BEFORE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Authority to Issue Long-Term Debt, to Issue and Sell Common Stock, Receive Equity Infusions, and Enter into Interest Rate Risk Management Transactions pursuant to the previously approved Financial Services Agreement.	))))))))	Case No. 19-__970__-GA-AIS

APPLICATION

Pursuant to Sections 4905.40 and 4905.41, Ohio Revised Code, Vectren Energy Delivery of Ohio, Inc., a CenterPoint Energy company ("VEDO" and "Applicant") respectfully requests the authorization of the Public Utilities Commission of Ohio ("Commission") to issue long-term debt, to issue and sell common stock, to receive equity infusions, and to enter into interest rate risk management transactions as set forth below:

1. **Applicant's Organization.** VEDO is an Ohio corporation and a wholly-owned subsidiary of Vectren Utility Holdings, Inc. ("VUHI"), which is a wholly-owned indirect subsidiary of CenterPoint Energy ("CNP"). Applicant is subject to the provisions of Sections 4905.40 and 4905.41, Ohio Revised Code.

2. **Proposed Financing Program.** Applicant proposes to carry out, from time to time, during the period ending June 30, 2020, a financing program consisting of one or more or a combination of the following:

a. New Long-Term Debt. Applicant requests that it be granted the authority to issue and sell not to exceed $120 million in aggregate principal amount of long-term debt. The new long-term debt issued pursuant to the financing program (i) will have maturities not to exceed forty (40) years; (ii) will bear interest at a fixed or initial variable rate annual rate not to exceed 7.0%; (iii) will be issued and sold for cash at not less than 95% of the face amount thereof plus accrued interest, if any, to the date of delivery thereof; and (iv) will have such other terms and characteristics as shall be fixed and determined by the Finance Committee of the Board of Directors and/or Board of Directors of Applicant. Applicant may issue some or all of the long-term debt to VUHI pursuant to the debt pooling arrangement described below. Debt issued to other parties will consist in whole or in some combination of unsecured promissory notes, debentures, medium-term notes, mortgage bonds, or other instruments evidencing debt of Applicant and may be issued and sold by way of public offerings or private placements.

b. Common Stock. Applicant requests that it be granted authority to issue and sell additional common stock, to receive equity infusions from VUHI, or a combination thereof, for cash, for an aggregate sale price not to exceed $75 million.

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

3. **Purposes of the Financing Program.** Applicant proposes to apply the proceeds from the financing program, after payment of expenses incurred in connection therewith, for the reimbursement of its treasury for money actually expended for (i) the acquisition of property, material, or working capital; (ii) the construction, completion, extension, or improvement of facilities, plant, or distribution system; (iii) the improvement of service; and (iv) the discharge or lawful refunding of its obligations. Applicant has kept its accounts and vouchers of such expenditures in such a manner as to enable the Commission to ascertain the amount of money so expended and the purpose for which such expenditures were made. Thereafter, Applicant

shall use such net proceeds of the financing program to repay and refund outstanding long-term debt, to repay short-term borrowings, for working capital and to finance construction programs.

During the period of the financing program, none of Applicant's currently outstanding long-term debt will become due and payable. However, it may be advantageous for Applicant to redeem in whole or in part outstanding debt prior to the maturity date thereof. The desirability of any such transaction will depend on several factors, including the current interest rate environment, the market value of the securities and the premium Applicant would have to pay to redeem any such securities.

Applicant is engaged in the construction and acquisition of improvements, replacements and extensions to its gas utility plant, property, equipment and facilities required in their gas utility operations. Applicant estimates that for the six-month period ending December 31, 2019 and the six-month period ending June 30, 2020, capital expenditures totaling approximately $80 million and $60 million, respectively, will be required for these purposes. Applicant initially will make short-term borrowings for such purposes, which are expected to be repaid and permanently funded from the proceeds of Applicant's long-term debt and/or equity issuances/infusions.

4. **Vectren Utility Holdings, Inc.** Applicant is an affiliate of two other operating utilities, Southern Indiana Gas and Electric Company ("SIGECO"), which provides natural gas and electric utility service in the southwestern

portion of Indiana and Indiana Gas Company, Inc. ("IGC"), which provides natural gas utility service in central and southern Indiana. Applicant, SIGECO and IGC are wholly-owned subsidiaries of VUHI, which in turn is a wholly-owned indirect subsidiary of CNP. Pursuant to authority granted by the Commission in its Order in Case No. 03-688-GA-AIS dated April 1, 2003, and an Entry dated April 17, 2003 and a Financial Services Agreement between and among VUHI, Applicant, SIGECO and IGC, and subsequently acknowledged by the Commission in its Orders in Case No. 05-1142-GA-AIS dated October 19, 2005, and in Case No. 07-1010-GA-AIS dated October 17, 2007, and an Entry dated October 31, 2007, and in Case No. 09-655-GA-AIS dated September 15, 2009 and two supplemental Orders dated December 21, 2010 and December 14, 2011, and in its Orders in Case No. 12-2450-GA-AIS dated November 7, 2012, and in Case No. 14-0110-GA-AIS dated March 12, 2014, and in Case No. 15-0117-GA-AIS dated March 11, 2015, and in Case No. 16-572-GA-AIS dated June 15, 2016, and in Case No. 17-776-GA-AIS dated June 21, 2017, and in Case No. 18-737-GA-AIS, SIGECO, IGC, and Applicant ("Participants") issue new debt through VUHI under an arrangement in which Applicant's debt requirements are pooled with those of SIGECO and IGC, thereby creating larger debt issues at more attractive interest rates and lower transaction costs than would otherwise be available. Applicant proposes to issue some or all of the new debt for which authority is sought herein pursuant to this debt pooling arrangement.

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

The Financial Services Agreement also sets forth the method by which the costs incurred by VUHI in connection with its long-term borrowings, short-term borrowings and cash management services are allocated to each of the Participants and provides for on-going guarantees of the long-term and short-term debt issued by VUHI. Applicant's participation in this Agreement was most recently acknowledged by the Commission in its Order in Case No. 18-737-GA-AIS, dated June 28, 2018, in which authority was granted for Applicant's on-going participation in the debt pooling arrangement, as set forth in the Financial Services Agreement, including providing on-going guarantees of the outstanding debt of VUHI and on-going participation in multi-year credit facilities that may include provisions related to term-out options.

The Financial Services Agreement was originally executed on January 5, 2001 and amended on January 22, 2003. It was restated effective

December 31, 2011, consistent with the Commission's approval provided in its Order in Case No. 10-3120-GA-AIS dated March 16, 2011, related to the transfer of IGC's share of the jointly-owned assets to VEDO. In the event that a material change is made to the Financial Services Agreement, Applicant will file a copy of the amended Agreement with the Commission. The Financial Services Agreement has not been amended as a result of the merger between Vectren Corporation ("Vectren") and CNP described below.

5. **Merger with CNP.** On February 1, 2019, Applicant's ultimate parent company, Vectren, merged with CNP and its Indiana subsidiary, Pacer Merger Sub, Inc. Pursuant to the merger Pacer Sub merged with Vectren, with Vectren continuing as the surviving corporation and becoming a wholly owned subsidiary of CenterPoint.

VUHI continues to be the parent company of IGC, SIGECO, and VEDO.

To date CNP management has not materially changed the manner in which VEDO finances its operations through VUHI. During this period of requested authority, CenterPoint will be assessing the appropriateness of other financing models. Potential changes include transitioning VEDO's money pooling arrangements and other organizational changes designed to enhance efficiency of its financing plan and reduce reliance on corporate cross-guarantees. VEDO will not implement these changes without first informing the PUCO of planned changes.

VUHI's private placement debt agreements have a covenant requiring an offer to prepay the notes at par before a change in control can be consummated. If a holder accepts the prepayment offer, VUHI is required to prepay the notes. If the holder rejects the offer to prepay the notes, they continue under their original terms. VUHI had approximately $1 billion of debt subject to this provision, of which approximately $315 million has been utilized by VEDO to fund its operations. As a result of this provision, $568 million of VUHI's debt was prepaid. CenterPoint loaned funds to VUHI on the same terms (interest rate and maturity) as the debt that was prepaid. VEDO will continue to pay the interest and principal associated with the $315 million pursuant to its current note agreements with VUHI. The new debt loaned to VUHI by CenterPoint is not guaranteed by any of VUHI's subsidiaries, so VEDO's exposure to the debt pushed down to other operating companies is further mitigated.

6. **Amortization of Issuance Costs.** Applicant requests authority from the Commission to amortize issuance and hedging costs associated with new or existing long-term debt pursuant to the authority granted herein over the life of the new issue or the remaining life of the outstanding debt issue. Applicant also requests authority to treat all costs associated with the early redemption and any unamortized issuance expense of prematurely retired issues of any outstanding debt, as described in Paragraph 3 above, as an issuance expense to be amortized over the life of the refinancing issue, or if not refinanced with long-term debt, over the original life of the debt being

redeemed. Issuance costs previously incurred by VUHI and currently recovered from VEDO associated with debt prepaid described in Paragraph 5 will be amortized over the refunding issue received from CenterPoint. No additional issuance costs were incurred by VUHI associated with the CenterPoint loans.

7. **Rate Effect.** The effect on revenue requirements for Applicant resulting from the issuance of $120 million in long-term debt and $75 million in common stock and equity infusions will be reflected in the determination of the required amount of revenue in a rate proceeding where all the factors affecting rates are taken into account according to law.[1]

8. **Issuance Detail Reporting.** Applicant will report to the Commission, not later than 60 days after issuance, the issuance of the long-term debt and common stock and equity infusions referred to in Paragraph 2, setting forth the proceeds received from such issuances and the associated interest rates in reasonable detail.

9. **Applicant's Financial Reporting.** Pursuant to Section 4905.41, Ohio Revised Code, Applicant submits the following as part of this Application:

    a. Schedules of long-term debt, as of December 31, 2018, are attached hereto as *Exhibit A*.

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1 Applicant has a pending rate proceeding docketed as Case No. 18-0298-GA-AIR. Due to expected timing for issuance of securities discussed herein, the effect on revenue requirements for Applicant would be reflected in Applicant's next rate proceeding.

b. Balance sheets* as of December 31, 2018, and, 2017 are attached hereto as *Exhibit B.*

c. Income statements* for the twelve months ended December 31, 2018 and 2017, are attached hereto as *Exhibit C.*

d. Financial Services Agreement effective December 31, 2011 is attached hereto as *Exhibit D.*

* Financial statements are prepared using principles promulgated by The Federal Energy Regulatory Commission

10. Application. Applicant's existing financing authority expires June 30, 2019. As a result, applicant requests that the Commission approve this Application by June 30, 2019, or as soon as practicable, so as to maximize the opportunities for flexibility for the issuance of the long-term debt, common stock and/or equity infusions for which authority is sought herein.

WHEREFORE, Applicant respectfully requests that the Commission order that:

(a) The Applicant be authorized to issue from time to time during the period ending June 30, 2020, up to $120 million in aggregate principal amount of long-term debt in the form of promissory notes, debentures, medium-term notes, first mortgage bonds and other evidences of indebtedness as described in this Application and in Applicant's evidence to be submitted herein;

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

(c) The Applicant be authorized to sell additional common stock, to receive equity infusions from VUHI, or a combination thereof for an aggregate sale price not to exceed $75 million, as described in this Application;

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

(e) The Applicant be authorized to amortize the issuance and hedging costs associated with new or existing long-term debt pursuant to the authority granted herein over the life of the new or existing debt issue and to treat the costs associated with the early redemption and any unamortized issuance expense of prematurely retired issues of outstanding long-term debt, including any premium, as an issuance expense to be amortized over the life of the refinancing issue, or if not refinanced with long-term debt, over the original life of the debt being redeemed.

Respectfully submitted this 23rd day of April, 2019.

VECTREN ENERGY DELIVERY OF OHIO, INC.

By: Carla Kneipp

Carla Kneipp

Vice President and Treasurer

By: P. Jason Stephenson

P. Jason Stephenson

Vice President, General Counsel

Counsel:

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STATE OF INDIANA)
COUNTY OF VANDERBURGH) ss:

Personally appeared before me, Carla Kneipp and P. Jason Stephenson, who being first duly sworn, say that they are the Vice President and Treasurer and Vice President, General Counsel of Vectren Energy Delivery of Ohio, Inc., that they did sign the foregoing Application, and that the statements contained therein are true as they verily believe.

Sworn to and subscribed before me this 28nd day of April, 2019.

Mary Etta Smith
Notary Public

(SEAL)

NOTARY PUBLIC SEAL INDIANA

MARY ETTA SMITH
Resident of Vanderburgh Co., IN
Commission #: 654256
Commission Expires: July 4, 2022

Vectren Energy Delivery of Ohio, Inc.
Schedule of Long-Term Debt Outstanding
December 31, 2018

Long-Term Notes		Maturity Date	Principal Amount Outstanding
3.20% Variable Rate Term Loan - VUHI Notes	*	7/30/2020	99,968,709
3.72% Series VUHI Notes		12/05/23	24,846,682
5.02% Series VUHI Notes		11/30/26	59,582,075
3.20% Series VUHI Notes		06/05/28	8,952,105
5.99% Series VUHI Notes		11/30/41	34,732,075
5.00% Series VUHI Notes		02/03/42	99,531,344
4.25% Series VUHI Notes		06/05/43	15,914,853
4.36% Series VUHI Notes		12/15/45	62,175,162
4.51% Series VUHI Notes		12/15/55	7,461,103
			413,164,107

Effective Weighted Average Cost = 4.57%

VECTREN ENERGY DELIVERY OF OHIO, INC.
BALANCE SHEET
As of December 31, 2018 & December 31, 2017

ACCT NO	Account Title	Balance at December 31, 2018 (in dollars)	Balance at December 31, 2017 (in dollars)
	UTILITY PLANT		
101	Gas Plant in Service	1,143,246,299	1,060,920,524
105	Gas Plant Held for Future Use	16,046	0
106	Completed Construction not Classified-Gas	117,587,047	79,104,751
107	Construction Work in Progress-Gas	6,786,880	5,715,724
108	Accumulated Provision for Deprecation of Gas Utility Plant	(426,820,247)	(400,056,611)
114	Gas Plant Acquisition Adjustments	205,319,553	205,319,554
115	Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments	(5,862,772)	(5,862,772)
	NET UTILITY PLANT (101-119)	1,040,272,806	945,141,170
	OTHER PROPERTY		
121	Nonutility Property	4,091,738	4,091,738
122	Accumulated Provision for Depreciation & Amortization of Nonutility Prop	(4,015,951)	(4,015,951)
128	Other Special Funds	4,325,830	3,931,642
	TOTAL OTHER PROPERTY AND INVESTMENTS (121-129)	4,401,617	4,007,429
	CURRENT AND ACCRUED ASSETS		
131	Cash	3,354,223	1,901,133
135	Working Funds	0	0
142	Customer Accounts Receivable	32,320,275	30,052,500
143	Other Accounts Receivable	2,373,135	32,122
144	Accumulated Provision for Uncollectible Accounts - Cr	(8,636,349)	(8,636,349)
146	Accounts Receivable from Associated Companies	1,000	1,000
154	Plant Materials and Operating Supplies	1,192,870	1,154,883
163	Store Expense Undistribution	142,496	111,600
173	Accrued Utility Revenues	24,239,964	27,069,961
	TOTAL CURRENT ACCRUED ASSETS (130-174)	54,987,614	51,686,851
	DEFERRED DEBITS		
182.3	Other Regulatory Assets	140,686,364	100,799,408
186	Miscellaneous Deferred Debits	11,542,471	11,267,726
190	Accumulated Deferred Income Taxes	28,524,211	32,617,096
	TOTAL DEFERRED DEBITS (181-192.2)	**180,753,046**	**144,684,230**
	TOTAL ASSETS AND OTHER DEBITS	1,280,415,083	1,145,519,680

VECTREN ENERGY DELIVERY OF OHIO, INC.
BALANCE SHEET
As of December 31, 2018 & December 31, 2017

ACCT NO	Account Title	Balance at December 31, 2018 (in dollars)	Balance at December 31, 2017 (in dollars)
	PROPRIETORY CAPITAL		
201	Common Stock Issued	254,418,111	252,848,423
216	Unappropriated Retained Earnings	84,813,238	53,341,795
	TOTAL PROPRIETORY CAPITAL (201-218)	**339,231,349**	**306,190,218**
	LONG-TERM DEBT:		
223	Advances from Associated Companies	413,164,107	313,195,398
	TOTAL LONG-TERM DEBT (221-226)	**413,164,107**	**313,195,398**
	OTHER NONCURRENT LIABILITIES:		
228.3	Accumulated Provision for Pensions and Benefits	14,521,333	14,280,003
230	Asset Retirement Obligations	16,808,333	15,185,285
	TOTAL OTHER NONCURRENT LIABILITIES (227-229)	**31,329,666**	**29,465,288**
	CURRENT AND ACCRUED LIABILITIES:		
232	Accounts Payable	57,184,001	71,845,656
233	Notes Payable to Associated Companies	112,286,564	118,106,413
234	Accounts Payable to Associated Companies	15,125,838	10,186,752
235	Customer Deposits	4,519,503	4,053,114
236	Taxes Accrued	21,805,981	21,868,357
237	Interest Accrued	330,120	309,607
241	Tax Collections Payable	145,840	155,723
242	Misc. Current and Accrued Liabilities	913,202	1,146,569
	TOTAL CURRENT ACCRUED LIABILITIES (231-243)	**212,311,049**	**227,672,190**
	DEFERRED CREDITS:		
252	Customer Advances for Construction	2,709,934	2,541,852
253	Other Deferred Credits	3,897,426	2,715,109
254	Other Regulatory Liabilities*	104,042,165	103,729,466
282	Accumulated Deferred Income Taxes-Liberalized Depreciation	123,394,381	111,283,835
283	Accumulated Deferred Income Taxes-Other	50,335,006	48,726,324
	TOTAL DEFERRED CREDITS (252-283)	**284,378,912**	**268,996,586**
	TOTAL LIABILITIES PLUS PROPRIETORY CAPITAL AND OTHER CREDITS	1,280,415,083	1,145,519,680

VECTREN ENERGY DELIVERY OF OHIO, INC.
INCOME STATEMENT
As of December 31, 2018 and December 31, 2017

ACCT NO	Account Title	Balance at December 31, 2018	Balance at December 31, 2017
	UTILITY OPERATING INCOME		
400	Operating Revenues	155,163,898	155,449,045
	OPERATING EXPENSES:		
401	Operation Expense	66,134,717	66,978,590
402	Maintenance Expense	4,726,001	4,011,180
403	Depreciation Expense	28,851,832	26,575,530
408.1	Taxes Other Than Income Taxes, Utility Operating Income	24,923,231	18,489,729
409.1	Income Taxes, Utility Operating Income*	(5,904,633)	(20,063,580)
410.1	Provision for Deferred Income Tax, Utility Operating Income	7,786,014	7,524,964
	TOTAL OPERATING EXPENSES (401-411.4)	126,517,162	103,516,413
	NET OPERATING INCOME = (400) Less (401-411.4)	28,646,736	51,932,632
	OTHER INCOME AND DEDUCTIONS		
415	Revenues from Merchandising, Jobbing and Contract Work	0	0
416	Costs and Expenses of Merchandising, Jobbing and Contract Work	16,738	17,565
418	Nonoperating Rental Income	0	0
419	Interest and Dividend Income	0	0
419.1	Allowance for Funds Used During Construction	0	(129)
421	Miscellaneous Nonoperating Income	564,508	652,227
421.1	Gains form Disposition of Property	41,376	0
426.1	Donations	0	(58,500)
426.2	Life Insurance	39,259	633,524
426.3	Penalties	(99)	0
426.4	Expend for Certain Civic, Political and Related Active	(177,990)	(247,130)
426.5	Other Deductions	(4,935)	(21,714)
	TOTAL OTHER INCOME AND DEDUCTIONS (415-426.5)	478,857	975,843
	NET OTHER INCOME AND DEDUCTIONS	478,857	975,843
	INTEREST CHARGES:		
430	Interest on Debt to Associated Companies	19,856,499	16,833,046
431	Other Interest Expense	121,796	114,580
432	Allowance for Funds Used During Construction-Cr Borrowed Funds**	(22,942,145)	(19,110,536)
	NET INTEREST CHARGES (427-432)	(2,963,850)	(2,162,911)
	Income Before Extraordinary Items	32,089,443	55,071,385
	NET INCOME	32,089,443	55,071,385

* Adoption of The Tax Cuts and Jobs Act of 2017 resulted from the revaluation of deferred taxes associated with acquisition related goodwill not included in rate base, which resulted in reduced tax expense of ~$27.3 million in 2017.

** As of December 31, 2018 and 2017, 'Allowance for Funds Used During Construction-Cr Borrowed Funds' (432) includes AFUDC Borrowing Costs of $0.3 million and $0.1 million and Post In-Service Carrying Costs of $22.7 million and $19.0 million, respectively.

FINANCIAL SERVICES AGREEMENT

THIS AGREEMENT, dated as of December 31, 2011, is made by and among INDIANA GAS COMPANY, INC. ("IGC"), SOUTHERN INDIANA GAS AND ELECTRIC COMPANY ("SIGECO"), VECTREN ENERGY DELIVERY OF OHIO, INC. ("VEDO") (collectively the "Utilities" and individually a "Utility"); FINCO-I, Inc. (a wholly-owned financing subsidiary of IGC) and FINCO-V, Inc. (a wholly-owned financing subsidiary of VEDO) (collectively the "Financing Subsidiaries" and individually a "Financing Subsidiary"); and VECTREN UTILITY HOLDINGS, INC. ("VUHI"). It replaces the similar agreement originally executed on January 5, 2001 and later amended on January 22, 2003 by VUHI and the Utilities.

BACKGROUND

Each of the Utilities is a wholly-owned public utility subsidiary of VUHI.

The Utilities have determined that they can perform their debt financing functions more efficiently by consolidating them with each other, as they have done since January 2001.

VUHI is willing to continue to provide financial services to the Utilities on a consolidated basis in order to achieve long-term benefits for the Utilities and their customers.

VUHI's Ohio utility operations are jointly owned by IGC (47%) and VEDO (53%) through a Tenancy in Common ("TIC") interest. On December 31, 2011, VUHI plans to transfer IGC's 47% TIC interest to VEDO. To facilitate the transfer without adverse income tax consequences, it is necessary to create the two Financing Subsidiaries to hold the existing IGC short and long-term debt owned to VUHI that supports IGC's operations and its 47% ownership in the Ohio operations. The creation of these new Financing Subsidiaries necessitates the replacement of the previous Financial Services Agreement with this new Agreement. Any provisions related to the Utilities in this Agreement are also deemed to be applicable to their wholly-owned Financing Subsidiaries, without the necessity to specifically reference them in each section of the Agreement.

Accordingly, the parties have determined to enter into this Agreement for the provision of financial services by VUHI to the Utilities and their Financing Subsidiaries and for the proper allocation of the costs of providing such services.

AGREEMENT

1. Services. VUHI will provide, either directly or through arrangements with third parties for the benefit of the Utilities, such financial services as to which the Utilities and VUHI may from time to time agree, including but not limited to those more fully described in *Exhibit A* to this Agreement. Other than to meet its own needs for financial

services, including short-term or long-term borrowings, VUHI will not provide such services to any entities other than the Utilities.

2. Costs. The Utilities agree to pay to VUHI their allocable share of the costs incurred by VUHI in providing the services described in Paragraph 1, including but not limited to bank service charges and related debt facility fees. Common transaction costs incurred by VUHI in connection with its short-term borrowings, letters of credit and similar borrowing arrangements will be allocated among the Utilities during each calendar year based on VUHI's standard allocation methodology used to allocate other comparable common costs to the Utilities. Transaction costs incurred by VUHI in connection with each long-term borrowing by VUHI will be allocated among the Utilities in proportion to the principal amount of the borrowing that is loaned by VUHI to each Utility. Principal and interest on VUHI's short-term and long-term borrowings shall be allocated to the Utilities separately pursuant to the promissory notes executed pursuant to Paragraph 6.

3. Reporting. Reporting for the VUHI borrowings and repayments will be maintained monthly and will be representative of the services provided by VUHI and amounts payable to VUHI, after giving effect to all of the provisions of this Agreement. The Utilities' settlement of principal and interest will also be reflected on these reports.

4. Inspection. Upon reasonable notice, VUHI will make available to each Utility for its inspection VUHI's books, records, accounts and any other documents which describe or support the costs allocated to the Utility under this Agreement.

5. Obligations Not Joint. Except as provided in Paragraph 7, the obligations of the Utilities to VUHI shall be several and not joint, and a Utility will not be responsible to any other Utility or to VUHI for any payment in excess of payments due by the Utility to VUHI under this Agreement or a promissory note executed pursuant to Paragraph 6.

6. Notes. The Utilities' borrowings under this Agreement will be evidenced by promissory notes substantially in the form of *Exhibit B* and *Exhibit C* to this Agreement. Loans by the Utilities of excess cash balances to VUHI pursuant to the cash management program described in *Exhibit A* may be evidenced by promissory notes substantially in the form of *Exhibit D* to this Agreement.

7. Guarantees. In order to maximize the benefits of the consolidated financial services arrangement described herein, the Utilities may on a several or joint and several basis agree to guarantee payment of the debt of VUHI incurred in connection with the arrangement. In no event shall the assets of the Utilities be pledged or mortgaged as security in connection with any such guarantee.

8. Non-Exclusivity. Nothing in this new Agreement prohibits or restricts a Utility from borrowing from third parties, or obtaining services described in this Agreement from third parties, whenever and on whatever terms the Utility deem appropriate.

9. Effectiveness. This new Agreement shall be effective as of the date hereof; provided that, if prior approval by the regulatory commission of any jurisdiction is required before this Agreement may become effective as to a Utility, or before VUHI may provide a particular service hereunder to a Utility, this Agreement shall not be effective as to that Utility or as to that service, as the case may be, unless and until the required approval has been obtained.

10. Termination. Each Utility may terminate its participation in this Agreement by giving ten (10) days prior written notice of such termination to VUHI. VUHI may terminate this Agreement by giving ninety (90) days prior written notice of such termination to each of the Utilities. Termination of this Agreement will not affect: (a) a Utility's obligations to VUHI under any promissory notes issued pursuant to Paragraph 6; (b) any party's obligations with respect to any amounts owing under Paragraphs 2 and 3; (c) VUHI's obligations to the Utilities under any promissory note issued under Paragraph 6; or (d) any guarantee to third parties by a Utility made pursuant to Paragraph 7 to the extent the guarantee relates to debt outstanding as of the termination date.

11. Modification. This Agreement may be amended or modified only by a written instrument signed by all parties.

12. Counterparts. This Agreement may be executed by the parties in one or more counterparts, each of which shall be considered an original.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.

IN WITNESS WHEREOF, the Utilities, Financing Subsidiaries, and VUHI have each caused this Agreement to be signed on its behalf by its duly authorized officers.

INDIANA GAS COMPANY, INC.

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

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

By: ______________________
M. Susan Hardwick
Vice President, Controller, and Asst. Treasurer

VECTREN ENERGY DELIVERY OF OHIO, INC.

By: ______________________
Ronald E. Christian
Executive Vice President and Secretary

VECTREN UTILITY HOLDINGS, INC.

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

FINCO-I, INC.

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

FINCO-V, INC.

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

EXHIBIT A

DESCRIPTION OF FINANCIAL SERVICES

Set forth below is a list of the type services which VUHI agrees to provide to the Utilities upon their request pursuant to the Agreement.

1. Short-Term Loans. VUHI will provide short-term loans, letters of credit and other similar short-term borrowing arrangements to the Utilities. Short-term loans will be provided pursuant to the terms set forth in promissory notes to be issued by the Utilities to VUHI, each substantially in the form attached as *Exhibit B*.

2. Long-Term Borrowings. VUHI will provide loans, other than short-term loans, to the Utilities pursuant to the terms set forth in promissory notes to be issued by the Utilities to VUHI, each substantially in the form attached as *Exhibit C*.

3. Cash Management. VUHI will provide cash management services to the Utilities to maximize use of the Utilities' cash resources. Upon execution of the Agreement, each Utility's excess or deficient cash balance will generally be swept to and consolidated at VUHI each day with the cash resources of the other Utilities, unless it is determined to be more cost effective to maintain compensating balances in the individual utility accounts. Excess cash balances of a Utility swept to VUHI will be used first to reduce any short-term borrowings of the Utility to VUHI. Any amount remaining will be invested with VUHI. If excess funds of a Utility are invested with VUHI, the Utility will earn a rate of interest each day equal to VUHI's weighted average short-term borrowing cost for that day or, if VUHI is a net investor, the investment income earned on those funds by VUHI. If VUHI has neither short-term investments nor short-term borrowings outstanding, the previous day's rate of interest when short-term borrowings or investments were outstanding will be charged or earned by the Utility. Upon the request of a Utility, VUHI shall execute one or more promissory notes in favor of the Utility, each substantially in the form attached as *Exhibit D* to the Agreement, as evidence of such investment.

4. VUHI Assets Supporting Utilities. VUHI may also from time to time finance the acquisition of assets acquired by VUHI in order to provide shared services requested by the Utilities, such as information technology.

EXHIBIT B

PROMISSORY NOTE
FOR SHORT-TERM LOANS

$____________________________ ____________________, 20__

FOR VALUE RECEIVED, ________________________________, an ______________ corporation ("Borrower") hereby promises to pay to [VECTREN UTILITY HOLDINGS, INC., an Indiana corporation]; FINCO-I, Inc., an Indiana corporation]; or [FINCO-V, Inc., an Ohio corporation] ("Lender"), upon demand, in same day funds at its principal offices in Evansville, Indiana, or at such other place Lender may from time to time designate, the principal sum of __________________ Dollars ($_______________) (the "Maximum Principal Sum"), or such lesser amount as shall equal the aggregate unpaid principal amount of the loans made by Lender to Borrower (other than loans evidenced by a promissory note under which the principal amount is due and payable in or more scheduled installments more than one year after the date of its issue), together with interest thereon from the date hereof until paid in full, all without relief from valuation or appraisement laws. Interest shall be charged on the unpaid outstanding balance of this Note at a rate per annum equal to Lender's weighted average daily cost of short-term funds, such rate to change as Lender's weighted average daily cost of short-term funds changes. In the absence of manifest error, such documentation and the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

Presentment, notice of dishonor and demand, protest and diligence and collection and bringing suit are hereby severally waived by Borrower and each endorser hereby consents that the time for payment of this Note or any installment hereunder may be extended from time to time without notice by Lender. No waiver of any default or failure or delay to exercise any right or remedy by Lender shall operate as a waiver of any other default or of the same default in the future or as a waiver of any right or remedy with respect to the same or any other occurrence. No single or partial exercise by Lender of any right or remedy shall preclude other or further exercises thereof or of any other right or remedy.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the terms "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Note shall be construed according to, and governed by, the laws of the State of Indiana.

This Note is one of the promissory notes referred to in the Financial Services Agreement, dated December 31, 2011, by and between Lender, Borrower and certain other public utility subsidiaries of Lender to which reference is made for a statement of additional rights and obligations of the parties hereto.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed as of the day and the year first hereinabove written.

[Name of Borrower]

By: ______________________

Title: ______________________

EXHIBIT C

PROMISSORY NOTE
FOR LONG-TERM LOANS

$____________________________ ____________________, 20__

FOR VALUE RECEIVED, ________________________________, an ________________ corporation ("Borrower") hereby promises to pay to [VECTREN UTILITY HOLDINGS, INC., an Indiana corporation]; [FINCO-I, Inc., an Indiana corporation]; or [FINCO-V, Inc., an Ohio corporation] ("Lender"), in same day funds at its principal offices in Evansville, Indiana, or at such other place Lender may from time to time designate, the principal sum of __________________ Dollars ($_______________), together with interest thereon from the date hereof until paid in full, all without relief from valuation or appraisement laws. Interest shall be charged on the unpaid outstanding balance of this Note at a rate per annum equal to the rate paid and to be paid by Lender with respect to the borrowings it made in order to provide funds to Borrower hereunder. Interest on borrowings shall be due and payable in immediately available funds on the same business day on which Lender must pay interest on the borrowings it made in order to provide funds to the Borrower hereunder. The principal hereof shall be due and payable hereunder at such times and in such amounts and in such installments hereunder as Lender must pay with respect to the borrowings it made in order to provide funds to Borrower hereunder. Lender has provided Borrower with a copy of the documentation evidencing the borrowings made by Lender in order to provide funds to Borrower hereunder. In the absence of manifest error, such documentation and the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

The terms and conditions of the borrowings made by Lender in order to provide funds to Borrower hereunder, such documentation of which is attached hereto as *Appendix A*, are hereby incorporated by reference and made a part hereof; *provided, however*, that the principal sum under this Note shall be in such amount as set forth in this Note. In the event of any conflict or inconsistency between the terms of this Note and the terms of the borrowings made by Lender in order to provide funds to Borrower hereunder, the terms of this Note shall govern.

Presentment, notice of dishonor and demand, protest and diligence and collection and bringing suit are hereby severally waived by Borrower and each endorser hereby consents that the time for payment of this Note or any installment hereunder may be extended from time to time without notice by Lender. No waiver of any default or failure or delay to exercise any right or remedy by Lender shall operate as a waiver of any other default or of the same default in the future or as a waiver of any right or remedy with respect to the same or any other occurrence. No single or partial exercise by Lender of any right or remedy shall preclude other or further exercises thereof or of any other right or remedy.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the terms "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Note shall be construed according to, and governed by, the laws of the State of Indiana.

This Note is one of the promissory notes referred to in the Financial Services Agreement, dated December 31, 2011, between Lender, Borrower and certain other public utility subsidiaries of Lenders to which reference is made for a statement of additional rights and obligations of the parties hereto.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed as of the day and the year first hereinabove written.

[Name of Borrower]

By: ______________________

Title: ______________________

EXHIBIT D

PROMISSORY NOTE FOR SHORT-TERM LOANS FROM THE UTILITIES TO VUHI

$__________________________ ____________________, 20__

FOR VALUE RECEIVED, VECTREN UTILITY HOLDINGS, INC., an Indiana corporation ("Borrower") hereby promises to pay to ________________________________, an ______________ corporation ("Lender"), upon demand, in same day funds at Borrower's principal offices in Evansville, Indiana, or at such other place Borrower may from time to time designate, the principal sum of _________________ Dollars ($_______________) (the "Maximum Principal Sum"), or such lesser amount as shall equal the aggregate unpaid principal amount of the loans made by Lender to Borrower, together with interest thereon from the date hereof until paid in full, all without relief from valuation or appraisement laws. Interest shall be charged each day on the unpaid outstanding balance of this Note at a rate per annum equal to Borrower's weighted average daily cost of short-term funds, such rate to change as Borrower's weighted average daily cost of short-term funds changes; *provided, however*, if and to the extent Borrower has invested the unpaid principal, interest shall be charged each day on such amount at a rate equal to the investment income earned on such amount by Borrower. Further, if VUHI has neither short-term investments nor short-term borrowings outstanding, the previous day's rate of interest when short-term borrowings or investments were outstanding will be charged or earned by the Utility. In the absence of manifest error, such documentation and the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

Presentment, notice of dishonor and demand, protest and diligence and collection and bringing suit are hereby severally waived by Borrower and each endorser hereby consents that the time for payment of this Note or any installment hereunder may be extended from time to time without notice by Lender. No waiver of any default or failure or delay to exercise any right or remedy by Lender shall operate as a waiver of any other default or of the same default in the future or as a waiver of any right or remedy with respect to the same or any other occurrence. No single or partial exercise by Lender of any right or remedy shall preclude other or further exercises thereof or of any other right or remedy.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the terms "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Note shall be construed according to, and governed by, the laws of the State of Indiana.

This Note is one of the promissory notes referred to in the Financial Services Agreement, dated December 31, 2011, by and between Lender, Borrower and certain other public utility subsidiaries of Lender to which reference is made for a statement of additional rights and obligations of the parties hereto.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed as of the day and the year first hereinabove written.

VECTREN UTILITY HOLDINGS, INC.

By: ________________________

Title: ______________________