

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF SOUTHERN INDIANA GAS AND ELECTRIC)
COMPANY d/b/a VECTREN ENERGY DELIVERY OF)
INDIANA, INC. FOR AUTHORITY TO IMPLEMENT ITS)
2017-2019 FINANCING PROGRAM BY (1) ISSUING NOT)
TO EXCEED \$160,000,000 IN AGGREGATE PRINCIPAL)
AMOUNT OF SECURED OR UNSECURED LONG-TERM)
DEBT ISSUED TO UNAFFILIATED LENDERS AND LOAN)
AGREEMENTS SECURING TAX-EXEMPT BONDS OR)
DEBT IN THE FORM OF UNSECURED PROMISSORY)
NOTES TO VECTREN UTILITY HOLDINGS, INC.)
("VUHI"), ITS IMMEDIATE PARENT COMPANY,)
PURSUANT TO THE PREVIOUSLY APPROVED)
FINANCIAL SERVICES AGREEMENT; (2) EXECUTING)
AND DELIVERING EVIDENCES OF INDEBTEDNESS)
RELATING TO SUCH LONG-TERM DEBT; (3) ENTERING)
INTO INTEREST RATE RISK MANAGEMENT)
TRANSACTIONS; (4) ISSUING AND SELLING NOT TO)
EXCEED \$120,000,000 OF COMMON AND/OR PREFERRED)
STOCK; AND (5) USING THE NET PROCEEDS FROM THE)
FINANCING PROGRAM TO REIMBURSE ITS TREASURY)
AND, THEREAFTER, TO REPAY AND REFUND)
OUTSTANDING LONG-TERM DEBT, REPAY ITS SHORT-)
TERM DEBT, AND FINANCE ITS CONSTRUCTION)
PROGRAM.)

CAUSE NO. 44862

VERIFIED PETITION OF SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC. ("Petitioner") respectfully represents and shows the Commission that:

1. **Petitioner's Organization, Business and Properties.** Petitioner is an operating public utility incorporated under the laws of the State of Indiana. Petitioner has its principal office at One Vectren Square, Evansville, Indiana 47708. Petitioner is a "public utility," an "electricity

supplier” and a “gas utility” within the meaning of those terms in Ind. Code §§ 8-1-2-1(a), 8-1-2.3-2 and 8-1-2-87 and is subject to the jurisdiction of this Commission in the manner and to the extent provided by the laws of the State of Indiana. Petitioner has charter power and authority to engage in, and is engaged in, the business of rendering electric and gas distribution service within the State of Indiana under indeterminate permits, franchises, and necessity certificates heretofore duly acquired. Petitioner owns, operates, manages, and controls, among other things, plant, property, equipment, and facilities which are used and useful for the production, storage, transmission, distribution, and furnishing of electric utility service to approximately 144,000 customers and gas utility service to approximately 111,000 customers in southwestern Indiana. Petitioner is a wholly-owned subsidiary of Vectren Utility Holdings, Inc. (“VUHI”) which is a wholly-owned subsidiary of Vectren Corporation, a holding company whose stock is publicly-traded and listed on the New York Stock Exchange.

2. Capitalization of Petitioner. As of June 30, 2016, Petitioner’s total capitalization amounted to approximately \$1,489,000,000 and consisted of long-term debt in the amount of \$658,000,000; common stock in the amount of \$313,000,000; and retained earnings in the amount of \$518,000,000. At that date, the long-term debt of Petitioner was represented by ten series of first mortgage bonds totaling approximately \$293,000,000 and ten series of unsecured notes to VUHI totaling approximately \$365,000,000. A schedule showing the long-term debt is attached as *Exhibit A* hereto. At June 30, 2016, Petitioner had no outstanding short-term debt. All of the outstanding long-term debt and common stock have been duly authorized by Orders of this Commission.

3. Proposed Financing Program. Petitioner requests the authorization and approval of this Commission to carry out, from time to time, during the period from the date of the Order herein

through March 31, 2019, a financing program consisting of one or more or a combination of the following:

A. Long-Term Debt. Petitioner requests that it be granted the authority to issue and sell not to exceed \$160,000,000 in aggregate principal amount of long-term debt. The new long-term debt issued pursuant to the financing program (i) will have maturities not to exceed forty (40) years; (ii) will bear interest at a fixed or variable rate; (iii) will be issued and sold for cash at not less than 95% of the face amount thereof plus accrued interest, if any, to the date of delivery thereof; and (iv) will have such other terms and characteristics as shall be fixed and determined by the Board of Directors of Petitioner. Petitioner may issue some or all of the long-term debt to VUHI pursuant to the debt pooling arrangement described below. Debt issued to non-affiliated parties will consist in whole or in some combination of unsecured promissory notes, term loans, debentures, medium-term notes, mortgage bonds, loan agreements securing tax-exempt bonds, or other instruments evidencing debt of Petitioner and may be issued and sold, by way of public offerings or private placements. The loan agreements or loan documents relating to tax-exempt bonds will provide Petitioner the option of changing interest rate modes, purchasing the bonds in lieu of redemption and remarketing the tax-exempt bonds without redeeming the bonds, increasing the principal amount of the bonds or extending the final maturity of the bonds.¹ Petitioner requests that so long as it is not issuing new bonds to redeem existing bonds or increasing the principal amount or extending the final maturity of

¹ Certain of Petitioner's currently outstanding tax-exempt bonds similarly provide for periodic remarketing to investors with reset interest rates. These bonds are remarketed pursuant to the loan agreements for these debt issues which were authorized by prior Commission Orders.

the bonds, its exercise of the options described above will not reduce the principal amount of long-term debt authorized by the Commission in this proceeding.

Any mortgage bonds will be issued as First Mortgage Bonds under Petitioner's Indenture of Mortgage and Deed of Trust dated as of April 1, 1932, between the Petitioner and Deutsche Bank Trust Company Americas, formerly known as Bankers Trust Company, as trustee, as amended. Any First Mortgage Bonds that are issued to secure Petitioner's debt instruments issued to non-affiliated parties or Petitioner's obligations under a loan agreement or other financing agreement will not increase the amount of long-term debt above that incurred under the corresponding debt instrument or loan agreement, as the case may be, but instead will only provide security for the payment of that amount.

Petitioner may also enter into letter of credit agreements, insurance agreements or other arrangements with non-affiliated parties, with terms or maturities that may exceed one year, pursuant to which such parties may provide additional credit or liquidity support for tax-exempt debt issued to non-affiliated parties. The intended purpose of such additional credit or liquidity support is to enhance the credit rating of such debt or increase its marketability to investors and thereby reduce the interest expense of the debt. Petitioner's obligations under a letter of credit agreement, insurance agreement or other arrangement as described above, will not increase the principal amount of long-term debt above that incurred under the corresponding debt instrument issued to the non-affiliated lender or loan agreement.

B. Common and Preferred Stock. Petitioner requests that it be granted authority to issue and sell additional common stock or preferred stock (including tax-deductible preferred stock)

or a combination thereof, for cash, for an aggregate sale price not to exceed \$120,000,000. The additional common stock will be sold to VUHI. Petitioner will sell any preferred stock, for cash (i) by way of public offerings or private placements to non-affiliated parties or (ii) to VUHI, in the event VUHI sells its own preferred stock some or all of the proceeds of which will be allocated to Petitioner. In the event of such a preferred stock sale by VUHI, Petitioner will sell preferred stock to VUHI with terms that match those applicable to the VUHI preferred stock for an amount equal to the proceeds of the VUHI preferred stock sale allocated to Petitioner. Any preferred stock will be sold at a price of not less than the par value per share plus accrued dividends, if any, from the date of issuance to the date of delivery. Before issuing any preferred stock pursuant to this authority, Petitioner's Board of Directors will, by resolution, in accordance with Petitioner's Amended and Restated Articles of Incorporation, as amended (the "Articles"), fix and determine the relative rights, preferences, qualifications, limitations and restrictions of each series of preferred stock, including the maximum number of shares, the annual dividend per share, provisions for a variable or adjustable rate, redemption and sinking fund provisions, preferences as to dividends and other distributions, including rights upon dissolution, and other terms and characteristics as may be determined and approved by the Board of Directors. Petitioner has a sufficient number of authorized but unissued shares of common stock and preferred stock under its Articles and, therefore, no shareholder action will be required for these transactions.

C. Interest Rate Risk Management Transactions. Petitioner 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. Petitioner 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 practice.

4. Purposes of the Financing Program. Petitioner 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 or expected to be expended (i) for the acquisition of property, material, or working capital; (ii) the construction, completion, extension, or improvement of its facilities, plant, or distribution system; (iii) the improvement of its service; and (iv) the discharge or lawful refunding of its obligations. Petitioner 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, Petitioner shall use such net proceeds of the financing program to repay and refund outstanding long-term debt, to repay short-term borrowings and to finance its construction program or otherwise fund expected expenditures for its construction program.

Depending upon market conditions in existence during the period of time that the financing authority requested herein remains in effect, it may also be advantageous for Petitioner to redeem in whole or in part other outstanding debt prior to the maturity date thereof. The desirability of any such transaction will depend on several factors, including the then current interest rate environment,

the market value of the securities and the premium Petitioner may have to pay to redeem any such securities.

Petitioner is engaged in the construction and acquisition of improvements, replacements and extensions to its gas/electric utility plant, property, equipment and facilities required in its gas/electric utility operations. Petitioner estimates that for the two-year three-month period beginning January 1, 2017 through March 31, 2019, capital expenditures totaling approximately \$177,000,000, \$198,000,000 and \$51,000,000, respectively, will be required for these purposes. Petitioner initially will make short-term borrowings for such purposes, and later a portion of such debt will be repaid and permanently funded from the proceeds of Petitioner's long-term debt and equity issues.

5. Vectren Utility Holdings, Inc. Petitioner is an affiliate of two other operating utilities: Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren North"), which provides local gas distribution service to approximately 588,000 customers in central and southern Indiana and Vectren Energy Delivery of Ohio, Inc. ("VEDO"), which provides gas utility service to approximately 318,000 customers in west central Ohio. Petitioner, Vectren North and VEDO are wholly-owned subsidiaries of VUHI, which in turn is a wholly-owned subsidiary of Vectren Corporation. Pursuant to authority granted by the Commission in its Orders in Cause No. 41908 dated May 24, 2001, Cause No. 42807 dated May 11, 2005, Cause No. 43332 dated November 20, 2007, Cause No. 43695 dated October 21, 2009, Cause No. 44225 dated January 16, 2013, and Cause No. 44547 dated March 4, 2015, Petitioner issues new debt through VUHI pursuant to a Financial Services Agreement under which its debt requirements are pooled with those of

Vectren North and VEDO, thereby creating larger debt issues at more attractive interest rates and lower transaction costs than would otherwise be available. Petitioner 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 its needs and the combined long-term debt requirements of Petitioner, Vectren North and VEDO (“Participants”) by selling its own long-term debt securities in the public or private markets and reloaning the proceeds thereof to the Participants on the same terms as apply to the corresponding debt issue of VUHI. To ensure the availability of financing by VUHI to meet its financing needs and those of the Participants and to maximize the benefit of the pooling arrangement, the Participants provide ongoing joint and several guarantees of VUHI’s debt to make VUHI’s debt issues attractive to investors and to achieve lower debt costs. These ongoing guarantees of VUHI’s debt are provided pursuant to authority previously granted by the Commission in various financing proceedings, consistent with the provisions in the Financial Services Agreement.

The Financial Services Agreement between VUHI and the Participants also provides benefits to Petitioner with respect to short-term borrowings and management of its cash resources. VUHI arranges for access to short-term borrowings through a multi-year syndicated bank credit facility and, where appropriate, commercial paper issued in the public market. The proceeds of VUHI’s short-term borrowings are made available to the Participants through short-term loans on the same basis as that on which VUHI has borrowed. The costs of these short-term borrowings are more favorable than Petitioner could obtain on its own. VUHI’s existing \$350,000,000 multi-year credit facility matures in October 2019 and management expects the facility to be renewed or otherwise to

have the maturity and/or maximum borrowing levels amended and extended during the period of time covered by the Order in this proceeding.

VUHI also provides a cash management program under which operating cash surpluses and deficits of each Participant are loaned to or borrowed from VUHI on a daily basis at a rate equal to VUHI's blended daily cost of short-term borrowings. If VUHI is a net investor, any Participant with an excess cash balance earns a rate of interest on those funds equal to the income earned on those funds by VUHI.

6. Amortization of Issuance and Interest Rate Risk Management Costs. Petitioner requests authority from the Commission to amortize issuance costs and interest rate risk management costs associated with new or remarketed long-term debt issued pursuant to the authority granted herein over the life of the new or remarketed debt issue and in the case of interest rate risk management costs associated with currently outstanding debt, over the remaining life of such long-term debt. Petitioner also requests authority to treat all costs associated with the early redemption of outstanding debt and any unamortized issuance expense relating to the premature redemption of debt issues 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.

7. Petitioner's Financial Data. Attached hereto as *Exhibit B* is a Balance Sheet of Petitioner as of June 30, 2016 and June 30, 2015. Attached as *Exhibit C* is a Statement of Income of Petitioner for the twelve months ended June 30, 2016 and June 30, 2015.

8. Petitioner's Financing Program Is Advantageous, Necessary and in the Public

Interest. The proposed financing program is advantageous and necessary, and in the public interest. The consummation of the program will enable Petitioner to refinance short-term borrowings with long-term capital, ensure adequate liquidity, maintain an appropriate capital structure, and enable Petitioner to improve and expand its facilities and service so as to provide adequate, dependable, economic and efficient service to the public.

Since the proposed financings may be consummated from time to time in separate transactions, the actual capitalization ratios of Petitioner at any point in time cannot now be precisely determined due to the uncertainty of the actual amount of securities that may be issued by Petitioner during such period. However, Petitioner will give due consideration to the nature of the business in which Petitioner is engaged, its credit, future prospects and earnings and the effect which such issue of securities may have on the management and efficient operation of Petitioner. The total outstanding capitalization of Petitioner, inclusive of the financing programs and the application of the proceeds, therefrom, will not be in excess of the fair value of Petitioner's property.

9. Applicable Statutory Provisions. Petitioner considers that Ind. Code §§ 8-1-2-76 through 81, § 8-1-2-84(f) and § 8-1-4-1 may be deemed applicable to the subject matter of this petition.

10. Prehearing Conference and Preliminary Hearing. Pursuant to 170 1AC 1-1.1-15, Petitioner requests that a prehearing conference and preliminary hearing be scheduled as soon as possible for the purpose of fixing a procedural schedule for this proceeding.

11. Petitioner's Attorneys. Petitioner's attorneys in this Cause who are duly authorized

to accept service of pleadings on behalf of Petitioner are as follows:

Robert E. Heidorn (Atty. No. 14264-49)
P. Jason Stephenson (Atty. No. 21839-49)
Michelle D. Quinn (Atty. No. 24357-
49) VECTREN CORPORATION
One Vectren Square
Evansville, Indiana 47708
Mr. Heidorn's Telephone: (812) 491-4203
Mr. Stephenson's Telephone: (812) 491-4231
Ms. Quinn's Telephone: (812) 491-4093
Fax: (812) 491-4238
Email: rheidorn@vectren.com
Email: jstephenson@vectren.com
Email: mquinn@vectren.com

WHEREFORE, Petitioner respectfully requests that the Indiana Utility Regulatory Commission make such investigation and hold such hearings as it may deem necessary, and thereafter make and enter an Order in this Cause:

- (a) authorizing Petitioner to issue from time to time over the period from the date of the Order in the proceeding and ending March 31, 2019, of up to \$160,000,000 in aggregate principal amount of long-term debt with fixed or variable interest rates, in the form of promissory notes, first mortgage bonds and other evidences of indebtedness and to enter into loan agreements, mortgages, letter of credit agreements, insurance agreements and other agreements and arrangements relating thereto that would provide credit enhancement and liquidity support as described in this Petition and in Petitioner's evidence to be submitted herein;

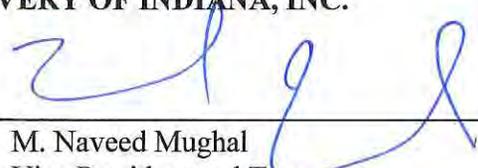
- (b) authorizing the sale of additional common stock or preferred stock or a combination thereof for a price not to exceed \$120,000,000;
- (c) authorizing Petitioner to engage in interest risk management transactions, as described in this Petition;
- (d) authorizing Petitioner to use the cash proceeds arising from the issuance and sale of such long-term debt, common stock and preferred stock for the purposes set forth in this Petition;
- (e) authorizing Petitioner to amortize the issuance costs associated with new long-term debt and remarketed debt issued pursuant to the authority granted herein over the life of the new or existing issue and to treat the costs associated with any early redemption or purchase in lieu of redemption of any outstanding long-term debt, including any premium, and any unamortized issuance expense of any such prematurely redeemed or purchased issues as an issuance expense to be amortized over the life of the refinancing issue, or if not refinanced with long-term debt, amortized over the original life of the debt being redeemed;
- (f) authorizing Petitioner to treat the costs of interest risk management transactions applicable to a debt issue as a debt cost to be amortized over the life of the new issue or the remaining life of the outstanding issue, as the case may be, in the same manner as the issuance costs related to that issue;
- (g) issuing to Petitioner a Certificate of Authority for the issuance of securities pursuant to the financing program; and

- (h) making such other and further Orders in the premises as the Commission may deem appropriate and proper.

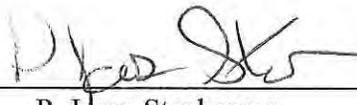
Dated this 4th day of October, 2016.

**SOUTHERN INDIANA GAS AND ELECTRIC
COMPANY d/b/a VECTREN ENERGY
DELIVERY OF INDIANA, INC.**

By: _____


M. Naveed Mughal
Vice President and Treasurer

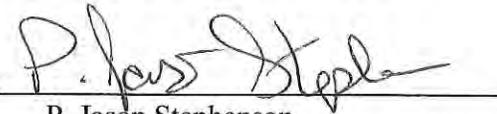
By: _____


P. Jason Stephenson
Vice President, General Counsel

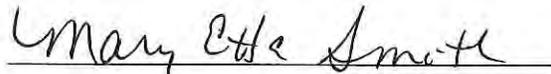
STATE OF INDIANA)
) SS:
COUNTY OF VANDERBURGH)

M. Naveed Mughal and P. Jason Stephenson, being first duly sworn, upon oath, depose and say that they are, respectively, the Vice President and Treasurer and Vice President, General Counsel of Southern Indiana Gas and Electric Company, an Indiana corporation and Petitioner in this Cause; that as such officers of said corporation they have executed the foregoing Verified Petition and have authority to do so; that they have read said Verified Petition and know the contents thereof; and that the statements therein contained are true to the best of their knowledge, information and belief.

By: 
M. Naveed Mughal
Vice President and Treasurer

By: 
P. Jason Stephenson
Vice President, General Counsel

Subscribed and sworn to before me, a Notary Public in and for said State and County aforesaid, this 4th day of October, 2016.

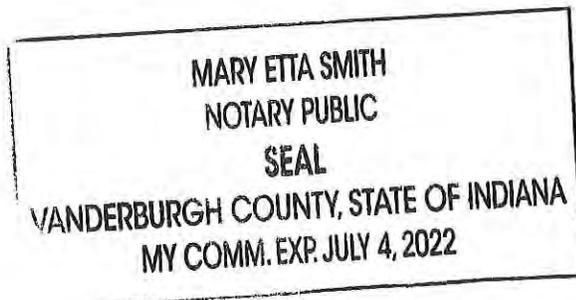

Printed: Mary Etta Smith

My Commission Expires:

July 4, 2022

My County of Residence:

Vanderburgh

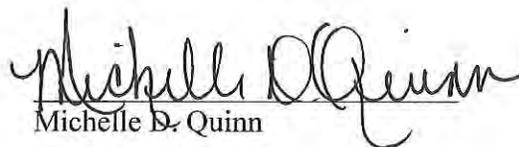


CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Verified Petition of Southern Indiana Gas and Electric Company, has been served by electronic mail transmission, addressed to:

Office of Utility Consumer Counselor
ATTN: Randall C. Helmen
Suite 1500 South
115 W. Washington Street
Indianapolis, Indiana 46204
rhelmen@oucc.in.gov
infomgt@oucc.in.gov

This 4th day of October, 2016.


Michelle D. Quinn

Southern Indiana Gas and Electric Company
Schedule of Long-Term Debt Outstanding
 June 30, 2016

<u>Debt Series</u>	<u>Maturity Date</u>	<u>Principal Amount Outstanding</u>		
2013 Series C - 1.95%	01/01/22	4,640,000	(a)	1
2013 Series D - 1.95%	03/01/24	22,500,000	(a)	2
2014 Series B - 0.933% - (variable rate)	07/01/25	41,275,000	(a)	3
1999 Series - 6.72%	08/01/29	80,000,000		4
2013 Series E - 1.95%	05/01/37	22,000,000	(a)	5
2013 Series A - 4.00%	03/01/38	22,200,000	(a)	6
2013 Series B - 4.05%	05/01/43	39,550,000	(a)	7
2014 Series A - 5.40%	09/01/44	22,300,000	(a)	8
2015 Series Mt Vernon Bond - 2.375%	09/01/55	23,000,000	(a)	9
2015 Series Warrick Bond - 2.375%	09/01/55	15,200,000	(a)	10
5.75% Series VUHI Notes	08/01/18	61,880,458		11
6.28% Series VUHI Notes	04/07/20	74,595,668		12
4.67% Series VUHI Notes	11/30/21	54,612,075		13
3.72% Series VUHI Notes	12/05/23	24,846,682		14
3.20% Series VUHI Notes	06/05/28	26,856,315		15
6.10% Series VUHI Notes	12/01/35	25,284,481		16
3.90% Series VUHI Notes	12/15/35	16,578,579		17
4.25% Series VUHI Notes	06/05/43	47,744,560		18
4.36% Series VUHI Notes	12/15/45	16,578,579		19
4.51% Series VUHI Notes	12/15/55	16,578,579		20
		\$ 658,220,974		21

Effective Weighted Average Interest Rate = 4.77%

(a) Tax-exempt debt

22
23
24
25
26

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
CONDENSED BALANCE SHEETS (UNAUDITED)
 (\$000's)

	<u>At June 30,</u> <u>2016</u>	<u>At June 30,</u> <u>2015</u>	
<u>ASSETS</u>			
Utility Plant			
Original cost	\$ 3,191,552	\$ 3,080,336	1
Less: accumulated depreciation & amortization	1,394,215	1,318,904	2
Net utility plant	1,797,337	1,761,432	3
			4
Current Assets			5
Cash & cash equivalents	1,264	2,308	6
Accounts receivable - less reserves	45,159	41,711	7
Receivables from other Vectren companies	30,749	15,942	8
Accrued unbilled revenues	30,828	27,573	9
Inventories	91,120	85,410	10
Recoverable fuel & natural gas costs	5,865	-	11
Prepayments & other current assets	15,372	1,911	12
Total current assets	220,357	174,855	13
			14
Investments in unconsolidated affiliates	150	150	15
Other investments	10,190	10,393	16
Nonutility plant - net	1,626	1,528	17
Goodwill	5,557	5,557	18
Regulatory assets	52,517	47,523	19
Other assets	11,618	5,422	20
TOTAL ASSETS	\$ 2,099,352	\$ 2,010,311	21
			22
			23
<u>LIABILITIES & SHAREHOLDER'S EQUITY</u>			
			24
			25
Common Shareholder's Equity			26
Common stock (no par value)	\$ 313,289	\$ 313,289	27
Retained earnings	517,330	500,978	28
Total common shareholder's equity	830,619	814,267	29
			30
Long-term debt payable to third parties	292,665	254,465	31
Long-term debt payable to Utility Holdings	365,556	315,820	32
Less: Unamortized Issuance Costs, Debt Premiums and Discounts	4,467	4,174	33
Total long-term debt, net	653,754	566,111	34
Current Liabilities			35
Accounts payable	52,914	42,452	36
Payables to other Vectren companies	7,990	16,933	38
Refundable fuel & natural gas costs	-	5,940	39
Accrued liabilities	37,341	38,649	40
Short-term borrowings payable to Utility Holdings	-	-	41
Current maturities of long-term debt	-	62,432	42
Long-term debt subject to tender	-	-	43
Total current liabilities	98,245	166,406	44
			45
Deferred Income Taxes & Other Liabilities			46
Deferred income taxes	368,488	327,008	47
Regulatory liabilities	61,827	59,573	48
Deferred credits & other liabilities	86,419	73,495	49
Total deferred income taxes & other liabilities	516,734	460,076	50
			51
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	\$ 2,099,352	\$ 2,010,311	52

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
CONDENSED STATEMENTS OF INCOME (UNAUDITED)
 (\$000's)

	Twelve Months Ended June 30,		
	2016	2015	
OPERATING REVENUES			
Electric utility	\$ 589,638	\$ 611,436	1
Gas utility	79,198	93,481	2
Total operating revenues	668,836	704,917	3
COST OF OPERATING REVENUES			4
Cost of fuel & purchased power	179,845	193,667	5
Cost of gas sold	27,611	45,073	6
Total cost of operating revenues	207,456	238,740	7
			8
TOTAL OPERATING MARGIN	461,380	466,177	9
			10
OPERATING EXPENSES			11
Other operating	183,488	192,972	12
Depreciation & amortization	95,614	94,222	13
Taxes other than income taxes	19,026	18,814	14
Total operating expenses	298,128	306,008	15
			16
OPERATING INCOME	163,252	160,169	17
			18
Other income - net	4,093	4,407	19
			20
Interest expense	32,544	32,340	21
			22
INCOME BEFORE INCOME TAXES	134,801	132,236	23
			24
Income taxes	50,814	49,187	25
			26
NET INCOME	\$ 83,987	\$ 83,049	27