski
Office of the Ohio Consumers'
Counsel
10 West Broad Street, 18th Floor
Columbus, OH 43215-3485

Trent Dougherty, Attorney
Ohio Environmental Council
1207 Grandview Ave.
Columbus, OH 43212-3449

John Bentine
Mark Yurick
Chester, Willcox & Saxbe, LLP
65 East State Street, Suite 1000
Columbus, OH 43215-4213

W. Jonathan Airey
Gregory D. Russell
Vorys, Sater, Seymour and Pease
LLP
52 E. Gay Street, PO Box 1008
Columbus, OH 43216-1008

John M. Dosker
Stand Energy Corporation
1077 Celestial Street
Suite 110
Cincinnati, OH 45202-1629