SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.,
A CENTERPOINT ENERGY COMPANY
(VECTREN SOUTH)

IURC CAUSE NO. 44910 TDSIC 7

DIRECT TESTIMONY
OF
ANGIE M. BELL
DIRECTOR, ACCOUNTING

ON

PROPOSED TDSIC REVENUE REQUIREMENT
THROUGH APRIL 30, 2020

SPONSORING PETITIONER'S EXHIBIT NO. 2,
ATTACHMENT AMB-1

DIRECT TESTIMONY OF ANGIE M. BELL

I. <u>INTRODUCTION</u>

Q. Please state your name and business address.

A. My name is Angie M. Bell. My business address is One Vectren Square, Evansville, Indiana 47708.

Q. By whom are you employed?

A. I am employed by CenterPoint Energy, Inc. ("CenterPoint"). Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Petitioner", "Vectren South" or "the Company") is a subsidiary of CenterPoint.

Q. What is your relationship with Petitioner Vectren South?

A. I am Director of Accounting for CenterPoint, the immediate parent company of Vectren South. I hold the same position with two other utility subsidiaries of CenterPoint – Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren North") and Vectren Energy Delivery of Ohio, Inc. ("Vectren Ohio").

Q. Please describe your educational background.

A. I graduated from Coker College in 2002 with a Bachelor of Science Degree in Business Administration - Accounting.

Q. Please describe your professional experience.

A. I began working for Vectren Corporation ("Vectren") in July 2005 as a Senior Accounting Analyst and have held various accounting positions with increasing responsibility within Vectren since that time. Those positions include Lead Accounting Analyst, Senior and Lead Operational Analyst for Power Supply, Manager of Utility Accounting, Manager of Regulatory Analysis and Manager of Regulatory Reporting. In April 2020, I was named to my current position as Director of Accounting. Prior to joining Vectren, I was employed by Progress Energy as a Business Financial Analyst at the Robinson Nuclear Plant and at Mar-Mac Protective Apparel, Inc. as Manager of Accounting and Inventory Control.

Q. What are your present duties and responsibilities as Director, Accounting?

A. I am responsible for the books and records of CenterPoint's regulated utility operations covering Indiana and Ohio. These duties include, among other responsibilities, overseeing and directing the accounting functions for these operations, including Vectren South. I also have responsibility for the implementation of regulatory initiatives of Vectren South (and other utility subsidiaries in Indiana and Ohio), as well as the preparation of accounting exhibits submitted in various regulatory proceedings.

Q. Are you familiar with the books, records, and accounting procedures of Vectren South?

A. Yes, I am.

Q. Are Vectren South's books and records maintained in accordance with the Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts ("USOA") and generally accepted accounting principles ("GAAP")?

A. Yes.

Q. Have you previously testified before any state regulatory commission?

A. Yes. I have testified before the Indiana Utility Regulatory Commission ("IURC" or "Commission") on behalf of Vectren South in its Electric Transmission, Distribution, and Storage System Improvement Charge ("TDSIC") proceeding, Cause No. 44910-TDSIC-6, its Electric Environmental Cost Adjustment ("ECA") proceeding, Cause No. 45052, its Fuel Adjustment Clause ("FAC") 38708, and its GCA proceeding, Cause No. 37366. I have also testified before the Commission on behalf of Vectren North in its Gas Cost Adjustment ("GCA") proceedings Cause No. 37394.

Q. What is the purpose of your testimony in this proceeding?

A. I will explain and support Vectren South's Electric TDSIC revenue requirement calculations for costs incurred under the Stipulation and Settlement Agreement ("44910 Settlement") seven-year plan ("TDSIC Plan") through April 30, 2020.

I will discuss the evaluation of the change in the TDSIC Revenue Requirement compared to the cap of two percent (2%) of total annual revenues in a 12-month period, as required by the Ind. Code Ch. 8-1-39 ("TDSIC Statute").

Finally, I will discuss the proposed adjustment to the authorized return amount utilized in the Fuel Adjustment Clause ("FAC") net operating income ("NOI") earnings tests (Ind. Code § 8-1-2-42(d) and § 8-1-2-42.3) as a result of the proposed TDSIC, consistent with the TDSIC Statute.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am sponsoring the following exhibit in this proceeding:

- Petitioner's Exhibit No. 2, **Attachment AMB-1**: TDSIC Revenue Requirement, Schedules 1-10

Q. Was this attachment prepared and filed pursuant to your direction or under your supervision?

A. Yes.

II. ACCOUNTING TREATMENT

Q. Please explain the specific accounting treatment Vectren South is requesting in this case.

A. Consistent with the terms of the 44910 Settlement, Vectren South is proposing the following accounting treatment in accordance with the statutes discussed by Witness Swiz:

1. Authorization of the eligible revenue requirement amounts as of April 30, 2020 for the TDSIC plan inclusive of the amounts associated with:
   a. financing costs on projects under construction
   b. post-in-service carrying costs ("PISCC")
   c. deferred TDSIC Plan-related expenses, projected incremental depreciation, and property tax expenses

III. REVENUE REQUIREMENT

Q. Please generally explain how the TDSIC revenue requirement was calculated in this filing.

A. Vectren South calculated a revenue requirement for the TDSIC mechanism for costs incurred through April 30, 2020. Filing schedules are included in Petitioner's Exhibit No. 2, Attachment AMB-1, schedules 1-10. The revenue requirement is shown on Schedule 1 and includes the return on new capital investments, property tax and depreciation expenses associated with TDSIC Plan investments, as well as recovery of the regulatory assets recorded through the interim deferral of depreciation expense and PISCC. The revenue requirement is divided between Transmission and Distribution investments, consistent with FERC USOA guidelines, in order to align with the Company's TDSIC allocation. Vectren South has multiplied the Transmission and Distribution annual revenue requirements by 80% to achieve the recoverable portion of the revenue requirement for Transmission and Distribution investments. As described in greater detail by Witness Swiz, the recoverable amounts for Transmission and Distribution investments were utilized to derive semi-annual TDSIC rates and charges based on annualized billing determinants.

Q. Please describe Schedule 1 (Revenue Requirement) of Attachment AMB-1.

A. This schedule includes the calculation of the proposed revenue requirement Vectren South is seeking to recover in TDSIC-7. The revenue requirement calculation is divided on this schedule between the "Return on New Capital Investment", which calculates the pre-tax return on total net new investment (lines 1 through 8), and the "Incremental Expenses", which calculates the recoverable expenses, both projected and amortized from previously deferred balances (lines 9 through 14). All items on this schedule are recoverable as eligible costs under the TDSIC Statute, divided between Transmission and Distribution, consistent with FERC USOA guidelines, and are supported by the schedules that follow.

In addition, this schedule defines the accounting that will result with the implementation of the TDSIC rates and charges. This information is required to ensure the Company receives the return on its investments and granted by the TDSIC Statute in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 980. The manner of recovery set forth in the schedule is required by accounting rules to recognize the full return on investment, but it does not impact the statutory recovery via the TDSIC nor the amount deferred for future recovery in a base rate proceeding. The collection priority noted in the schedule shows that the first dollar collected will represent the full return (Line 8) and remaining amount covering a portion of the incremental expense (Line 14).

For TDSIC-7, the total revenue requirement is $20,814,197, of which $16,651,358 (80%) will be included for recovery in the TDSIC, and $4,162,839 (20%) will be deferred for recovery in Vectren South's next base rate case.

The total on line 16, Column C of Schedule 1 is used to derive TDSIC rates and charges.

Q. Please describe Schedule 2 (New Capital Investment).

A. This schedule supports the Gross New Capital Investment, Accumulated Depreciation attributed to the new capital investment, and CWIP balances related to new capital investments as of the filing date, segregated between Transmission and Distribution investments. These cumulative amounts will be reflected on lines 1, 2, and 4 on Schedule 1, and utilized in the return on new capital investment calculation. Detail is provided to show these balances by FERC Plant Account, to allow for linkage directly to approved depreciation rates.

Q. Has Vectren South prepared work paper schedules showing the work order details that support these summarized amounts?

A. Yes. TDSIC-7 includes work paper support by work order, which agrees to the summarized amounts listed on this schedule. A working model of the TDSIC-7 Revenue Requirement calculations, including work paper support, will be provided to the Indiana Office of the Utility Consumer Counselor ("OUCC") with each semi-annual filing.

Q. What is included in "new capital investment"?

A. New capital investment includes gross plant, both in service and CWIP, specific to investments under the TDSIC Plan. The accumulated depreciation on these new capital investments is included as a reduction to the gross plant balance. All of these amounts represent actual balances as of April 30, 2020.

Q. Please explain the process used to segregate and record the capital costs of the TDSIC Plan during and at completion of construction.

A. To ensure proper accumulation of construction costs related to the TDSIC Plan investments, a unique project number was assigned to the capital work order. All project construction costs were recorded as incurred to the assigned project number and maintained in the Company's Financial Information System ("FIS") Projects Accounting module. The project number is required for the recording of all project construction costs into any of the FIS feeder systems. Each of the feeder systems, which include payroll, accounts payable, and material inventory, interface with the Projects Accounting module. Total incurred project construction costs are accurately reported by the project number throughout the life cycle of the project. Each project has been sub-categorized in the system as recoverable pursuant to the TDSIC Plan to help exclude any capital investment made that did not qualify for recovery under the approved mechanism.

Q. Were the requirements of the FERC USOA followed in recording of project construction costs?

A. Yes. Costs incurred during the construction phase were reflected in FERC Account 107, CWIP. When each project was completed, meaning the assets are now used and useful in providing utility service, the costs were moved to FERC Account 106, Completed Construction Not Classified ("CCNC"). At the point where the final project costs were captured, and the project manager formally defines the assets installed and removed, the costs were transferred to FERC Account 101, Electric Plant In Service. Any existing assets retired as a result of the projects resulted in a reduction to FERC Account 101, with an offsetting entry to FERC Account 108, Accumulated

Provision for Depreciation of Electric Utility Plant.

Q. What types of costs have been included as eligible utility plant?

A. Eligible utility plant includes the construction costs of the projects, including engineering and project management, permitting, contractor costs, site preparation, equipment and installation, and other costs approved by the Commission.

Q. What capitalized overheads have been included in the construction costs?

A. An allocation for general oversight, management and administrative costs has been included, consistent with Company policy. Costs associated with accounting, legal services, human resource management, insurance and other similar costs are included as overhead costs that are allocated to construction projects. Within the supporting work papers, the Company has broken out the construction costs into categories to identify both direct and indirect (Administrative and General ("A&G") and Engineering and Supervision ("E&S")) costs. Consistent with the terms of the 44910 Settlement, capitalized overheads were limited to no more than 18% of total project charges.

Q. Has allowance for funds used during construction ("AFUDC") been recorded on the project construction costs?

A. Yes, Vectren South has recorded AFUDC in accordance with GAAP requirements, under the formula specified by FERC accounting procedures. On those projects that have been completed, AFUDC ceased at the date the project was placed in-service. On those projects that are still in CWIP and included for recovery in TDSIC-7, AFUDC will cease on the effective date of TDSIC rates in TDSIC-7.

Q. Please describe Schedule 3 (Post In-Service Carrying Costs (PISCC)).

A. This schedule summarizes the calculation of the PISCC balance on investments placed in service but not yet captured for recovery under previous TDSIC filings. This schedule supports line 5 of Schedule 1 and is utilized in the return on new capital investment calculation. In addition, Schedule 3 determines the recoverable amortization expense on the cumulative deferred PISCC balance, included on line 13 of Schedule 1. The rates utilized to calculate PISCC on eligible investments will be discussed later in my testimony.

Q. Please describe Schedule 4 (Pre-Tax Rate of Return).

A. Schedule 4 contains two pages. Page 1 calculates the Pre-Tax return used in the return on calculation on line 7 of Schedule 1. Page 2 calculates the After-Tax return used in the PISCC calculation on eligible investments applicable to the TDSIC Plan from November 1, 2019 through April 30, 2020.

Page 1 calculates the Pre-Tax return used in the return on calculation on line 7 of Schedule 1. As agreed to in the 44910 Settlement, the TDSIC will utilize the actual capital structure at April 30, 2020, inclusive of the items captured in the Company's base rate case capital structure: (1) long-term debt, (2) common equity, (3) customer deposits, (4) cost free capital, including deferred income taxes, and (5) investment tax credits. The balances and cost of debt are based on the actual amounts as of April 30, 2020, and the cost of equity has been set at 10.4% as approved in Vectren South's Rate Case Order and agreed to in the 44910 Settlement. The equity component is grossed up for recovery of income taxes, both state and federal, at current statutory tax rates. In addition, the April 30, 2020 weighted average cost of capital will be utilized to calculate PISCC for investments made from May 1, 2020 through October 31, 2020.

Page 2 reflects the weighted average cost of capital ("WACC") based upon the actual October 31, 2019 capital structure. This rate is used on Schedule 3 to calculate the PISCC on eligible TDSIC investments starting November 1, 2019 through April 30, 2020.

Q. Please describe Schedule 5 (Annualized Depreciation Expense on New Capital Investment).

A. This schedule supports the annualized depreciation expense utilized on line 10 of Schedule 1. It is calculated by multiplying the gross new capital investment balance as of April 30, 2020 from Schedule 2, net of retirements, by the depreciation rate applicable to the respective classes of plant. The depreciation rates are set by FERC USOA Plant Account, which is the basis for the amounts included in the Transmission and Distribution revenue requirements. As reflected on Schedule 5, lines 4-5, the weighted average depreciation rates applicable to the respective classes of plant are based on actual costs incurred through April 30, 2020 multiplied by the individual depreciation rate applicable to each FERC utility plant account. Supporting work papers for the calculated depreciation expense will be provided in each filing to the OUCC.

Q. Please describe Schedule 6 (Amortization of Deferred Expense).

A. This schedule calculates the annualized level of deferred amortization expense included for recovery on line 11 of Schedule 1. The total deferred expense balance was set prior to the initial TDSIC filing and was amortized over 3 years. As of TDSIC-6, this balance has been fully recovered through rates and not included on Schedule 1 for recovery.

Q. Please describe Schedule 7 (Amortization of Deferred Depreciation).

A. This schedule calculates the annualized level of deferred depreciation amortization expense included for recovery on line 12 of Schedule 1. It is calculated by multiplying the cumulative deferred depreciation balance as of April 30, 2020, divided between Transmission and Distribution plant based on the actual TDSIC investment categorization, by the annual depreciation rate applicable to the respective classes of plant. This rate is based on the remaining amortization life of plant, in years, as of December 31, 2016. Vectren South will continue to utilize these same annual depreciation rates in future filings. As agreed to in the 44910 Settlement, depreciation will be deferred on any in service work order not yet included for recovery in a TDSIC filing.

Q. Please describe Schedule 8 (Deferred Revenue Requirement (20%)).

A. This schedule captures a summary of the amounts which have been deferred in accordance with the TDSIC Statute. As previously discussed, 20% of the revenue requirement calculated on Schedule 1 will be deferred until such time as the costs can be recovered as part of Vectren South's next general rate case. Line 17 of Schedule 1 calculates the 20% deferral for the current filing which is allocated by month on Petitioner's Exhibit No. 3, Attachment JCS-1, Schedule 4. Vectren South will defer $2,009,831 for the TDSIC during the semi-annual period (November 2020 through

May 2021), as reflected on line 7 of Schedule 8.

Q. Please describe Schedule 9 (2% TDSIC Annual Retail Revenue Cap Test).

A. Schedule 9 compares the increase in the TDSIC revenue requirement to the prior 12 month retail revenues for Vectren South, to ensure that the amounts included for recovery in TDSIC-7 adhere to the statutory requirements. As defined in the TDSIC Statute, "the commission may not approve a TDSIC that would result in an average aggregate increase in a public utility's total retail revenues of more than two percent (2%) in a twelve (12) month period." (Ind. Code § 8-1-39-14(a)). The increase in the TDSIC revenue requirement will be calculated as the recoverable TDSIC revenue requirement (line 16 of Schedule 1) in the current TDSIC, less the prior recoverable portion of the TDSIC revenue requirement in the prior TDSIC. This amount will be compared to 2% of the retail revenues from the prior 12 month period. "Retail revenues" used in this calculation will be calculated consistent with Vectren South's Operating Revenues, inclusive of TDSIC revenues, from the FAC NOI earnings test. If the increase in the TDSIC revenue requirement exceeds the 2% threshold, then the recoverable increase will be limited to the amount equal to 2% of retail revenues. Any amount in excess (line 12) will be deferred consistent with the TDSIC Statute, and included with the 20% deferral previously discussed. The amount reflected on Schedule 9 does not exceed 2% of Vectren South's retail revenues during the previous 12 months.

Q. Please describe Schedule 10 (NOI Adjusted for FAC Earnings Test).

A. In accordance with the 44910 Settlement, Vectren South will adjust its statutory NOI earnings test by increasing its authorized NOI by incremental earnings from approved TDSIC filings. This calculates the after-tax return on investment that will be added to the authorized NOI by multiplying the net new capital investment from line 6 of Schedule 1 by the after-tax WACC on line 5 of Schedule 4. Effective with the approved rates in this Cause, Vectren South will adjust its authorized NOI by $12,072,654, as denoted on line 3 of Schedule 10.

IV. CONCLUSION

Q. Does this conclude your direct testimony?

A. Yes, it does.

VERIFICATION

The undersigned, Angie M. Bell, affirms under the penalties of perjury that the answers in the foregoing Direct Testimony in Cause No. 44910-TDSIC 7 are true to the best of her knowledge, information and belief.

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY D/B/A VECTREN ENERGY DELIVERY OF INDIANA, INC., A CENTERPOINT ENERGY COMPANY

Angie M. Bell

Angie M. Bell
Director, Accounting

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.
VECTREN SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
ANNUAL REVENUE REQUIREMENT THROUGH APRIL 30, 2020

		A	B	C	D	
Line	Description	Transmission	Distribution	Total Amount	Reference	
	Return on New Capital Investment:					
1	Gross New Capital Investment - As of End of Period	$ 50,500,907	$ 103,446,785	$ 153,947,692	Schedule 2, Line 9, Col. G	
2	Accumulated Depreciation - As of End of Period	$ 3,658,539	$ 1,563,081	$ 5,221,620	Schedule 2, Line 18, Col. G	
3	Net New Capital Investment - As of End of Period	$ 54,159,446	$ 105,009,866	$ 159,169,312	Line 1 + Line 2	
4	New Captial Investment CWIP - As of End of Period	$ 9,267,795	$ 13,581,303	$ 22,849,098	Schedule 2, Line 21, Col. G	
5	PISCC Deferred Balance - As of End of Period	$ 2,312,524	$ 4,304,291	$ 6,616,814	Schedule 3, Line 20, Col. G	
6	Total New Capital Investment - As of End of Period	$ 65,739,765	$ 122,895,460	$ 188,635,224	Line 3 + Line 4 + Line 5	
7	Pre-Tax Rate of Return	8.08%	8.08%	8.08%	Schedule 4, Page 1, Line 17	
8	Annualized Return on New Capital Investment	$ 5,311,773	$ 9,929,953	$ 15,241,726	Line 6 x Line 7	
	Incremental Expenses					
9	Property Tax Expense - Annualized	$ 337,618	$ 680,235	$ 1,017,854	(Line 1 x 0.63%) + (Line 4 x 0.21%)	(A)
10	Depreciation Expense - Annualized	$ 1,143,499	$ 3,160,524	$ 4,304,023	Schedule 5, Line 8	
11	Amortization Expense - Plan Development Costs	$ -	$ -	$ -	Schedule 6, Line 11	
12	Amortization Expense - Deferred Depreciation	$ 15,084	$ 58,924	$ 74,008	Schedule 7, Line 9	
13	Amortization Expense - Deferred PISCC	$ 47,716	$ 128,870	$ 176,586	Schedule 3, Line 23	
14	Total Incremental Expenses	$ 1,543,917	$ 4,028,554	$ 5,572,471	Sum Lines 9-13	
15	**Annual Revenue Requirement - TDSIC**	$ 6,855,690	$ 13,958,507	**$ 20,814,197**	Line 8 + Line 14	
16	**Recoverable TDSIC (80%)**	$ 5,484,552	$ 11,166,806	**$ 16,651,358**	Line 15 x 80%	(B)
17	**To Be Deferred (20%)**	$ 1,371,138	$ 2,791,701	**$ 4,162,839**	Line 15 x 20%	(B)

Notes:

(A) The annualized level of property taxes is calculated using an estimated Vectren South rate of 2.10% multiplied by the tax basis of the: (1) plant, estimated to be 30% of the gross new capital investment amount, and (2) CWIP, estimated to be 10% of the new capital investment CWIP amount.

(B) For accounting purposes only, the collection of 80% of the revenue requirement will cover in order of priority the full return on the investments [Line 8 - $15,241,726], including the full equity and debt return, and then eligible operating expenses [Line 16 less Line 8 - $1,409,632]. The collection priority will not impact the total amount authorized by the Commission for immediate recovery in the TDSIC [Line 16 - $16,651,358], nor the amount deferred and authorized for future recovery in a base rate proceeding [Line 17 - $4,162,839].

Petitioner's Exhibit No. 2
Attachment AMB-1
Cause No. 44910-TDSIC-7
Vectren South
Schedule 2
Page 1 of 1

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.
VECTREN SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
NEW CAPITAL INVESTMENT

		A	B	C	D	E	F	G
Line	Gross New Capital Investment Balance	Balance at 10/31/2019	11/30/2019	12/31/2019	1/31/2020	2/29/2020	3/31/2020	Balance at 4/30/2020
	Gross Assets							
1	Transmission	$ 43,164,485	$ 46,633,183	$ 50,824,645	$ 50,885,498	$ 55,376,182	$ 55,494,916	$ 55,763,475
2	Distribution	$ 85,343,628	$ 87,040,964	$ 91,824,003	$ 93,085,582	$ 97,436,806	$ 107,150,434	$ 109,462,088
3	**Total Gross Assets**	$ 128,508,113	$ 133,674,147	$ 142,648,648	$ 143,971,080	$ 152,812,987	$ 162,645,350	$ 165,225,563
	Retirements							
4	Transmission	$ (4,773,955)	$ (4,887,238)	$ (5,090,292)	$ (5,090,292)	$ (5,262,568)	$ (5,262,568)	$ (5,262,568)
5	Distribution	$ (4,556,763)	$ (4,596,414)	$ (4,838,157)	$ (4,858,782)	$ (4,945,034)	$ (5,733,611)	$ (6,015,303)
6	**Total Retirements**	$ (9,330,718)	$ (9,483,653)	$ (9,928,450)	$ (9,949,075)	$ (10,207,602)	$ (10,996,178)	$ (11,277,870)
	Gross New Capital Investment Balance							
7	Transmission	$ 38,390,530	$ 41,745,944	$ 45,734,352	$ 45,795,206	$ 50,113,614	$ 50,232,349	$ 50,500,907
8	Distribution	$ 80,786,865	$ 82,444,550	$ 86,985,846	$ 88,226,800	$ 92,491,771	$ 101,416,823	$ 103,446,785
9	**Total Gross New Capital Investment**	**$ 119,177,395**	**$ 124,190,494**	**$ 132,720,198**	**$ 134,022,006**	**$ 142,605,385**	**$ 151,649,172**	**$ 153,947,692**
	= (Gross Assets + Retirements)							**To Schedule 1, Line 1**

Line	Accumulated Depreciation Balance	10/31/2019	11/30/2019	12/31/2019	1/31/2020	2/29/2020	3/31/2020	Balance at 4/30/2020
	Depreciation Expense							
10	Transmission	$ 1,027,572	$ 1,110,793	$ 1,201,532	$ 1,296,392	$ 1,395,757	$ 1,499,691	$ 1,604,029
11	Distribution	$ 2,993,576	$ 3,213,204	$ 3,440,678	$ 3,675,524	$ 3,917,562	$ 4,177,447	$ 4,452,221
12	**Total Depreciation Expense**	$ 4,021,148	$ 4,323,998	$ 4,642,210	$ 4,971,917	$ 5,313,319	$ 5,677,138	$ 6,056,250
	Retirements							
13	Transmission	$ (4,773,955)	$ (4,887,238)	$ (5,090,292)	$ (5,090,292)	$ (5,262,568)	$ (5,262,568)	$ (5,262,568)
14	Distribution	$ (4,556,763)	$ (4,596,414)	$ (4,838,157)	$ (4,858,782)	$ (4,945,034)	$ (5,733,611)	$ (6,015,303)
15	**Total Retirements**	$ (9,330,718)	$ (9,483,653)	$ (9,928,450)	$ (9,949,075)	$ (10,207,602)	$ (10,996,178)	$ (11,277,870)
	Total Accumulated Depreciation Balance							
16	Transmission	$ 3,746,383	$ 3,776,445	$ 3,888,760	$ 3,793,900	$ 3,866,810	$ 3,762,877	$ 3,658,539
17	Distribution	$ 1,563,187	$ 1,383,210	$ 1,397,480	$ 1,183,258	$ 1,027,472	$ 1,556,164	$ 1,563,081
18	**Total Accumulated Depreciation Balance**	**$ 5,309,570**	**$ 5,159,655**	**$ 5,286,240**	**$ 4,977,158**	**$ 4,894,283**	**$ 5,319,041**	**$ 5,221,620**
	= - Depreciation Expense - Retirements							**To Schedule 1, Line 2**

Line	CWIP Balance	Balance at 4/30/2020
19	Transmission	$ 9,267,795
20	Distribution	$ 13,581,303
21	**Total CWIP Balance**	**$ 22,849,098**
		To Schedule 1, Line 4

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.
VECTREN SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
POST IN-SERVICE CARRYING COSTS (PISCC)

Line	Description	Reference	A	B	C	D	E	F	G
1	PISCC Rate - Monthly	Schedule 4, Page 2, Line 5 / 12		0.55%	0.55%	0.55%	0.55%	0.55%	0.55%
2	Debt - PISCC Rate - Monthly	Schedule 4, Page 2, Lines 1,3-4 / 12		0.13%	0.13%	0.13%	0.13%	0.13%	0.13%
3	Equity - PISCC Rate - Monthly	Schedule 4, Page 2, Line 2 / 12		0.42%	0.42%	0.42%	0.42%	0.42%	0.42%
4	Transmission Amortization Rate - Monthly (A)	Schedule 7, Line 5 / 12		0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
5	Distribution Amortization Rate - Monthly (A)	Schedule 7, Line 6 / 12		0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
	PISCC Cummulative Deferred Balance - DEBT		Balance at 10/31/2019	11/30/2019	12/31/2019	1/31/2020	2/29/2020	3/31/2020	Balance at 4/30/2020
6	Transmission	(B)	$ 424,953	$ 442,379	$ 464,593	$ 489,465	$ 517,181	$ 547,778	$ 578,617
7	Distribution	(B)	$ 833,279	$ 863,296	$ 897,364	$ 935,209	$ 976,563	$ 1,026,707	$ 1,084,367
8	PISCC Deferred Balance	(B)	$ 1,258,232	$ 1,305,675	$ 1,361,957	$ 1,424,674	$ 1,493,744	$ 1,574,485	$ 1,662,984
	PISCC Cummulative Deferred Balance - EQUITY		Balance at 10/31/2019	11/30/2019	12/31/2019	1/31/2020	2/29/2020	3/31/2020	Balance at 4/30/2020
9	Transmission	(B)	$ 1,242,146	$ 1,300,814	$ 1,375,601	$ 1,459,335	$ 1,552,646	$ 1,655,656	$ 1,759,481
10	Distribution	(B)	$ 2,451,885	$ 2,552,944	$ 2,667,638	$ 2,795,051	$ 2,934,275	$ 3,103,093	$ 3,297,214
11	PISCC Deferred Balance	(B)	$ 3,694,031	$ 3,853,758	$ 4,043,239	$ 4,254,386	$ 4,486,921	$ 4,758,749	$ 5,056,696
	PISCC Cumulative Deferred Balance - DEBT + EQUITY		Balance at 10/31/2019	11/30/2019	12/31/2019	1/31/2020	2/29/2020	3/31/2020	Balance at 4/30/2020
12	Transmission	Line 6 + Line 9	$ 1,667,099	$ 1,743,193	$ 1,840,194	$ 1,948,799	$ 2,069,827	$ 2,203,434	$ 2,338,099
13	Distribution	Line 7 + Line 10	$ 3,285,164	$ 3,416,240	$ 3,565,002	$ 3,730,260	$ 3,910,837	$ 4,129,800	$ 4,381,581
14	PISCC Deferred Balance	Sum Lines 12-13	$ 4,952,263	$ 5,159,433	$ 5,405,195	$ 5,679,060	$ 5,980,664	$ 6,333,234	$ 6,719,679
	Amortization of PISCC								
15	Less: Amortization of PISCC - Transmission		$ (12,535)	$ (14,708)	$ (16,882)	$ (19,055)	$ (21,228)	$ (23,402)	$ (25,575)
16	Less: Amortization of PISCC - Distribution		$ (42,584)	$ (48,369)	$ (54,153)	$ (59,937)	$ (65,722)	$ (71,506)	$ (77,290)
17	Less: Amortization of PISCC	(C)	$ (55,119)	$ (63,077)	$ (71,035)	$ (78,992)	$ (86,950)	$ (94,908)	$ (102,865)
	Total PISCC Deferred Balance								
18	Transmission	Line 12 + Line 15	$ 1,654,564	$ 1,728,485	$ 1,823,312	$ 1,929,744	$ 2,048,599	$ 2,180,033	$ 2,312,524
19	Distribution	Line 13 + Line 16	$ 3,242,580	$ 3,367,871	$ 3,510,849	$ 3,670,323	$ 3,845,116	$ 4,058,294	$ 4,304,291
20	**Total PISCC Deferred Balance**	Line 14 + Line 17	**$ 4,897,143**	**$ 5,096,356**	**$ 5,334,161**	**$ 5,600,067**	**$ 5,893,714**	**$ 6,238,326**	**$ 6,616,814**
									To Schedule 1, Line 5
	Annualized Amortization Expense								
21	Transmission	Line 4 x Line 12 x 12							$ 47,716
22	Distribution	Line 5 x Line 13 x 12							$ 128,870
23	Total Amortization Expense	Sum Lines 21-22							**$ 176,586**
									To Schedule 1, Line 13

(A) Based on Amortization Life of Plant as of December 31, 2016. Annual depreciation rate is 1 divided by Number of Years, as shown on Attachment AMB-1, Schedule 7.
(B) Calculated as the PISCC rates (lines 2 & 3) multiplied by the monthly PISCC eligible balances. PISCC eligible balances are based on the gross plant placed in-service not yet captured for recovery in the TDSIC.
(C) Balance at October 31, 2019 in total ties to TDSIC-6, Attachment AMB-1, Schedule 3, Line 17. The allocation between Transmission and Distribution has been revised to include both debt and equity.
Amortization of approximately $7,958 per month beginning in November 2019 is based on annualized amortization expense of $95,492 from TDSIC-5.

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.
VECTREN SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
PRE-TAX RATE OF RETURN AT APRIL 30, 2020

Line	After-Tax (A)		A Amount ($000's)	B Weighting	C Cost	D = B x C WACC	
1	Debt	$	781,163	33.33%	4.04%	1.35%	
2	Equity	$	1,131,236	48.26%	10.40%	5.02%	
3	Cost Free Capital	$	418,340	17.85%	0.00%	0.00%	
4	Other	$	13,209	0.56%	4.82%	0.03%	
5	**Total**	$	2,343,948			**6.40%**	**(B)**
						To Schedule 10, Line 2	

Line	Pre-Tax Equity Component Calculation			
6	After-Tax Cost of Equity per Line 2	5.02%		Line 2, Col. D
7	One		100.00%	
8	Less State Taxes		5.208%	(C)
9	Federal Taxable		94.79%	Line 7 - Line 8
10	One Less Federal Income Tax		79.00%	1 - 21%
11	Effective Gross-Up Factor		74.89%	Line 9 x Line 10
12	Pre-Tax Equity	6.70%		Line 6 / Line 11

Forecast - Adjusted ROR (fixed ROE)

Line	Pre-Tax		
13	Debt	1.35%	from Line 1
14	Equity	6.70%	from Line 12
15	Cost Free Capital	0.00%	from Line 3
16	Other	0.03%	from Line 4
17	**Total Pre-Tax Rate of Return**	**8.08%**	Sum Lines 13-16
		To Schedule 1, Line 7	

(A) All data in Lines 1 through 5 represent the actual balances as of April 30, 2020.

(B)	Proof		Equity		Debt and Other		Total	
18	Total New Capital Investment	$	188,635,224	$	188,635,224			from Schedule 1, Line 6
19	Pre-Tax Return		6.70%		1.38%			from Lines 13-16
20	Return	$	12,645,304	$	2,603,166			Line 18 x Line 19
21	State Tax	$	658,610					5.125% x Line 20
22	Federal Taxable Return	$	11,986,694	$	2,603,166			Line 20 - Line 21
23	Federal Tax	$	2,517,206					Line 22 x 21%
24	After Tax Return $	$	9,469,488	$	2,603,166	$	12,072,654	Line 20 - Lines 21 and 23
25	After Tax Return %						6.40% equals Line 5	Line 24 / Line 18

(C) Represents a blended State Tax Rate:
- November 1, 2020 - April 30, 2021 @ 5.208%
- Based on 5.50% @ July 1, 2019, 5.25% @ July 1, 2020, and 4.90% @ July 1, 2021

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
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VECTREN SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
AFTER TAX PISCC RATE AT OCTOBER 31, 2019

		A		B	C	D = B x C
Line	After-Tax (A)	Amount ($000's)		Weighting	Cost	WACC
1	Debt	$	740,624	32.96%	4.45%	1.47%
2	Equity	$	1,092,022	48.59%	10.40%	5.05%
3	Cost Free Capital	$	400,440	17.82%	0.00%	0.00%
4	Other	$	14,201	0.63%	5.43%	0.03%
5	**Total**	$	2,247,287			**6.55%**

(A) All data in Lines 1 through 5 represent the actual balances as of October 31, 2019 (as presented in TDSIC-6 filing on JCS-1, Sch 4, Pg 1).

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
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VECTREN SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
ANNUALIZED DEPRECIATION EXPENSE ON NEW CAPITAL INVESTMENT

Line	Description		Balance at 4/30/2020	Reference
	Depreciable In-Service Balance			
1	Transmission	$	50,500,907	Schedule 2, Line 7, Col. G
2	Distribution	$	103,446,785	Schedule 2, Line 8, Col. G
3	Total	$	153,947,692	Sum Lines 1-2
	Monthly Depreciation Rates			
4	Transmission		0.19%	**(A)**
5	Distribution		0.25%	**(A)**
	Annualized Depreciation Expense			
6	Transmission	$	1,143,499	Line 1 x Line 4 x 12
7	Distribution	$	3,160,524	Line 2 x Line 5 x 12
8	**Total Annualized Depreciation Expense**	**$**	**4,304,023**	Sum Lines 6-7
			To Schedule 1, Line 10	

(A) Current average of authorized depreciation rates. Supporting work papers will show a detailed calculation of depreciation rates by class of plant.

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
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VECTREN SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
AMORTIZATION OF PLAN DEVELOPMENT COSTS

Line	Description		Transmission	Distribution	Total	Reference
1	Total Plan Development Costs **(A)**		$ 1,516,155	$2,282,529	$3,798,684	
2	Amortization Period (in years)		3	3	3	
3	Annual Amortization		$ 505,385	$ 760,843	**$ 1,266,228**	Line 1 / Line 2
		(B)	40%	60%		
4	Amount Recovered in TDSIC-1		$ 252,693	$ 380,421	$ 633,114	
5	Amount Recovered in TDSIC-2		$ 252,693	$ 380,421	$ 633,114	
6	Amount Recovered in TDSIC-3		$ 252,693	$ 380,421	$ 633,114	
7	Amount Recovered in TDSIC-4		$ 252,693	$ 380,421	$ 633,114	
8	Amount Recovered in TDSIC-5		$ 252,693	$ 380,421	$ 633,114	
9	Amount Recovered in TDSIC-6		$ 252,693	$ 380,421	$ 633,114	
10	Total Recovered		$ 1,516,155	$2,282,529	$3,798,684	Sum of Lines 4-9
11	Remaining Balance to be Recovered		$ -	$ -	$ -	Line 1 - Line 10
					To Schedule 1, Line 11	

Notes:

(A) Per Cause No. 44910, TDSIC-1 Petitioner's Exhibit No. 1 (Witness Hoover Direct Testimony)

(B) Percentage split between Transmission and Distribution based on total capital spend in the TDSIC Plan per Cause No. 44910- Petitioner's Exhibit No. 10, Attachment LKW-1

Petitioner's Exhibit No. 2
Attachment AMB-1
Cause No. 44910-TDSIC-7
Vectren South
Schedule 7
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SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.
VECTREN SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
AMORTIZATION OF DEFERRED DEPRECIATION

		A	B	C	D	E	F	G
Line	Description	Balance at 10/31/2019	11/30/2019	12/31/2019	1/31/2020	2/29/2020	3/31/2020	Balance at 4/30/2020
	Deferred Depreciation Balance (A)							
1	Transmission	$ 514,673	$ 539,739	$ 572,027	$ 608,257	$ 648,815	$ 693,765	$ 739,119
2	Distribution	$ 1,517,934	$ 1,576,456	$ 1,642,496	$ 1,715,607	$ 1,795,777	$ 1,892,765	$ 2,003,418
3	Less: Amortization of Deferrals **(B)**	$ (23,522)	$ (26,884)	$ (30,246)	$ (33,608)	$ (36,969)	$ (40,331)	$ (43,693)
4	Total Deferred Depreciation Balance	$ 2,009,085	$ 2,089,311	$ 2,184,277	$ 2,290,257	$ 2,407,623	$ 2,546,199	$ 2,698,843
	Depreciation Rates (C)							
5	Transmission							2.04%
6	Distribution							2.94%
	Deferred Depreciation Amortization Expense							
7	Transmission						Line 1 x Line 5	$ 15,084
8	Distribution						Line 2 x Line 6	$ 58,924
9	**Deferred Depreciation Amortization Expense**						Sum Lines 7-8	**$ 74,008**

To Schedule 1, Line 12

(A) Calculated by taking the gross new plant investment, less retirements, placed in-service but not yet included in TDSIC recovery.
(B) Captures actual recorded amortization expense for PISCC during period.
(C) Based on Amortization Life of Plant as of December 31, 2016. Annual depreciation rate is 1 divided by Number of Years.
Transmission - 49 years
Distribution - 34 years

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
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VECTREN SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
DEFERRED REVENUE REQUIREMENT (20%)

Line	Description		Amount **(A)**	Reference
1	TDSIC-1 - through 04/30/2017 **(B)**	$	186,995	TDSIC-1, JCS-1, Sch 8, Line 1
2	TDSIC-2 - through 10/31/2017	$	450,914	TDSIC-2, JCS-1, Sch 8, Line 2
3	TDSIC-3 - through 04/30/2018	$	715,582	TDSIC-3, JCS-1, Sch 8, Line 3
4	TDSIC-4 - through 10/31/2018	$	1,002,934	TDSIC-4, JCS-1, Sch 8, Line 4
5	TDSIC-5 - through 04/30/2019	$	1,358,066	TDSIC-5, JCS-1, Sch 8, Line 5
6	TDSIC-6 - through 10/31/2019	$	1,877,927	TDSIC-6, JCS-1, Sch 8, Line 6
7	TDSIC-7 - through 04/30/2020	$	2,009,835	**(C)**
8	**Total Deferred Revenue Requirement**	**$**	**7,602,253**	Sum Lines 1 - 7

Notes:

(A) Pending results from 2% TDSIC Annual Retail Revenue Cap Test from Attachment AMB-1, Schedule 9, additional information may be provided for TDSIC Deferred in Excess of 2% Cap.

(B) TDSIC-1 Deferral Adjusted for Tax Reform Beginning January 2018. ($193,084 - $6,089 = $186,995).

(C) Attachment JCS-1, Schedule 4, Line 25, Sum of November 2020 - April 2021

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
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VECTREN SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
2% TDSIC ANNUAL RETAIL REVENUE CAP TEST

Line	Description	Total Amount	Reference
1	Current TDSIC Recoverable	$ 16,651,358	Schedule 1, Line 16
2	Prior TDSIC Recoverable	$ 14,527,966	TDSIC-6, JCS-1, Schedule 1, Line 16
3	Increase in TDSIC Recoverable	$ 2,123,392	Line 1 - Line 2
4	Total Retail Revenues	$ 561,564,758	12 Months Ended As of End of Period
5	TDSIC Cap	2%	[Ind. Code § 8-1-39-14(a)]
6	TDSIC Cap - 2% of Retail Revenues	$ 11,231,295	Line 4 x Line 5
7	Does Increase in TDSIC Exceed 2% Cap?	No	If Line 3 > Line 6, Yes; If not, No
	If Yes:		
8	TDSIC Cap - 2% of Retail Revenues	$ -	If Yes - Line 6; If No, $0
9	Plus: Prior TDSIC Recoverable	$ -	If Yes - Line 2; If No, $0
10	Total TDSIC Recoverable	$ -	Line 8 + Line 9
11	Current TDSIC Recoverable	$ -	If Yes - Line 1; If No, $0
12	TDSIC Deferred in Excess of 2% Cap	$ -	Line 11 - Line 10
	If No:		
13	Current TDSIC Recoverable	$ 16,651,358	If No, Line 1; If Yes, $0

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
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VECTREN SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
NOI ADJUSTED FOR FAC EARNINGS TEST

Line	Description	Total Amount	Reference
1	Total New Capital Investment - As of End of Period	$ 188,635,224	From Schedule 1, Line 6
2	After-Tax Rate of Return	6.40%	From Schedule 4, Page 1, Line 5
3	NOI Adjustment for FAC Earnings Test - TDSIC-7	$ 12,072,654	Line 1 x Line 2