BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. to Implement a Capital Expenditure Program.	))))	Case No. 12-530-GA-UNC
In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Authority to Change Accounting Methods.	)))	Case No. 12-531-GA-AAM

INITIAL COMMENTS BY THE OFFICE OF THE OHIO CONSUMERS' COUNSEL

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I. INTRODUCTION

On February 3, 2012, Vectren Energy Delivery of Ohio ("Vectren" or "the Company") filed an Application for an estimated $24.9 million Capital Expenditure Program ("CAPEX"), a program that would ultimately result in rate increases for Ohio customers.[1] The Application was the third CAPEX Application filed by a Local Distribution Company ("LDC") pursuant to R.C. 4909.18 and 4929.111.[2] The CAPEX Application was filed as an Alternative Regulation case, not for an increase in rates, for the period October 1, 2011 through December 31, 2012.[3] Vectren's list of cost categories in the Application include: Infrastructure Expansion, Infrastructure Improvement and Replacement; and Programs Reasonably Necessary to Comply with Commission Rules,

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[1] Vectren Application at Attachment A.

[2] The initial Capital Expenditure Cases were filed by Columbia Gas of Ohio Inc. on October 3, 2011 in Case Nos. 11-5351-GA-UNC and 11-5352-GA-AAM, and Dominion East Ohio Gas on December 23, 2011, in Case Nos. 11-6024-GA-UNC and 11-6025-G-AAM.

[3] Vectren Application at 3.

Regulations and Orders.[4] Although these categories mirror the language in R.C. 4929.111, they provide virtually no detail about the actual spending that Vectren wants customers to reimburse. Specifically, the Application requests authority to modify accounting procedures in order to capitalize and defer as a regulatory asset Post-In-Service Carrying Costs ("PISCC"), depreciation expense and property taxes on all investment in the CAPEX.[5]

On February 9, 2012, the Office of the Ohio Consumers' Counsel ("OCC") filed a Motion to Intervene in these cases. On February 13, 2012, Ohio Partners for Affordable Energy ("OPAE") filed a Motion to Intervene. On March 5, 2012, the Attorney Examiner issued an Entry that established a procedural schedule for Initial Comments (April 16, 2012) and Reply Comments (April 27, 2012). OCC is submitting these Initial Comments pursuant to that schedule.

II. COMMENTS

Vectren's CAPEX Application is made pursuant to R.C. 4929.111.[6] Accordingly, R.C. 4929.111 specifically requires:

> (C) If the commission finds that the **capital expenditure program is consistent with the natural gas company's obligation under section 4905.22** of the Revised Code to furnish **necessary and adequate services and facilities,** which services and facilities the commission finds to **be just and reasonable,** the commission shall approve the application.[7]

R.C. 4905.22 states that:

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[4] Vectren Application at 2-3.

[5] Vectren Application at 3-4.

[6] Vectren Application at 1.

[7] R.C. 4929.111(C). (Emphasis added).

> Every public utility shall furnish necessary and adequate service and facilities, and every public utility shall furnish and provide with respect to its business such instrumentalities and facilities, as are adequate **and in all respects just and reasonable**.[8]

The Application is also made pursuant to R.C. 4909.18,[9] which specifically states:

> **the burden of proof** to show that the proposals in the application are just and reasonable **shall be upon the public utility**.[10]

Thus, the Company has the burden to prove that its CAPEX Application is consistent with Vectren's obligation to serve customers and is for services and facilities that are necessary and adequate and in all such respects are just and reasonable before any deferral authority is granted. Vectren's Application fails to meet this burden of proof.

In response to this burden of proof, Vectren's Application provides minimal explanation for the estimated $24.9 million in CAPEX spending that Vectren ultimately would have customers pay. Vectren's accompanying documentation is limited to a single one-page Attachment with only three lines of data.[11] It is impossible to determine, from the scant data Vectren provided, whether its spending under the CAPEX being requested is to provide "necessary and adequate services and facilities."

Moreover, Vectren filed no supporting testimony with its Application -- testimony that may have helped meet the legal burden of proof as set forth in R.C. 4909.18. Although any final determination as to the used and useful nature of the spending under the CAPEX program will not be made until some future rate case, Vectren does have the obligation in this case to demonstrate that the spending, at a minimum, will be for services and facilities that are "necessary and adequate," as well as "just and

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[8] R.C. 4905.22. (Emphasis added).

[9] Vectren Application at 1.

[10] R.C. 4909.18. (Emphasis added).

[11] See Vectren Application at Attachment A.

reasonable."[12] Vectren failed to meet this minimum requirement and thus its Application should be rejected.

Moreover, it is worth noting that these deferrals for capital spending are in addition to the hundreds of millions of dollars in the various Accelerated Pipeline Replacement Programs that Vectren and the other large LDCs currently have in place. However, while the Accelerated Pipeline Replacement Programs are limited to actual safety-related spending, there is no such limitation in Vectren's CAPEX request. Indeed, Vectren acknowledged that every capital dollar the Company will spend during the period October 1, 2011 through December 31, 2012 [excepting expenditures included in the existing Distribution Replacement Rider ("DRR")] is included in its requested CAPEX upon which the deferrals will be calculated.[13] Yet these CAPEX deferral requests, which are not safety-related, have less documentary support than the Vectren Distribution Replacement Rider ("DRR") case.

R.C. 4929.111 permits the PUCO to authorize deferrals only on the capital expenditure amounts set forth in the CAPEX Application.[14] The statute indicates that the Application "shall specify the total cost of the capital expenditure program."[15] This required specificity should be put into the context of recent expenditures to ensure that the spending is appropriate and necessary. It is important to review the magnitude of the capital expenditures and the associated deferral amounts to determine if the amounts requested are consistent with other levels of Company spending, as one measure of their

[12] See R.C. 4929.111, 4905.22, and 4909.18.

[13] See Attached copy of Vectren Response to OCC Interrogatory No. 5.

[14] R.C. 4929.111(C).

[15] R.C. 4929.111(B).

reasonableness. Otherwise, the Company could arbitrarily request any amount without regard to whether the request is just and reasonable as required by R.C. 4929.111.

If the PUCO does not reject Vectren's CAPEX Application, it should act to ensure that the following issues are addressed.

A. Revenue Generated from Plant Related to Customer Growth Should be Included in any Deferral Calculation.

A significant portion ($6.3 million), over 25% percent of Vectren's total estimated CAPEX Application ($24.9 million), is for Infrastructure Expansion spending, which will include growth to new customers.[16] Vectren described this category as being for:

> Expenditures in this category include main line extensions **to serve new customers**, main-to-meter service line installations, meter installations and installation of compressed natural gas facilities. **Expanding VEDO's infrastructure** to offer service to neighborhoods and customers previously without access to natural gas and to provide compressed natural gas stations available to serve commercial fleets provides an opportunity for economic development in VEDO's service territory.[17]

With growth resulting from the addition of new customers, the additional revenues received from the spending level for new customer main line extensions, main-to-meter service line installations, meter installations should be used to offset the CAPEX deferral request thus eventually reducing the ultimate rate impact on customers.[18] Although OCC does not support the inclusion of Compressed Natural Gas fueling stations investment in

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[16] Vectren Application at Attachment A.

[17] Vectren Application at 2 (Emphasis added).

[18] OCC only includes the installation of compressed natural gas facilities in this issue discussion in case the Commission allows these facilities to be included in the CAPEX plan. See Section II.H for a further discussion of why compressed natural gas facilities expenditures should not be included in the CAPEX plan approved in this case.

the CAPEX program, if the PUCO were to approve the Company's Application, then any new revenues from such facilities should be included as an offset to any deferrals.

The category of Infrastructure Expansion is related to new customer facilities.[19] When asked about the new or additional revenues from these plant categories, including compressed natural gas ("CNG") stations, Vectren stated, "All revenues derived from the investment in CNG stations will be incremental to revenues in the Company's last base rate case."[20] However, with respect to "other" incremental revenues from Infrastructure Expansion investment, the Company claimed that despite the fact that the expected increase of approximately 2,000 customers would produce additional revenues, these revenues would not be incremental.[21] The Company alleged that its current customer count is 6,400 below its rate case level and that the new 2,000 customers would not offset the loss of customers. This only recognizes one piece of the total picture that impacts the Company as compared to its last rate case. The Company's proposal ignores the fact that other factors considered in a rate case, such as Operation and Maintenance Expenses, would also be different thus impacting rates. For purposes of the deferral request in this case, the revenues are incremental and must be recognized. If the Company is allowed to defer costs of the program, it should also be required to recognize the additional revenues generated by the program. Otherwise, customers will pay the costs but receive none of the benefit.

Vectren does not recognize in its Application any of these additional revenues and fails to credit them against the regulatory asset that will be created for PISCC, deferred

[19] See Attached copy of Vectren Response to OCC Request to Produce No. 1, PUCO Data Request No. 4.

[20] See Attached copy of Vectren Response to OCC Request to Produce No. 1, PUCO Data Request No. 3.

[21] See Attached copy of Vectren Response to OCC Request to Produce No. 1, PUCO Data Request No. 3.

depreciation and deferred property taxes. The investment in facilities results in Vectren adding customers, the revenue from which should be credited against any deferrals requested. As these assets related to new customer growth are put into service, they will generate revenues that were heretofore not reflected on the Company's books. Hence the Company should be required to credit revenues received from such facilities to the regulatory asset accounts that are established for PISCC, deferred depreciation and deferred property taxes.

At a minimum, the Company should set up a regulatory liability account for this purpose. This is important, given that Vectren is essentially asking for deferral of all capital expenditures other than what is covered by its infrastructure replacement rider. If the Company does not recognize and credit the revenues (which would benefit customers), then the Company should also not be allowed to defer the costs (which likely will increase charges to customers) associated with capital expenditures tied to new customer growth. OCC recommends that there should be a matching of benefits (revenues) and costs, so that either both are recognized in a future rate case or neither is recognized. This is consistent with the principle of matching revenues and expenses for accounting purposes. And this approach provides balance between the interests of the utility and customers.

To the extent that Vectren is allowed to defer costs associated with customer growth without recognizing the new revenues, then customers would be asked to pay for the additional growth investment without receiving any of the benefits from the new growth revenues. Thus any such growth in customers will generate additional revenues that are not recognized as an offset to any costs or expenses, which would have the effect of benefiting the Company's shareholders without any commensurate risk.

B. Post-In-Service Carrying Charges Should be Applied to Net Plant Balances.

PISCC is carrying charges booked after the time plant is placed in service until it is recovered through rates. Vectren has indicated that all PISCC projections are calculated on gross plant additions that are not net of retirements and accumulated depreciation.[22] Vectren also acknowledged that the plant balances upon which property tax is calculated **are** net of retirements and accumulated depreciation.[23] Vectren is not calculating its PISCC net of retirements and depreciation. PISCC should be calculated on a "net" basis in order to avoid potential over-recovery from customers.

If the Company is allowed to calculate PISCC on gross plant, it will over-recover from customers because it will be applying PISCC to plant balances that are too high inasmuch as they have not been reduced to recognize accumulated depreciation or to recognize plant that has been retired and is therefore no longer used and useful.

In addition, OCC recommends that the Company should be required to adhere to a strict retirement program. This is necessary to avoid new plant being considered used and useful while the accounting process for retiring old plant takes an unreasonable amount of time to recognize such retirements. Avoiding this mismatch would better balance the costs to, and benefits for, customers from the capital spending.

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[22] See Attached copy of Vectren Response to OCC Interrogatory No. 36.

[23] See Attached copy of Vectren Response to OCC Interrogatory No. 38.

C. Potential for Double Recovery of the Deferred PISCC, Depreciation and Property Taxes

The Company's CAPEX Application contains several items of plant that, on its face, fall into the same category as plant that is currently being recovered through its Distribution Replacement Rider ("DRR") Program.[24] For example, pipeline and service line replacements are mentioned under the Infrastructure Improvement and Replacement category on page 2 of the Company's Application in this case. There is no explanation as to why these items should be included in the CAPEX requested in this proceeding and not under the DRR case. The PUCO should ensure that any of the CAPEX spending is not included in the DRR program.

The PUCO should require that there is an accounting mechanism in place to separate the DRR plant balances from the CAPEX plant balances to ensure that PISCC, depreciation and property taxes are calculated on the appropriate amounts. Absent such a separation, there is a possibility for an overlap in plant balances which could result in a double recovery of those dollars from customers.

D. Certain Plant Considered as Capital Expenditures Should be Considered Operations and Maintenance Expense instead of Capital Expenditures.

Vectren acknowledged that it uses the monthly closure of blanket work orders once the in-service date has occurred for installation of property.[25] Oftentimes such property is of a repetitive nature with numerous installations that take less than a day to complete. As a result, it is unknown whether any of these items are for leak repair or to maintain service. The potential exists that some of these items should not be part of the

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[24] See *In the Matter of the Application of Vectren Energy Delivery of Ohio to Adjust its Pipeline Infrastructure Replacement Program Cost Recovery Charge and Related Matters*, Case No. 11-2776-GA-RDR.

[25] See Attached copy of Vectren Response to OCC Interrogatory No. 8.

plant considered as capital expenditures, but instead should be expensed as general Operation and Maintenance ("O&M") expenses, and excluded from the CAPEX. The CAPEX Application fails to explain why it is appropriate to categorize these cost items as capital expenditures instead of ordinary O&M Expenses. OCC recommends that absent such an explanation, the PUCO should exclude these items from the CAPEX.

E. Plant Must be Necessary and Adequate and in Use to be Eligible for Deferral.

The capitalization of PISCC and deferral of depreciation and property taxes should not begin unless and until the Capital Expenditure is necessary and adequate and actually in use providing service to customers.[26] R.C. 4929.111 requires that the services and facilities for which capital spending deferral recovery is sought must be just and reasonable. The services and facilities cannot be just and reasonable until they are actually used to provide service for customers. The capital expenditure must actually be in operation providing service to customers as opposed to simply being purchased or built and not yet in use providing service.

Unless the Company proves that the facilities on which it seeks to defer PISCC and depreciation and property tax are in actual use, the PUCO should exclude capitalization of PISCC and deferral of depreciation and property taxes.

F. Capital Expenditure Deferrals Must have Some Time Limit.

The capitalization of PISCC and deferral of depreciation and property taxes should cease when the costs are reflected in rates or by December 31, 2013, whichever date comes first.[27] This date is consistent with the Stipulation in Case No. 07-1080-GA-

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[26] R.C. 4929.111 and R.C. 4905.22.

[27] The PUCO issued its Opinion and Order in 07-1080-GA-AIR on January 7, 2009. Thus the five-year authorization of the DRR program expires in 2013.

AIR, which established Vectren's DRR program for a five-year period.[28] Allowing the deferral to grow without a timetable for collection from customers will result in a significantly larger potential future rate increase to customers due to the continued accrual of carrying charges that customers will likely be asked to pay.

G. Periodic Informational Filings

OCC recommends that the PUCO require Vectren to make annual filings to detail the CAPEX capital investments and the calculation of the deferrals during the deferral period. Provision of this information by Vectren will make for an easier audit trail at the time of the Company's next rate case when the collection of the deferred costs from customers will be requested. Any such filings should include the actual calculations of PISCC, an explanation as to how the PISCC was determined, and an explanation as to why those calculations were performed. Finally, the deferrals in these annual filings should be presented by the categories shown on Attachment A of the Company's Application in this case in order to provide additional clarity to any future regulatory review.

H. Investment in Natural Gas Vehicle Fueling Stations Should Not be Included in the Capital Expenditure Program

In its Application, Vectren is proposing that CAPEX funds be used for the construction of compressed natural gas ("CNG") fueling stations that would be used to provide service to various commercial natural gas vehicle fleets.[29] This proposal fails to meet the requirements of R.C. 4929.111, which specifically requires:

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[28] See *In the Matter of the Application of Vectren Energy Delivery of Ohio for Approval to Modify and Further Accelerate its Pipeline Infrastructure Replacement Program and to Recover the Associated Costs,* Case No. 07-1080-GA-AIR. Stipulation and Recommendation at 8-14 (September 8, 2008).

[29] See Attached copy of Vectren Response to OCC Interrogatory No. 24.

> * * * that the **capital expenditure program is consistent with the natural gas company's obligation under section 4905.22** of the Revised Code to furnish **necessary and adequate services and facilities * * *.**[30]

The Company's Application is totally void of any explanation of how the construction of a CNG fueling station to be used by potential commercial fleet customers is consistent with Vectren's obligation to serve its customers as set forth in R.C. 4905.22. There is nothing in the Application to support the notion that CNG fueling stations are necessary service facilities. Rather, the construction of CNG fueling stations appears to be an attempt to fund an unregulated business opportunity through regulated rates. To the extent that Vectren desires to pursue a new business opportunity -- serving potential commercial natural gas fleets -- then its customers should not be asked to, or required to, bear the risk or costs of such a venture.

In addition, to the failure to meet the requirements of R.C. 4905.22, the Application is defective because the CNG fueling stations would not be available for use by residential customers. Rather, Vectren has clearly stated that its plan is for the CNG fueling stations to be used by commercial fleets. Residential customers should not be asked to pay costs associated with a service aimed at Commercial customers. The Company's Application also stated that Vectren was:

> expanding its distribution system to market to a **potential group of new customers**, rather than responding to a single customer request.[31]

Thus not only is the Company acknowledging that the capital investment is not for residential customer use, but that it is for the use of potential customers and not any

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[30] R.C. 4929.111. (Emphasis added).

[31] See Attached copy of Vectren Response to OCC Interrogatory No. 43. (Emphasis added).

current customers who are ready to take service. To the extent that commercial fleet customers are the targeted user of the CNG fueling station, then the PUCO should limit any cost recovery associated with the CNG facility to be recovered only from those customers, if the PUCO were to approve this funding.

Moreover, the Company's Application does not explain what happens if Vectren were to build such CNG fueling stations but no potential customers come forward to actually use the facilities. However, the calculation of the deferred amounts for PISCC and depreciation addressed in the Application do reflect capital expenditures for CNG stations.[32] Thus the Company is asking the PUCO for the authority to use the CAPEX program to totally shift the risk and costs of the investment from shareholders to its current customers. The PUCO should reject this aspect of the Application.

III. CONCLUSION

Vectren's Application is only the third Capital Expenditure Application by a Local Distribution Company filed pursuant to R.C. 4929.111, none of which have yet been ruled on by the PUCO. As such there is no past history on the process for such a case. Thus it is critical that the PUCO act to ensure that the proper standards and procedures are established. Moreover, pursuant to R.C. 4929.111, 4905.22 and 4909.18, the Company has the burden to prove that its CAPEX Application is consistent with its obligation to serve and for services and facilities that are necessary and adequate and in all such respects are just and reasonable. Vectren's Application fails to meet this burden of proof and the PUCO should reject the Application.

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[32] See Attached copy of Vectren Response to OCC Request to Produce No. 1, PUCO Data Request No. 2.

In the alternative, if the PUCO does not reject the CAPEX Application for lack of the requisite burden of proof, sufficient safeguards need to be put in place to ensure there is no double recovery from customers between the CAPEX and Vectren's DRR program. The Commission should also make sure that new and incremental revenues are properly accounted for, to give customers (who will be asked to pay Vectren's costs) a corresponding credit against the costs from Vectren's new revenues.

OCC also recommends that Post-In-Service Carrying Charges should be applied to plant balances net of depreciation and retirements in order to prevent any improper over-recovery from customers. The PUCO should require the Company to exclude from the CAPEX plan any expenditures that more appropriately should be considered O&M expenses rather than Capital Expenditures. OCC recommends that the PUCO limit any CAPEX deferrals to some set period of time to ensure that the deferrals customers will be asked to pay do not grow to unreasonable levels due to the continued accrual of carrying charges. The Commission should also require the Company to make periodic informational filings during the deferral period with details of expenditures and deferral balances, including calculation of deferrals.

Finally, The PUCO should reject the inclusion of CNG fueling stations in the CAPEX plan because customers should not bear the risks or costs of CNG fueling stations resulting from this Application. The PUCO should implement the safeguards discussed above to protect customers from paying more for deferrals under the CAPEX than necessary to furnish adequate services and facilities for the provision of utility service.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Initial Comments* was served via electronic service to the persons listed below on this 16th day of April 2012.

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VECTREN ENERGY DELIVERY OF OHIO, INC.'S RESPONSES AND OBJECTIONS TO THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S FIRST SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS

Pursuant to Ohio Adm. Code 4901-1-19(A) and Ohio Adm. Code 4901-1-20(C), Vectren Energy Delivery of Ohio, Inc. ("VEDO" or "Company") hereby provides its responses to the Office of the Ohio Consumers' Counsel's ("OCC") First Set of Interrogatories and Requests for Production of Documents served on March 5, 2012.

GENERAL OBJECTIONS

VEDO's responses to OCC's First Set of Interrogatories and Requests for Production of Documents are subject to the following general objections:

1. VEDO objects to the Instructions for Answering to the extent such instructions purport to impose discovery obligations that are inconsistent with the Commission's rules for discovery.

2. VEDO objects to each interrogatory and request for production of documents to the extent such discovery requests seek the disclosure of information subject to attorney-client privilege or which constitute attorney work product.

A. PISCC;

B. Depreciation Expense; and

C. Property Tax Expense?

RESPONSE: See VEDO Response to OCC Interrogatory No. 3.

Interrogatory No. 5: Regarding Paragraph Nos. 4 and 5 of the Application, will every capital dollar the Company spends during the period 4th Quarter 2011 through December 31, 2012 (except the expenditures included the existing Distribution Replacement Rider ("DRR")), be included in its requested CAPEX?

RESPONSE: Yes.

Interrogatory No. 6: If the response to OCC Interrogatory No. 5 is negative, identify any capital expenditures (by account and amount) that would not be covered under the CAPEX program and the existing DRR program?

RESPONSE: See VEDO Response to OCC Interrogatory No. 5.

Interrogatory No. 7: When does the Company expect to file a base rate case where it will request recovery of the deferrals resulting from the CAPEX as plant in service?

RESPONSE: Objection. This Interrogatory requests information that is irrelevant to this proceeding. Subject to and without waiving this objection, VEDO states that it does not know when it may file its next base rate case.

<u>Interrogatory No. 8</u>: What criteria will the Company use to determine the date upon which capital projects are deemed "used and useful" in serving the needs of Vectren's customers and are considered "in-service" in order to begin capitalizing post-in-service carrying costs and deferring depreciation expense and property taxes?

<u>RESPONSE</u>: The engineering in-service date or monthly closure of blanket work orders will initiate post-in-service accounting treatment for carrying costs and deferred depreciation and property tax expense.

<u>Interrogatory No. 9</u>: Does the Company plan to file any expert testimony to support its Application for the CAPEX program?

<u>RESPONSE</u>: VEDO has not determined who will testify on its behalf in this proceeding. Further notice will be provided pursuant to any procedural entry issued in this case.

<u>Interrogatory No. 10</u>: If the response to OCC Interrogatory No. 9 is affirmative, please indicate:

A. When the Company plans to file its testimony;

B. Identify the expert witnesses who will be filing testimony; and

C. Identify the subject matter of each identified expert witnesses' testimony.

<u>RESPONSE</u>: <u>See</u> VEDO Response to OCC Interrogatory No. 9.

<u>RESPONSE</u>: <u>See</u> VEDO Response to OCC Interrogatory No. 21.

<u>**Interrogatory No. 23**</u>: If the response to OCC Interrogatory No. 21 is negative, please explain why the "Programs Reasonably Necessary to Comply with Commission Rules, Regulations and Orders" category will not produce any revenues.

<u>RESPONSE</u>: This category of capital expenditures represents the replacement of historical rate base not new rate base; therefore, new revenues are not projected from these capital expenditures.

<u>**Interrogatory No. 24**</u>: Referring to the description of "Infrastructure Expansion" listed in Paragraph 4a on page 2 of the Application, please explain or define:

A. Main line extensions to serve new customers;

B. Main-to-meter service line installations;

C. Meter installations;

D. Installation of compressed natural gas facilities;

E. Expanding VEDO's infrastructure to offer service to neighborhoods and customers previously without access to natural gas; and

F. Provide compressed natural gas stations available to serve commercial fleets.

<u>RESPONSE</u>:

A. Capital expenditures to install new gas pipelines that will provide service to new customers.

B. Capital expenditures to install service lines from a new or existing main to the customer's home. Service lines are those lines that connect to a main and run through a meter setting and attach to a customer's house line.

C. Meter installations are the capital expenditures to purchase new meters and install them at a customer's premise.

D. Installation of compressed natural gas facilities are the capital expenditures necessary to construct a compressed natural gas fueling station that would be used by customers to fuel natural gas vehicles (such as those described in the response to F).

E. VEDO has neighborhoods within its service territory that were initially developed without the infrastructure for natural gas service. This was a common practice during the natural gas moratorium in the 1970's. Capital investment in these areas would provide natural gas service so that customers may convert their homes from all electric or propane to natural gas.

F. Commercial fleets are considering alternate fuel sources. Current prices of natural gas make it an attractive alternative to fueling a fleet as compared to conventional gasoline. Because commercial fleets are typically limited to a narrow geographic area, a well-positioned CNG fueling station provides an opportunity for economic growth. VEDO plans, over time, to build CNG fueling stations to provide service to various commercial fleets in its territory.

Commission's Orders in any proceeding. Further, VEDO has not determined what action it will take if the Commission does not permit recovery.

Interrogatory No. 33: Have the Company's financial accountants (external or internal accountants) issued any advisory opinions on the CAPEX program requested in the Application and a presumption on the recovery of the deferrals?

RESPONSE: No.

Interrogatory No. 34: Has the Company requested an advisory opinion from its financial accountants (external or internal accountants) on the CAPEX program requested in the Application and a presumption on the recovery of the deferrals?

RESPONSE: See VEDO Response to OCC Interrogatory No. 33.

Interrogatory No. 35: Referring to the Company's response to Interrogatory Nos. 3 and 4, explain in detail the calculation of the estimates of PISCC, depreciation expense and property tax expense.

RESPONSE: See VEDO Response to Staff Data Request No. 2.

Interrogatory No. 36: Are the plant balances upon which PISCC will be calculated net of retirements and accumulated depreciation?

RESPONSE: No.

<u>Interrogatory No. 37</u>: If the response to OCC Interrogatory No. 36 is negative, why are the plant balances upon which PISCC will be calculated not net of retirements and accumulated depreciation?

<u>RESPONSE</u>: VEDO calculates the plant balances consistent with the requirements of R.C. 4929.111. Section 4929.111(D)(1) states that "…the commission shall authorize the natural gas company to defer or recover… (1) A regulatory asset for the post-in-service carrying costs on that portion of the assets of the capital expenditure program that are placed in service but not reflected in rates as plant in service." The statute allows for inclusion in the calculation assets of the capital expenditure program that are in service and not in rates. The amount of investment not in rates is, therefore, eligible for inclusion in the calculation. Further, this accounting treatment is consistent with other approved capital improvement programs currently in place.

With regards to retirements, it is not appropriate to include only the gross value of retirements in the PISCC calculation. Retirements should be reflected at net book value, presumably fully depreciated, so that net book value is zero. Consistent with utility accounting practice, if net book value is not zero, any remaining book value is adjusted through accumulated depreciation such that the net impact on net plant is zero.

<u>Interrogatory No. 38</u>: Are the plant balances upon which property tax will be calculated net of retirements and accumulated depreciation?

<u>RESPONSE</u>: Yes.

Interrogatory No. 43: If the response to OCC Interrogatory No. 42 is affirmative, please indicate how much of the spending is incremental and explain why the company considers the spending to be incremental.

RESPONSE: The total incremental investment is approximately $2,500,000. This investment is incremental because VEDO is expanding its distribution system to market to a potential group of new customers, rather than responding to a single customer request. Additionally, there are no fleet-ready compressed natural gas fueling stations available to current customers (commercial or residential) in VEDO's service territory.

Interrogatory No. 44: If the response to OCC Interrogatory No. 42 is negative, please explain why the spending is not incremental to prior annual spending levels.

RESPONSE: See VEDO Response to OCC Interrogatory No. 42.

RESPONSES TO REQUESTS FOR PRODUCTION OF DOCUMENTS

Request for Production No. 1: Please provide copies of all Staff Data Requests (formal as well as informal) and the responses thereto (Please update as they become available).

RESPONSE: Copies of VEDO's response to Staff Data Requests will be sent to OCC by electronic mail.

Request for Production No. 2: Please provide copies of all Data Requests (formal as well as informal) from other parties and the responses thereto (Please update as they become available).

RESPONSE: VEDO has not received data requests from any intervening parties other than OCC.

Request for Production No. 3: Referring to Exhibit A of the Company's Application, please provide all documents and electronic spreadsheets that support the estimated numbers for each Expenditure Program Category.

RESPONSE: See "RFP No. 3.xls" attached hereto.

Request for Production No. 4: Referring to paragraph 4 of the Application, subparts a-c, as the Company only provides examples of costs in each component of its capital expenditure program, please provide all reports, studies, memorandums and other documents that address the entirety of the "capital expenditure program" as referred to in the Company's Application.

Vectren Energy Delivery of Ohio, Inc.
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PUCO Data Request 2
Date Due: 03/02/12

In reference to DR 1, please show the Company's methods and/ or formulas for calculating and recording each entry for each deferral on a monthly basis and an annual basis.

Response:

Please see attached file entitled "DR 2 Response.xls" for monthly deferral calculations of Post In Service Carrying Costs, spreadsheet tab DR2-A; Depreciation Expense, spreadsheet tab DR2-B; and Property Tax Expense, spreadsheet tab DR2-C. Below is a written definition for each deferral formula:

Post in Service Carrying Costs:

[Month End CEP Plant in Service x (Long Term Cost of Debt Rate / 12)] + [1/2 x (Trailing Charges, if applicable) x (Long Term Cost of Debt Rate / 12)]

- **Long-term debt rate represents Vectren Energy Delivery of Ohio's preceding year-end average long-term cost of debt rate.**
- **Trailing charges will only receive a half month of PISCC in the month of the trailing charge, which is consistent with VEDO's current PISCC policy. Since trailing charges are not easily predicted, the attached projection has assumed no trailing charges.**

Depreciation:

[(Current Month Gross Plant Additions – Current Month Retirements) x (Depreciation Rate / 12) x 1/2] + [(Prior Month End Cumulative Gross Plant Additions – Cumulative Prior Month Retirements) x (Depreciation Rate / 12)]

Property Tax:

[(Prior Year-End Cumulative Gross Plant Additions x % Good) - (Prior Year-End Cumulative Retirements x % Good)] x 25% x Weighted Average Personal Property Tax Rate

Vectren Energy Delivery of Ohio, Inc.
Case No. 12-0530-GA-UNC and 12-0531-GA-AAM
Calculation of Estimated Post In Service Carrying Costs
Data Request 2A

	A	B	C	D=C*B21	E	F=(C+E)*B21	G	H=(C+E+G)*B21	I	J=(C+E+G+I)*C 21	K	L=(C+E+G+I+K)*C21
			Oct 2011		Nov 2011		Dec 2011		Jan 2012		Feb 2012	
			Additions	PISCC	Additions	PISCC	Additions	PISCC	Additions	PISCC	Additions	PISCC
	Infrastructure Expansion											
1	Gas New Business - Distribution		11,951	70	35,343	277	37,254	495	38,444	561	80,598	928
2	Gas New Business - Transmission		1,493	9	393	11	6,387	48	1,018	42	16,942	120
3	Gas Services - New		14,830	87	43,855	343	46,227	614	67,110	784	140,694	1,425
4	CNG Stations		0	0	0	0	0	0	0	0	0	0
5	**Total Infrastructure Expansion**	Σ Lines 1-4		165		631		1,157		1,387		2,473
	Infrastructure Improvement & Replacement											
6	Gas Meter/Reg Station - Distribution		681	4	2,013	16	2,122	28	6,383	51	4,381	71
7	Gas Meter/Reg Station - Transmission		939	5	247	7	4,018	30	1,741	32	28,971	164
8	Gas Public Improve - Distribution		13,208	77	39,058	306	41,171	547	17,679	507	37,063	675
9	Gas Public Improve - Transmission		263	2	3,227	20	11,818	90	1,018	74	16,942	152
10	Gas Services - Replacement		98,359	575	290,875	2,277	306,607	4,071	96,911	3,614	203,172	4,540
11	Gas System Improve - Distribution		16,278	95	48,138	377	50,742	674	67,333	832	141,163	1,475
12	Gas System Improve - Transmission		87,691	513	23,064	648	375,090	2,842	34,260	2,371	570,112	4,970
13	**Total Infrastructure Improvement & Replacement**	Σ Lines 6-12		1,272		3,651		8,281		7,480		12,046
	Programs Reasonably Necessary to Comply with Commission Rules, Regulations or Orders											
14	Gas Buildings, Furn & Equip		1,020	6	472	9	7,530	53	15,672	113	56,151	369
15	Gas Gen'l Toold & Equip		251	1	116	2	1,849	13	4,124	29	10,776	78
16	Gas Meter & Instr Purchase		2,462	14	1,138	21	18,164	127	64,094	391	229,643	1,438
17	Gas Transportation Equip		2,129	12	984	18	15,707	110	27,393	211	98,146	658
18	**Total Compliance**	Σ Lines 14-17		34		50		303		743		2,543
19	**Total Depreciation Expense per Month**	Lns 5+13+18		1,472		4,332		9,741		9,611		17,062
20	January 1, 20XX	2011	2,012									
21	Monthly PISCC Rate	0.59%	0.46%									
22	Times 12 months	12	12									
23	Annual PISCC Rate [1] (Line 21 x Line 22)	7.02%	5.47%									

Notes:
[1] PISCC rate is based on the average cost of long term debt as of January 1st.

Vectren Energy Delivery of Ohio, Inc.
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Calculation of Estimated Post In Service Carrying Costs
Data Request 2A

	A	M	N=(C+E+G+I+K +M)*C21	O	P=(C+E+G+I+K +M+O)*C21	Q	R=(C+E+G+I+K +M+O+Q)*C21	S	T=(C+E+G+I+K +M+O+Q+S)*C 21	U	V=(C+E+G+I+K +M+O+Q+S+U) *C21	W
		Mar 2012		Apr 2012		May 2012		Jun 2012		Jul 2012		Aug
		Additions	PISCC	Additions	PISCC	Additions	PISCC	Additions	PISCC	Additions	PISCC	Additions
	Infrastructure Expansion											
1	Gas New Business - Distribution	101,126	1,389	53,304	1,632	49,387	1,857	149,598	2,539	177,961	3,350	129,255
2	Gas New Business - Transmission	378	121	20,097	213	2,190	223	4,395	243	399	245	2,789
3	Gas Services - New	176,530	2,230	93,049	2,654	86,211	3,047	261,145	4,238	310,655	5,654	225,633
4	CNG Stations	0	0	0	0	0	0	0	0	0	0	300,000
5	**Total Infrastructure Expansion**		3,740		4,499		5,127		7,020		9,249	
	Infrastructure Improvement & Replacement											
6	Gas Meter/Reg Station - Distribution	790	75	17,850	156	24,200	266	19,837	357	1,546	364	460
7	Gas Meter/Reg Station - Transmission	647	167	34,368	323	3,745	340	7,515	375	682	378	4,770
8	Gas Public Improve - Distribution	46,504	887	24,512	999	22,711	1,103	68,794	1,416	81,836	1,789	59,439
9	Gas Public Improve - Transmission	378	153	20,097	245	2,190	255	4,395	275	399	277	2,789
10	Gas Services - Replacement	254,920	5,702	134,369	6,314	124,495	6,882	377,110	8,601	448,606	10,646	325,829
11	Gas System Improve - Distribution	177,117	2,283	93,359	2,708	86,498	3,103	262,014	4,297	311,689	5,718	226,384
12	Gas System Improve - Transmission	12,735	5,028	676,309	8,110	73,697	8,446	147,893	9,121	13,423	9,182	93,859
13	**Total Infrastructure Improvement & Replacement**		14,294		18,856		20,395		24,441		28,353	
	Programs Reasonably Necessary to Comply with Commission Rules, Regulations or Orders											
14	Gas Buildings, Furn & Equip	12,305	425	1,982	434	11	434	14,580	500	3,700	517	6,439
15	Gas Gen'l Toold & Equip	238	79	1	79	3	79	3,837	97	7,974	133	1,694
16	Gas Meter & Instr Purchase	50,325	1,668	8,107	1,705	46	1,705	59,626	1,977	15,131	2,045	26,333
17	Gas Transportation Equip	21,508	756	3,465	772	19	772	25,483	888	6,467	918	11,254
18	**Total Compliance**		2,927		2,989		2,989		3,461		3,613	
19	**Total Depreciation Expense per Month**		20,962		26,345		28,512		34,922		41,214	
20	January 1, 20XX											
21	Monthly PISCC Rate											
22	Times 12 months											
23	Annual PISCC Rate [1/] (Line 21 x Line 22)											

Notes:

[1/] PISCC rate is based on the average cost of long term debt as (

	A	X=(C+E+G+I+K +M+O+Q+S+U+ W)*C21	Y	Z=(C+E+G+I+K +M+O+Q+S+U+ W+Y)*C21	AA	AB=(C+E+G+I+ K+M+O+Q+S+ U+W+Y+AA)*C 21	AC	AD=(C+E+G+I+ K+M+O+Q+S+ U+W+Y+AA+A C)*C21	AE	AF=(C+E+G+I+ K+M+O+Q+S+ U+W+Y+AA+A C+AE)*C21	AG=D+F+H
		2012	Sep 2012		Oct 2012		Nov 2012		Dec 2012		Total PISCC 3 Mos Ended 12/31/11
		PISCC	Additions	PISCC	Additions	PISCC	Additions	PISCC	Additions	PISCC	
	Infrastructure Expansion										
1	Gas New Business - Distribution	3,939	149,882	4,623	64,841	4,918	191,753	5,792	202,124	6,714	841
2	Gas New Business - Transmission	257	2,693	270	5,973	297	1,571	304	25,550	421	68
3	Gas Services - New	6,682	261,640	7,875	113,190	8,391	334,732	9,917	352,836	11,525	1,044
4	CNG Stations	1,368	0	1,368	0	1,368	0	1,368	500,000	3,647	0
5	**Total Infrastructure Expansion**	**12,247**		**14,135**		**14,973**		**17,381**		**22,306**	**1,953**
	Infrastructure Improvement & Replacement										
6	Gas Meter/Reg Station - Distribution	366	84	366	43,765	566	52,836	807	58,358	1,073	48
7	Gas Meter/Reg Station - Transmission	400	4,605	421	10,214	467	2,687	479	43,691	678	43
8	Gas Public Improve - Distribution	2,060	68,924	2,374	29,818	2,510	88,179	2,912	92,948	3,336	930
9	Gas Public Improve - Transmission	290	2,693	302	5,973	329	1,571	336	25,550	453	111
10	Gas Services - Replacement	12,131	377,825	13,853	163,453	14,598	483,374	16,802	509,518	19,124	6,923
11	Gas System Improve - Distribution	6,750	262,510	7,946	113,566	8,464	335,846	9,995	354,010	11,608	1,146
12	Gas System Improve - Transmission	9,610	90,625	10,023	201,005	10,939	52,867	11,180	859,783	15,099	4,003
13	**Total Infrastructure Improvement & Replacement**	**31,605**		**35,285**		**37,873**		**42,511**		**51,371**	**13,204**
	Programs Reasonably Necessary to Comply with Commission Rules, Regulations or Orders										
14	Gas Buildings, Furn & Equip	546	63,672	837	5,442	861	2,517	873	40,160	1,056	67
15	Gas Gen'l Toold & Equip	141	16,756	217	1,954	226	662	229	10,568	277	17
16	Gas Meter & Instr Purchase	2,166	260,401	3,353	22,257	3,454	10,293	3,501	164,242	4,250	163
17	Gas Transportation Equip	969	111,291	1,476	9,512	1,520	4,399	1,540	70,194	1,860	141
18	**Total Compliance**	**3,821**		**5,882**		**6,061**		**6,142**		**7,442**	**388**
19	**Total Depreciation Expense per Month**	**47,673**		**55,302**		**58,908**		**66,034**		**81,120**	**15,545**
20	January 1, 20XX										
21	Monthly PISCC Rate										
22	Times 12 months										
23	Annual PISCC Rate [1] (Line 21 x Line 22)										

Notes:

[1] PISCC rate is based on the average cost of long term debt as (

Vectren Energy Delivery of Ohio, Inc.
Case No. 12-0530-GA-UNC and 12-0531-GA-AAM
Calculation of Estimated Post In Service Carrying Costs
Data Request 2A

	A	AH=J+L+N+P+R+ T+V+X+Z+AB+AD +AF Total PISCC 12 Mos Ended 12/31/12	
	Infrastructure Expansion		
1	Gas New Business - Distribution	38,242	1
2	Gas New Business - Transmission	2,756	2
3	Gas Services - New	64,422	3
4	CNG Stations	9,117	4
5	**Total Infrastructure Expansion**	**114,537**	5
	Infrastructure Improvement & Replacement		
6	Gas Meter/Reg Station - Distribution	4,517	6
7	Gas Meter/Reg Station - Transmission	4,223	7
8	Gas Public Improve - Distribution	20,570	8
9	Gas Public Improve - Transmission	3,140	9
10	Gas Services - Replacement	122,805	10
11	Gas System Improve - Distribution	65,178	11
12	Gas System Improve - Transmission	104,077	12
13	**Total Infrastructure Improvement & Replacement**	**324,511**	13
	Programs Reasonably Necessary to Comply with Commission Rules, Regulations or Orders		
14	Gas Buildings, Furn & Equip	6,963	14
15	Gas Gen'l Toold & Equip	1,664	15
16	Gas Meter & Instr Purchase	27,651	16
17	Gas Transportation Equip	12,338	17
18	**Total Compliance**	**48,616**	18
19	**Total Depreciation Expense per Month**	487,664	19
20	January 1, 20XX		
21	Monthly PISCC Rate		20
22	Times 12 months		21
23	Annual PISCC Rate [1/] (Line 21 x Line 22)		22

Notes:

[1/] PISCC rate is based on the average cost of long term debt as (

Vectren Energy Delivery of Ohio, Inc.
Case No. 12-0530-GA-UNC and 12-0531-GA-AAM
Calculation of Estimated Depreciation Expense Deferral
Data Request 2B

	A		B	C	D	E	F=D-E	G=F*.5*C/12	G	H	I=G-H	J=((I*.5)+F)*C/12	K=I+F	L	M	N=L-M	O=(N*.5+K)*C/12
					Oct 2011				Nov 2011					Dec 2011			
			FERC Account	Depr Rate [1]	Additions	Retirements	Net Additions	Depr Expense	Additions	Retirements	Net Additions	Depr Expense	Cumulative Net Additions	Additions	Retirements	Net Additions	Depr Expense
	Infrastructure Expansion																
1	Gas New Business - Distribution		376	1.77%	$ 11,951	$ -	$ 11,951	$ 9	$ 35,343	$ -	$ 35,343	$ 44	$ 47,294	$ 37,254	$ -	$ 37,254	$ 97
2	Gas New Business - Transmission		367	1.77%	$ 1,493	$ -	$ 1,493	$ 1	$ 393	$ -	$ 393	$ 2	$ 1,886	$ 6,387	$ -	$ 6,387	$ 7
3	Gas Services - New		380	5.26%	$ 14,830	$ -	$ 14,830	$ 33	$ 43,855	$ -	$ 43,855	$ 161	$ 58,685	$ 46,227	$ -	$ 46,227	$ 359
4	CNG Stations		390	2.50%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	Total Infrastructure Expansion	∑ Lines 1-4						$ 42				$ 207					$ 463
	Infrastructure Improvement & Replacement																
6	Gas Meter/Reg Station - Distribution		378	2.88%	$ 681	$ 16	$ 665	$ 1	$ 2,013	$ 47	$ 1,966	$ 4	$ 2,631	$ 2,122	$ 50	$ 2,072	$ 9
7	Gas Meter/Reg Station - Transmission		369	2.88%	$ 939	$ -	$ 939	$ 1	$ 247	$ -	$ 247	$ 3	$ 1,186	$ 4,018	$ -	$ 4,018	$ 8
8	Gas Public Improve - Distribution		376	1.77%	$ 13,208	$ 311	$ 12,896	$ 10	$ 39,058	$ 920	$ 38,138	$ 47	$ 51,035	$ 41,171	$ 970	$ 40,201	$ 105
9	Gas Public Improve - Transmission		367	1.77%	$ 263	$ -	$ 263	$ 0	$ 3,227	$ -	$ 3,227	$ 3	$ 3,490	$ 11,818	$ -	$ 11,818	$ 14
10	Gas Services - Replacement		380	5.26%	$ 98,359	$ 2,317	$ 96,042	$ 210	$ 290,875	$ 6,852	$ 284,022	$ 1,043	$ 380,065	$ 306,607	$ 7,223	$ 299,384	$ 2,322
11	Gas System Improve - Distribution		376	1.77%	$ 16,278	$ 383	$ 15,894	$ 12	$ 48,138	$ 1,134	$ 47,004	$ 58	$ 62,898	$ 50,742	$ 1,195	$ 49,546	$ 129
12	Gas System Improve - Transmission		380	1.77%	$ 87,691	$ -	$ 87,691	$ 65	$ 23,064	$ -	$ 23,064	$ 146	$ 110,754	$ 375,090	$ -	$ 375,090	$ 440
13	Total Infrastructure Improvement & Replacement	∑ Lines 6-12						$ 299				$ 1,304					$ 3,027
	Programs Reasonably Necessary to Comply with Commission Rules, Regulations or Orders																
14	Gas Buildings, Furn & Equip		390	2.50%	$ 1,020	$ 279	$ 742	$ 1	$ 472	$ 129	$ 343	$ 2	$ 1,085	$ 7,530	$ 2,056	$ 5,474	$ 8
15	Gas Gen'l Toold & Equip		394	3.57%	$ 251	$ 68	$ 182	$ 0	$ 116	$ 32	$ 84	$ 1	$ 266	$ 1,849	$ 505	$ 1,344	$ 3
16	Gas Meter & Instr Purchase		381	2.38%	$ 2,462	$ 672	$ 1,789	$ 2	$ 1,138	$ 311	$ 827	$ 4	$ 2,617	$ 18,164	$ 4,960	$ 13,204	$ 18
17	Gas Transportation Equip		392	15.00%	$ 2,129	$ 581	$ 1,547	$ 10	$ 984	$ 269	$ 716	$ 24	$ 2,263	$ 15,707	$ 4,289	$ 11,418	$ 100
18	Total Compliance	∑ Lines 14-17						$ 12				$ 31					$ 129
19	Total Depreciation Expense per Month	Lns 5+13+18						$ 353				$ 1,542					$ 3,619

Notes:
[1] - Depreciation rates approved in Case No. 04-0571-GA-AIR.

Vectren Energy Delivery of Ohio, Inc.
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Calculation of Estimated Depreciation Expense Deferral
Data Request 2B

	A		P=N+K	Q	R	S=Q-R	T=(S*.5+P)*C/12	U=S+P	V	W	X=V-W	Y=(X*.5+U)*C/12	Z=X+U	AA	AB	AC=AA-AB	AD=(AC*.5+X)*C/12
				Jan 2012					Feb 2012					Mar 2012			
			Cumulative Net Additions	Additions	Retirements	Net Additions	Depr Expense	Cumulative Net Additions	Additions	Retirements	Net Additions	Depr Expense	Cumulative Net Additions	Additions	Retirements	Net Additions	Depr Expense
	Infrastructure Expansion																
1	Gas New Business - Distribution		$ 84,548	$ 38,444	$ -	$ 38,444	$ 153	$ 122,992	$ 80,598	$ -	$ 80,598	$ 241	$ 203,590	$ 101,126	$ -	$ 101,126	$ 375
2	Gas New Business - Transmission		$ 8,273	$ 1,018	$ -	$ 1,018	$ 13	$ 9,291	$ 16,942	$ -	$ 16,942	$ 26	$ 26,233	$ 378	$ -	$ 378	$ 39
3	Gas Services - New		$ 104,912	$ 67,110	$ -	$ 67,110	$ 607	$ 172,022	$ 140,694	$ -	$ 140,694	$ 1,062	$ 312,716	$ 176,530	$ -	$ 176,530	$ 1,758
4	CNG Stations		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	Total Infrastructure Expansion	∑ Lines 1-4					$ 773					$ 1,329					$ 2,171
	Infrastructure Improvement & Replacement																
6	Gas Meter/Reg Station - Distribution		$ 4,703	$ 6,383	$ 150	$ 6,232	$ 19	$ 10,936	$ 4,381	$ 103	$ 4,278	$ 31	$ 15,214	$ 790	$ 19	$ 771	$ 37
7	Gas Meter/Reg Station - Transmission		$ 5,204	$ 1,741	$ -	$ 1,741	$ 15	$ 6,945	$ 28,971	$ -	$ 28,971	$ 51	$ 35,916	$ 647	$ -	$ 647	$ 87
8	Gas Public Improve - Distribution		$ 91,236	$ 17,679	$ 416	$ 17,262	$ 147	$ 108,498	$ 37,063	$ 873	$ 36,190	$ 187	$ 144,688	$ 46,504	$ 1,096	$ 45,408	$ 247
9	Gas Public Improve - Transmission		$ 15,307	$ 1,018	$ -	$ 1,018	$ 23	$ 16,325	$ 16,942	$ -	$ 16,942	$ 37	$ 33,267	$ 378	$ -	$ 378	$ 49
10	Gas Services - Replacement		$ 679,448	$ 96,911	$ 2,283	$ 94,628	$ 3,186	$ 774,077	$ 203,172	$ 4,786	$ 198,385	$ 3,828	$ 972,462	$ 254,920	$ 6,005	$ 248,915	$ 4,808
11	Gas System Improve - Distribution		$ 112,445	$ 67,333	$ 1,586	$ 65,747	$ 214	$ 178,192	$ 141,163	$ 3,325	$ 137,837	$ 364	$ 316,029	$ 177,117	$ 4,172	$ 172,945	$ 594
12	Gas System Improve - Transmission		$ 485,844	$ 34,260	$ -	$ 34,260	$ 742	$ 520,104	$ 570,112	$ -	$ 570,112	$ 1,188	$ 1,090,216	$ 12,735	$ -	$ 12,735	$ 1,617
13	Total Infrastructure Improvement & Replacement	∑ Lines 6-12					$ 4,346					$ 5,686					$ 7,440
	Programs Reasonably Necessary to Comply with Commission Rules, Regulations or Orders																
14	Gas Buildings, Furn & Equip		$ 6,558	$ 15,672	$ 4,280	$ 11,392	$ 26	$ 17,950	$ 56,151	$ 15,334	$ 40,817	$ 80	$ 58,768	$ 12,305	$ 3,360	$ 8,945	$ 132
15	Gas Gen'l Toold & Equip		$ 1,611	$ 4,124	$ 1,126	$ 2,998	$ 9	$ 4,609	$ 10,776	$ 2,943	$ 7,834	$ 25	$ 12,442	$ 238	$ 65	$ 173	$ 37
16	Gas Meter & Instr Purchase		$ 15,821	$ 64,094	$ 17,503	$ 46,591	$ 78	$ 62,412	$ 229,643	$ 62,712	$ 166,931	$ 289	$ 229,343	$ 50,325	$ 13,743	$ 36,582	$ 491
17	Gas Transportation Equip		$ 13,680	$ 27,393	$ 7,481	$ 19,912	$ 295	$ 33,593	$ 98,146	$ 26,802	$ 71,343	$ 866	$ 104,936	$ 21,508	$ 5,873	$ 15,634	$ 1,409
18	Total Compliance	∑ Lines 14-17					$ 408					$ 1,260					$ 2,070
19	Total Depreciation Expense per Month	Lns 5+13+18					$ 5,527					$ 8,276					$ 11,681

Notes:
[1] - Depreciation rates approved in Case No. 04-0571-GA-AIR.

Vectren Energy Delivery of Ohio, Inc.
Case No. 12-0530-GA-UNC and 12-0531-GA-AAM
Calculation of Estimated Depreciation Expense Deferral
Data Request 2B

	A		AE=AC+Z	AF	AG	AH=AF-AG	AI=(AH*.5+AE)*C/12	AJ=AH+AE	AK	AL	AM=AK-AL	AN=(AM*.5+AJ)*C/12	AO=AM+AJ	AP	AQ	AR=AP-AQ	AS=(AR*.5+AO)*C/12
				Apr 2012					May 2012					Jun 2012			
			Cumulative Net Additions	Additions	Retirements	Net Additions	Depr Expense	Cumulative Net Additions	Additions	Retirements	Net Additions	Depr Expense	Cumulative Net Additions	Additions	Retirements	Net Additions	Depr Expense
	Infrastructure Expansion																
1	Gas New Business - Distribution		$ 304,716	$ 53,304	$ -	$ 53,304	$ 489	$ 358,020	$ 49,387	$ -	$ 49,387	$ 565	$ 407,406	$ 149,598	$ -	$ 149,598	$ 711
2	Gas New Business - Transmission		$ 26,611	$ 20,097	$ -	$ 20,097	$ 54	$ 46,709	$ 2,190	$ -	$ 2,190	$ 71	$ 48,899	$ 4,395	$ -	$ 4,395	$ 75
3	Gas Services - New		$ 489,246	$ 93,049	$ -	$ 93,049	$ 2,348	$ 582,295	$ 86,211	$ -	$ 86,211	$ 2,741	$ 668,506	$ 261,145	$ -	$ 261,145	$ 3,503
4	CNG Stations		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	Total Infrastructure Expansion	∑ Lines 1-4					$ 2,891					$ 3,376					$ 4,289
	Infrastructure Improvement & Replacement																
6	Gas Meter/Reg Station - Distribution		$ 15,985	$ 17,850	$ 420	$ 17,429	$ 59	$ 33,414	$ 24,200	$ 570	$ 23,629	$ 109	$ 57,043	$ 19,837	$ 467	$ 19,370	$ 160
7	Gas Meter/Reg Station - Transmission		$ 36,564	$ 34,368	$ -	$ 34,368	$ 129	$ 70,931	$ 3,745	$ -	$ 3,745	$ 175	$ 74,676	$ 7,515	$ -	$ 7,515	$ 188
8	Gas Public Improve - Distribution		$ 190,096	$ 24,512	$ 577	$ 23,935	$ 298	$ 214,031	$ 22,711	$ 535	$ 22,176	$ 332	$ 236,207	$ 68,794	$ 1,621	$ 67,173	$ 398
9	Gas Public Improve - Transmission		$ 33,645	$ 20,097	$ -	$ 20,097	$ 64	$ 53,743	$ 2,190	$ -	$ 2,190	$ 81	$ 55,933	$ 4,395	$ -	$ 4,395	$ 86
10	Gas Services - Replacement		$ 1,221,377	$ 134,369	$ 3,165	$ 131,203	$ 5,641	$ 1,352,580	$ 124,495	$ 2,933	$ 121,562	$ 6,195	$ 1,474,142	$ 377,110	$ 8,884	$ 368,226	$ 7,269
11	Gas System Improve - Distribution		$ 488,973	$ 93,359	$ 2,199	$ 91,159	$ 788	$ 580,133	$ 86,498	$ 2,038	$ 84,460	$ 918	$ 664,593	$ 262,014	$ 6,172	$ 255,841	$ 1,169
12	Gas System Improve - Transmission		$ 1,102,951	$ 676,309	$ -	$ 676,309	$ 2,126	$ 1,779,261	$ 73,697	$ -	$ 73,697	$ 2,679	$ 1,852,958	$ 147,893	$ -	$ 147,893	$ 2,842
13	Total Infrastructure Improvement & Replacement	∑ Lines 6-12					$ 9,106					$ 10,488					$ 12,112
	Programs Reasonably Necessary to Comply with Commission Rules, Regulations or Orders																
14	Gas Buildings, Furn & Equip		$ 67,713	$ 1,982	$ 541	$ 1,441	$ 143	$ 69,153	$ 11	$ 3	$ 8	$ 144	$ 69,162	$ 14,580	$ 3,981	$ 10,598	$ 155
15	Gas Gen'l Toold & Equip		$ 12,615	$ 1	$ 0	$ 0	$ 38	$ 12,616	$ 3	$ 1	$ 2	$ 38	$ 12,618	$ 3,837	$ 1,048	$ 2,789	$ 42
16	Gas Meter & Instr Purchase		$ 265,924	$ 8,107	$ 2,214	$ 5,893	$ 533	$ 271,817	$ 46	$ 12	$ 33	$ 539	$ 271,851	$ 59,626	$ 16,283	$ 43,343	$ 582
17	Gas Transportation Equip		$ 120,570	$ 3,465	$ 946	$ 2,519	$ 1,523	$ 123,089	$ 19	$ 5	$ 14	$ 1,539	$ 123,103	$ 25,483	$ 6,959	$ 18,524	$ 1,655
18	Total Compliance	∑ Lines 14-17					$ 2,236					$ 2,259					$ 2,434
19	Total Depreciation Expense per Month	Lns 5+13+18					$ 14,234					$ 16,124					$ 18,835

Notes:
[1/] - Depreciation rates approved in Case No. 04-0571-GA-AIR.

Vectren Energy Delivery of Ohio, Inc.
Case No. 12-0530-GA-UNC and 12-0531-GA-AAM
Calculation of Estimated Depreciation Expense Deferral
Data Request 2B

	A		AT=AR+AO	AU	AV	AW=AU-AV	AX=(AW*.5+AT)*C/12	AY=AW+AT	AZ	BA	BB=AZ-BA	BC=(BB*.5+AY)*C/12	BD=BB+AY	BE	BF	BG=BE-BF	BH=(BG*.5+BD)*C/12
				Jul 2012					Aug 2012					Sep 2012			
			Cumulative Net Additions	Additions	Retirements	Net Additions	Depr Expense	Cumulative Net Additions	Additions	Retirements	Net Additions	Depr Expense	Cumulative Net Additions	Additions	Retirements	Net Additions	Depr Expense
	Infrastructure Expansion																
1	Gas New Business - Distribution		$ 557,005	$ 177,961	$ -	$ 177,961	$ 953	$ 734,965	$ 129,255	$ -	$ 129,255	$ 1,179	$ 864,220	$ 149,882	$ -	$ 149,882	$ 1,385
2	Gas New Business - Transmission		$ 53,294	$ 399	$ -	$ 399	$ 79	$ 53,693	$ 2,789	$ -	$ 2,789	$ 81	$ 56,482	$ 2,693	$ -	$ 2,693	$ 85
3	Gas Services - New		$ 929,651	$ 310,655	$ -	$ 310,655	$ 4,756	$ 1,240,306	$ 225,633	$ -	$ 225,633	$ 5,931	$ 1,465,939	$ 261,640	$ -	$ 261,640	$ 6,999
4	CNG Stations		$ -	$ -	$ -	$ -	$ -	$ -	$ 300,000	$ -	$ 300,000	$ 313	$ 300,000	$ -	$ -	$ -	$ 625
5	Total Infrastructure Expansion	∑ Lines 1-4					$ 5,788					$ 7,504					$ 9,095
	Infrastructure Improvement & Replacement																
6	Gas Meter/Reg Station - Distribution		$ 76,413	$ 1,546	$ 36	$ 1,510	$ 185	$ 77,923	$ 460	$ 11	$ 449	$ 188	$ 78,372	$ 84	$ 2	$ 82	$ 188
7	Gas Meter/Reg Station - Transmission		$ 82,192	$ 682	$ -	$ 682	$ 198	$ 82,874	$ 4,770	$ -	$ 4,770	$ 205	$ 87,644	$ 4,605	$ -	$ 4,605	$ 216
8	Gas Public Improve - Distribution		$ 303,380	$ 81,836	$ 1,928	$ 79,909	$ 506	$ 383,289	$ 59,439	$ 1,400	$ 58,039	$ 608	$ 441,327	$ 68,924	$ 1,624	$ 67,301	$ 701
9	Gas Public Improve - Transmission		$ 60,328	$ 399	$ -	$ 399	$ 89	$ 60,727	$ 2,789	$ -	$ 2,789	$ 92	$ 63,516	$ 2,693	$ -	$ 2,693	$ 96
10	Gas Services - Replacement		$ 1,842,368	$ 448,606	$ 10,568	$ 438,037	$ 9,036	$ 2,280,405	$ 325,829	$ 7,676	$ 318,153	$ 10,693	$ 2,598,558	$ 377,825	$ 8,901	$ 368,924	$ 12,199
11	Gas System Improve - Distribution		$ 920,434	$ 311,689	$ 7,343	$ 304,346	$ 1,582	$ 1,224,780	$ 226,384	$ 5,333	$ 221,051	$ 1,970	$ 1,445,831	$ 262,510	$ 6,184	$ 256,326	$ 2,322
12	Gas System Improve - Transmission		$ 2,000,851	$ 13,423	$ -	$ 13,423	$ 2,961	$ 2,014,274	$ 93,859	$ -	$ 93,859	$ 3,040	$ 2,108,133	$ 90,625	$ -	$ 90,625	$ 3,176
13	Total Infrastructure Improvement & Replacement	∑ Lines 6-12					$ 14,558					$ 16,795					$ 18,897
	Programs Reasonably Necessary to Comply with Commission Rules, Regulations or Orders																
14	Gas Buildings, Furn & Equip		$ 79,760	$ 3,700	$ 1,010	$ 2,689	$ 169	$ 82,449	$ 6,439	$ 1,758	$ 4,681	$ 177	$ 87,130	$ 63,672	$ 17,388	$ 46,284	$ 230
15	Gas Gen'l Toold & Equip		$ 15,407	$ 7,974	$ 2,177	$ 5,796	$ 54	$ 21,203	$ 1,694	$ 463	$ 1,232	$ 65	$ 22,435	$ 16,756	$ 4,576	$ 12,180	$ 85
16	Gas Meter & Instr Purchase		$ 315,194	$ 15,131	$ 4,132	$ 10,999	$ 636	$ 326,192	$ 26,333	$ 7,191	$ 19,142	$ 666	$ 345,334	$ 260,401	$ 71,112	$ 189,290	$ 873
17	Gas Transportation Equip		$ 141,627	$ 6,467	$ 1,766	$ 4,701	$ 1,800	$ 146,328	$ 11,254	$ 3,073	$ 8,181	$ 1,880	$ 154,509	$ 111,291	$ 30,392	$ 80,899	$ 2,437
18	Total Compliance	∑ Lines 14-17					$ 2,659					$ 2,788					$ 3,624
19	Total Depreciation Expense per Month	Lns 5+13+18					$ 23,005					$ 27,087					$ 31,616

Notes:
[1] - Depreciation rates approved in Case No. 04-0571-GA-AIR.

Vectren Energy Delivery of Ohio, Inc.
Case No. 12-0530-GA-UNC and 12-0531-GA-AAM
Calculation of Estimated Depreciation Expense Deferral
Data Request 2B

Oct 2012

	A		BI=BG+BD	BJ	BK	BL=BJ-BK	BM=(BL*.5+BI)*C/12	BN=BL+BI
			Cumulative Net Additions	Additions	Retirements	Net Additions	Depr Expense	Cumulative Net Additions
	Infrastructure Expansion							
1	Gas New Business - Distribution		$ 1,014,102	$ 64,841	$ -	$ 64,841	$ 1,544	$ 1,078,944
2	Gas New Business - Transmission		$ 59,175	$ 5,973	$ -	$ 5,973	$ 92	$ 65,148
3	Gas Services - New		$ 1,727,579	$ 113,190	$ -	$ 113,190	$ 7,821	$ 1,840,769
4	CNG Stations		$ 300,000	$ -	$ -	$ -	$ 625	$ 300,000
5	Total Infrastructure Expansion	∑ Lines 1-4					$ 10,081	
	Infrastructure Improvement & Replacement							
6	Gas Meter/Reg Station - Distribution		$ 78,455	$ 43,765	$ 1,031	$ 42,734	$ 240	$ 121,189
7	Gas Meter/Reg Station - Transmission		$ 92,249	$ 10,214	$ -	$ 10,214	$ 234	$ 102,463
8	Gas Public Improve - Distribution		$ 508,628	$ 29,818	$ 702	$ 29,115	$ 772	$ 537,743
9	Gas Public Improve - Transmission		$ 66,209	$ 5,973	$ -	$ 5,973	$ 102	$ 72,182
10	Gas Services - Replacement		$ 2,967,482	$ 163,453	$ 3,851	$ 159,603	$ 13,357	$ 3,127,084
11	Gas System Improve - Distribution		$ 1,702,158	$ 113,566	$ 2,675	$ 110,891	$ 2,592	$ 1,813,049
12	Gas System Improve - Transmission		$ 2,198,758	$ 201,005	$ -	$ 201,005	$ 3,391	$ 2,399,763
13	Total Infrastructure Improvement & Replacement	∑ Lines 6-12					$ 20,688	
	Programs Reasonably Necessary to Comply with Commission Rules, Regulations or Orders							
14	Gas Buildings, Furn & Equip		$ 133,414	$ 5,442	$ 1,486	$ 3,956	$ 282	$ 137,370
15	Gas Gen'l Toold & Equip		$ 34,615	$ 1,954	$ 534	$ 1,420	$ 105	$ 36,035
16	Gas Meter & Instr Purchase		$ 534,624	$ 22,257	$ 6,078	$ 16,179	$ 1,076	$ 550,803
17	Gas Transportation Equip		$ 235,408	$ 9,512	$ 2,598	$ 6,915	$ 2,986	$ 242,323
18	Total Compliance	∑ Lines 14-17					$ 4,449	
19	Total Depreciation Expense per Month	Lns 5+13+18					$ 35,218	

Nov 2012

	A	BO	BP	BQ=BO-BP	BR=(BQ*.5+BN)*C/12	BS=BQ+BN
		Additions	Retirements	Net Additions	Depr Expense	Cumulative Net Additions
1	Gas New Business - Distribution	$ 191,753	$ -	$ 191,753	$ 1,733	$ 1,270,697
2	Gas New Business - Transmission	$ 1,571	$ -	$ 1,571	$ 97	$ 66,719
3	Gas Services - New	$ 334,732	$ -	$ 334,732	$ 8,802	$ 2,175,501
4	CNG Stations	$ -	$ -	$ -	$ 625	$ 300,000
5	Total Infrastructure Expansion				$ 11,257	
6	Gas Meter/Reg Station - Distribution	$ 52,836	$ 1,245	$ 51,591	$ 353	$ 172,781
7	Gas Meter/Reg Station - Transmission	$ 2,687	$ -	$ 2,687	$ 249	$ 105,150
8	Gas Public Improve - Distribution	$ 88,179	$ 2,077	$ 86,102	$ 857	$ 623,845
9	Gas Public Improve - Transmission	$ 1,571	$ -	$ 1,571	$ 108	$ 73,753
10	Gas Services - Replacement	$ 483,374	$ 11,387	$ 471,987	$ 14,741	$ 3,599,072
11	Gas System Improve - Distribution	$ 335,846	$ 7,912	$ 327,934	$ 2,916	$ 2,140,983
12	Gas System Improve - Transmission	$ 52,867	$ -	$ 52,867	$ 3,579	$ 2,452,630
13	Total Infrastructure Improvement & Replacement				$ 22,802	
14	Gas Buildings, Furn & Equip	$ 2,517	$ 687	$ 1,829	$ 288	$ 139,199
15	Gas Gen'l Toold & Equip	$ 662	$ 181	$ 481	$ 108	$ 36,517
16	Gas Meter & Instr Purchase	$ 10,293	$ 2,811	$ 7,482	$ 1,100	$ 558,285
17	Gas Transportation Equip	$ 4,399	$ 1,201	$ 3,198	$ 3,049	$ 245,520
18	Total Compliance				$ 4,545	
19	Total Depreciation Expense per Month				$ 38,605	

Dec 2012

	A	BT	BU	BV=BT-BU	BW=(BV*.5+BS)*C/12
		Additions	Retirements	Net Additions	Depr Expense
1	Gas New Business - Distribution	$ 202,124	$ -	$ 202,124	$ 2,023
2	Gas New Business - Transmission	$ 25,550	$ -	$ 25,550	$ 117
3	Gas Services - New	$ 352,836	$ -	$ 352,836	$ 10,309
4	CNG Stations	$ 500,000	$ -	$ 500,000	$ 1,146
5	Total Infrastructure Expansion				$ 13,596
6	Gas Meter/Reg Station - Distribution	$ 58,358	$ 1,375	$ 56,983	$ 483
7	Gas Meter/Reg Station - Transmission	$ 43,691	$ -	$ 43,691	$ 305
8	Gas Public Improve - Distribution	$ 92,948	$ 2,190	$ 90,759	$ 987
9	Gas Public Improve - Transmission	$ 25,550	$ -	$ 25,550	$ 128
10	Gas Services - Replacement	$ 509,518	$ 12,003	$ 497,515	$ 16,866
11	Gas System Improve - Distribution	$ 354,010	$ 8,340	$ 345,670	$ 3,413
12	Gas System Improve - Transmission	$ 859,783	$ -	$ 859,783	$ 4,252
13	Total Infrastructure Improvement & Replacement				$ 26,433
14	Gas Buildings, Furn & Equip	$ 40,160	$ 10,967	$ 29,193	$ 320
15	Gas Gen'l Toold & Equip	$ 10,568	$ 2,886	$ 7,682	$ 120
16	Gas Meter & Instr Purchase	$ 164,242	$ 44,852	$ 119,390	$ 1,226
17	Gas Transportation Equip	$ 70,194	$ 19,169	$ 51,025	$ 3,388
18	Total Compliance				$ 5,054
19	Total Depreciation Expense per Month				$ 45,083

Notes:

[1] - Depreciation rates approved in Case No. 04-0571-GA-AIR.

Vectren Energy Delivery of Ohio, Inc.
Case No. 12-0530-GA-UNC and 12-0531-GA-AAM
Calculation of Estimated Depreciation Expense Deferral
Data Request 2B

	A		BX=BV+BS Cumulative Net Additions	BY=G+J+O Total Depreciation Expense 3 Mos Ended 12/31/11	BZ=T+Y+AD+AI+AN+AS+AX+BC+BH+BM+BR+BW Total Depreciation Expense 12 Mos Ended 12/31/12	
	Infrastructure Expansion					
1	Gas New Business - Distribution		$ 1,472,821	$ 150	$ 11,351	1
2	Gas New Business - Transmission		$ 92,268	$ 11	$ 830	2
3	Gas Services - New		$ 2,528,337	$ 552	$ 56,638	3
4	CNG Stations		$ 800,000	$ -	$ 3,333	4
5	Total Infrastructure Expansion	∑ Lines 1-4		$ 713	$ 72,151	5
	Infrastructure Improvement & Replacement					
6	Gas Meter/Reg Station - Distribution		$ 229,764	$ 14	$ 2,052	6
7	Gas Meter/Reg Station - Transmission		$ 148,841	$ 11	$ 2,051	7
8	Gas Public Improve - Distribution		$ 714,604	$ 162	$ 6,040	8
9	Gas Public Improve - Transmission		$ 99,302	$ 17	$ 954	9
10	Gas Services - Replacement		$ 4,096,586	$ 3,576	$ 107,820	10
11	Gas System Improve - Distribution		$ 2,486,653	$ 199	$ 18,843	11
12	Gas System Improve - Transmission		$ 3,312,414	$ 651	$ 31,593	12
13	Total Infrastructure Improvement & Replacement	∑ Lines 6-12		$ 4,630	$ 169,352	13
	Programs Reasonably Necessary to Comply with Commission Rules, Regulations or Orders					
14	Gas Buildings, Furn & Equip		$ 168,392	$ 11	$ 2,145	14
15	Gas Gen'l Toold & Equip		$ 44,199	$ 4	$ 726	15
16	Gas Meter & Instr Purchase		$ 677,675	$ 24	$ 8,089	16
17	Gas Transportation Equip		$ 296,545	$ 133	$ 22,826	17
18	Total Compliance	∑ Lines 14-17		$ 172	$ 33,786	18
19	Total Depreciation Expense per Month	Lns 5+13+18		$ 5,514	$ 275,290	19

Notes:
[1] - Depreciation rates approved in Case No. 04-0571-GA-AIR.

Vectren Energy Delivery of Ohio, Inc.
Case No. 12-0530-GA-UNC and 12-0531-GA-AAM
PUCO Data Request 3
Date Due: 03/02/12

In reference to Exhibit A of the Company's Application "Infrastructure Expansion category", will the Infrastructure Expansion or other categories produce any revenues?

A. If so, what is the likelihood that these revenues will be incremental to what was approved in the Company's last base rate case, Case No. 07-1080-GA-AIR? Please explain in detail.
B. Given the incremental revenue, how will the Company compute such incremental revenue? Please provide a detailed formula.

Response:
For this response, Vectren Energy Delivery of Ohio (VEDO) will subdivide the Infrastructure Expansion category into two parts – investment associated with Compressed Natural Gas (CNG) stations, and other Infrastructure Expansion investment.

($ Millions)	Oct-Dec 2011	2012	Total
Compressed Natural Gas Stations	$ -	$ 1.5	$ 1.5
Other Infrastructure Expansion	$ 0.6	$ 4.2	$ 4.8
Total Infrastructure Expansion	$ 0.6	$ 5.7	$ 6.3

A. **All revenues derived from the investment in CNG stations will be incremental to revenues in the Company's last base rate case. Prior to making the prospective incremental investment, the Company has not had infrastructure in place to allow it to sell CNG. Following a tariff filing in the first or second quarter of 2012, and assuming Commission approval, the Company anticipates the ability to sell compressed natural gas later in the year.**

   The other Infrastructure Expansion investment is expected to increase customers by approximately 2,000 customers during this period, and provide the Company with additional revenues as a result. However, as noted in the attachment provided (Attachment DR3), these additional customers (above 2011 reported totals) will not result in incremental gains above the rate case levels. The Company's customer count is currently approximately 6,400 customers below the rate case level (Attachment DR3, Line 1), and with the current SFV rate design, the Company does not have the ability to offset this customer loss with increased throughput margin; therefore, the 2,000 customers added through this program will not produce incremental revenues when compared to the approved levels in the last rate case (attachment DR3, Line 7).

B. **All CNG sold will be separately metered and billed at its own to-be-established rate. This to-be-established rate, which the Company expects to designate as Rate 329, is currently under development. Rate 329 will be based on projected incremental throughput and capital costs associated with CNG equipment.**

   Customer additions as a result of the other Infrastructure Expansion investment will generate revenue consistent with the current Rate 310, 311, and 315 tariffs at $18.37 per customer per month. Please reference the attachment provided, labeled as Attachment DR3.

Vectren Energy Delivery of Ohio, Inc.
Case No. 12-0530-GA-UNC and 12-0531-GA-AAM
PUCO Data Request 4
Date Due: 03/02/12

Please provide the corporate approved annual capital expenditure budgets for 2007, 2008, 2009, 2010, 2011, and 2012.

Response:

Please see the attached file titled "DR 4 Response.xls."

Vectren Energy Delivery of Ohio, Inc.
Case No. 12-0530-GA-UNC
Breakout of Exhibit A and Budgets
Data Request 4

	A	B	C	D	E	F	G	H	I	J	K
Line #	Description	FERC Account		Exhibit A 3 Mos Ended 12/31/2011	Exhibit A 12 Mos Ended 12/31/2012	Budget 2012	Budget 2011	Budget 2010	Budget 2009	Budget 2008	Budget 2007
	Infrastructure Expansion										
1	Gas New Business-Distr	376		$ 276.471	$ 1.500.000	$ 1.000.000	$ 1.171.358	$ 1.300.000	$ 1.325.406	$ 1.366.533	$ 2.570.319
2	Gas New Business-Trans	367		25.000	99.999	99.999	100.000	100.000	-	424.198	-
3	Gas Services-New	380		343.061	2.618.464	2.118.464	1.378.667	2.087.466	1.439.942	2.821.420	3.817.332
4	CNG Stations	390		-	1.500.000	-	-	-	-	-	-
5	**Total Infrastructure Expansion**		Sum of Lines 1-4	$ 644,531	$ 5,718,463	$ 3,218,463	$ 2,650,025	$ 3,487,466	$ 2,765,348	$ 4,612,151	$ 6,387,651
	Infrastructure Improvement & Replacement										
6	Gas Meter/Reg Station-Distr	378		$ 18.750	$ 249.042	$ 249.042	$ 75.000	$ 74.999	$ 315.587	$ 740.338	$ 508.710
7	Gas Meter/Reg Station-Trans	369		15.725	171.000	171.000	100.000	110.000	178.176	148.335	25.000
8	Gas Public Improve-Distr	376		305.537	689.790	689.790	1.241.487	1.377.958	1.261.922	1.707.571	1.881.178
9	Gas Public Improve-Trans	367		46.253	99.999	99.999	50.000	50.000	48.792	75.166	-
10	Gas Services-Replacement	380		2.275.390	3.781.229	3.781.229	2.417.017	280.171	1.115.490	1.103.289	2.732.100
11	Gas System Improve-Distr	376		376.564	2.627.179	2.627.179	2.023.542	1.800.000	1.757.537	1.508.533	2.562.952
12	Gas System Improve-Trans	380		1.468.031	3.365.031	3.365.031	8.499.827	1.535.000	1.401.230	1.183.476	10.299.855
13	**Total Infrastructure Improvement & Replacement**		Sum of Lines 6-12	$ 4,506,250	$ 10,983,270	$ 10,983,270	$ 14,406,873	$ 5,228,128	$ 6,078,734	$ 6,466,708	$ 18,009,795
	Programs Reasonably Necessary to Comply with Commission Rules, Regulations or Orders										
14	Gas Buildings, Furn & Equp	390		$ 71.250	$ 380.003	$ 380.003	$ 285.000	$ 285.000	$ 260.000	$ 280.000	$ 265.000
15	Gas Gen'l Tools & Equip	394		17.500	100.000	100.000	70.000	70.000	83.325	84.840	90.000
16	Gas Meter & Instr Purchase	381		171.878	1.554.113	1.554.113	685.856	1.360.606	1.175.533	2.163.559	1.574.189
17	Gas Transportation Equip	392		148.625	664.201	664.201	594.500	495.000	875.000	665.000	801.328
18	Gas Communications Equip	397		-	-	-	-	-	-	514.112	210.000
19	**Total Compliance Programs**		Sum of Lines 14-18	$ 409,253	$ 2,698,317	$ 2,698,317	$ 1,635,356	$ 2,210,606	$ 2,393,858	$ 3,707,511	$ 2,940,517
	Other 5 Yr Budget Categories										
20	Distribution Replacement Rider Programs (1)	376/380				$ 17.666.130	$ 23.250.345	$ 18.735.630	$ 16.701.250	$ 8.485.415	$ -
21	Gas LP Plant	311				121.155	51.693	-	50.119	102.292	81.880
22	Gas Land Purchases	364/374				-	-	-	-	11.000	10.000
23	**Total Other Items in 5 Yr Budget**		Sum of Lines 20-22			$ 17,787,285	$ 23,302,038	$ 18,735,630	$ 16,751,369	$ 8,598,707	$ 91,880
24	**Total Vectren Energy Delivery of Ohio Budget**		Line 5 + Line 13 + Line 19 + Line 23			$ 34,687,335	$ 41,994,292	$ 29,661,830	$ 27,989,309	$ 23,385,077	$ 27,429,843

(1) Distribution replacement rider programs include bare steel / cast iron replacement program, riser replacement program and service line responsibility.
The riser replacement program was completed in 2011.