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

IURC CAUSE NO. 44910

DIRECT TESTIMONY
OF
J. CAS SWIZ
DIRECTOR, REGULATORY IMPLEMENTATION AND ANALYSIS

ON

TRANSMISSION, DISTRIBUTION, AND STORAGE SYSTEM IMPROVEMENT CHARGE
(TDSIC) DESIGN, REVENUE REQUIREMENTS, ACCOUNTING RELIEF, COST
RECOVERY AND TARIFF SHEETS

SPONSORING PETITIONER’S EXHIBIT NO. 9,
ATTACHMENTS JCS-1 THROUGH JCS-4
DIRECT TESTIMONY OF J. CAS SWIZ

I. INTRODUCTION

Q. Please state your name and business address.
A. My name is J. Cas Swiz. My business address is One Vectren Square, Evansville, Indiana 47708.

Q. By whom are you employed?
A. I am employed by Vectren Utility Holdings, Inc. (“VUHI”). Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. (“Vectren South” or “the Company”) is a subsidiary of VUHI.

Q. What position do you hold with Petitioner Vectren South?
A. I am Director, Rates and Regulatory Analysis for VUHI, the immediate parent company of Vectren South. I hold the same position with two other utility subsidiaries of VUHI – 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 am a 2001 graduate of the University of Evansville with a Bachelor of Science degree in Accounting, and a 2005 graduate of the University of Southern Indiana with a Masters of Business Administration.

Q. Please describe your professional experience.
A. From 2001 to 2003, I was employed by ExxonMobil Chemical as a Product and Inventory accountant. Since 2003, I have been employed with VUHI in various accounting capacities. In 2008, I was named Manager, Regulatory and Utility Accounting, and in November 2012, I was named Director, Regulatory Implementation and Analysis. I was named to my current position in August 2015.

Q. What are your present duties and responsibilities as Director, Rates and Regulatory Analysis?
A. I am responsible for the regulatory and rate matters of the regulated utilities within VUHI in proceedings before the Indiana and Ohio utility regulatory commissions. I also have responsibility for the financial analysis and implementation of all regulatory initiatives of Vectren South (and VUHI’s other utility subsidiaries), 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 Uniform System of Accounts (“USOA”) and generally accepted accounting principles (“GAAP”)?
A. Yes.

Q. Have you ever 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 and Vectren North in its Gas Transmission, Distribution, and Storage System Improvement Charge (“TDSIC”) proceedings, Cause No. 44429 (Vectren South) and Cause No. 44430 (Vectren North). I have testified on behalf of Vectren South andVectren North in its Gas Cost Adjustment (“GCA”) proceedings Cause No. 37366 (Vectren South) and Cause No. 37394 (Vectren North) and on behalf of Vectren South in its Fuel Adjustment Clause (“FAC”), Cause No. 38708. I have also testified before the Public Utilities Commission of Ohio on behalf of Vectren Ohio.

Q. What is the purpose of your testimony in this proceeding?
A. Pursuant to Ind. Code Ch. 8-1-39 (“TDSIC Statute”), I will discuss the accounting relief requested by the Company related to the proposed 7-Year Electric Plan (“TDSIC Plan”) described in the testimony of Vectren South witnesses Lynnae K. Wilson and Steven A. Hoover. I will discuss how these TDSIC Plan investments will be reflected as recoverable costs within the TDSIC Revenue Requirement calculation, using illustrative examples of proposed filing schedules. 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 TDSIC Statute.

I will discuss the proposed adjustment to the authorized return amount utilized in the
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 Statute.

Finally, I will discuss Vectren South’s proposal to implement a rate adjustment
mechanism (“the TDSIC”) for recovery of costs incurred pursuant to the TDSIC
Statute. I will describe the proposed allocation of costs, and tariff sheet, as well as
other proposed changes to Vectren South’s Tariff for Electric Service (“Tariff”).

Q. Are you sponsoring any exhibits in this proceeding?
A. Yes. I am sponsoring the following exhibits in this proceeding:

- Petitioner’s Exhibit No. 9, Attachment JCS-1: (Illustrative) TDSIC Revenue
  Requirement and rate derivation, Schedules 1-14
- Petitioner’s Exhibit No. 9, Attachment JCS-2: Projected Rates and Charges
  and Yearly Revenue Percentage Change
- Petitioner’s Exhibit No. 9, Attachment JCS-3: Proposed TDSIC Tariff Sheet
- Petitioner’s Exhibit No. 9, Attachment JCS-4: Other Tariff Sheet Changes

Q. Were these exhibits prepared by you or under your supervision?
A. Yes, they were.

II. STATUTORY OVERVIEW

Q. Please describe the statutory authority that allows Vectren South to seek
approval of a rate adjustment mechanism associated with projects within the
TDSIC Plan.
A. Vectren South is requesting approval and subsequent timely recovery and deferred
accounting treatment of the costs of the TDSIC Plan, under the TDSIC Statute,
enacted as part of Senate Enrolled Act 560 and effective April 30, 2013. As
discussed in detail by Vectren South witnesses Wilson and Jon K. Luttrell, the TDSIC
Plan proposed by Vectren South addresses new or replacement capital investment
required for safety, reliability, and/or system modernization. Commensurate with the
approval of the TDSIC Plan, Ind. Code § 8-1-39-9(a) states:

…a public utility that provides electric or gas utility service may file
with the commission rate schedules establishing a TDSIC that will
allow the periodic automatic adjustment of the public utility’s basic
rates and charges to provide for timely recovery of eighty percent
(80%) of approved capital expenditures and TDSIC costs.

Additionally, Ind. Code § 8-1-39-9(b) provides that:

A public utility that recovers capital expenditures and TDSIC costs
under subsection (a) shall defer the remaining twenty percent (20%)
of approved capital expenditures and TDSIC costs, including
depreciation, allowance for funds used during construction, and post
in service carrying costs, and shall recover those capital expenditures
and TDSIC costs as part of the next general rate case that the public
utility files with the commission.

TDSIC costs, as defined under Ind. Code § 8-1-39-7, include among others, a pre-
tax return on equity, other financing costs, depreciation, and property tax expenses.
Vectren South proposes to utilize the TDSIC to recover 80% of the revenue
requirement capturing these costs, and to defer and recover the remaining 20% of
the revenue requirement as part of the next base rate case filed with the
Commission.

Q. Indiana Code § 8-1-39-13 (c) states that a public utility may not file a petition
within nine (9) months after the date on which the Commission issues an
Order changing Petitioner’s basic rates and charges. Please provide the date
of the Company’s last electric rate case order.

A. The Company’s last retail electric base rate case order changing basic rates and
charges was issued on April 27, 2011 (Cause No. 43839, “Rate Case Order”), which
is more than nine months prior to filling of the Petition in this Cause.
Q. Indiana Code § 8-1-39-9 (d) requires that a company that implements a TDSIC shall file a petition for approval of the Company’s basic rates and changes before the end of the 7-Year Plan. Does Vectren South intend to comply with this requirement?

A. Yes, the Company will make the required filing for a change in basic rates and charges prior to the end of the 7-Year Plan.

III. RATEMAKING AND ACCOUNTING TREATMENT

Q. Please summarize Vectren South's ratemaking and accounting proposals and the statutory authority supporting these proposals.

A. Pursuant to the TDSIC Statute, Vectren South is requesting accounting authority starting January 1, 2017 for, and subsequent recovery of, eligible TDSIC costs specific to the proposed TDSIC Plan discussed by witnesses Wilson and Hoover.

As discussed previously, the TDSIC Statute provides for timely recovery of 80% of the revenue requirement associated with approved capital expenditures and TDSIC costs via a periodic automatic adjustment of the utility’s rates (Ind. Code § 8-1-39-9(a)). Vectren South is proposing to include the costs associated with the TDSIC Plan in the TDSIC Mechanism, as described further in my testimony, with the remaining 20% of the revenue requirement deferred and recovered by the Company as part of its next general base rate case (Ind. Code § 8-1-39-9(b)).

Q. How does the Statute define eligible TDSIC costs?

A. The TDSIC Statute defines eligible TDSIC Costs as:

…the following costs incurred with respect to eligible transmission, distribution, and storage system improvements incurred both while the improvements are under construction and post in service:

(1) Depreciation expenses.
(2) Operation and maintenance expenses.
(3) Extensions and replacements to the extent not provided for through depreciation, in the manner provided for in IC 8-1.5-3-8.
(4) Property taxes.
(5) Pretax returns.” (Ind. Code § 8-1-39-7)
Q. Please explain the specific ratemaking and accounting treatment Vectren South is requesting in this case.

A. Vectren South is proposing the following ratemaking and accounting treatment, beginning January 1, 2017, in accordance with the statutes previously discussed:

1. Recovery of 80% of eligible revenue requirement amounts via a rate adjustment mechanism:
   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

2. Deferral of 20% of eligible revenue requirement amounts for subsequent recovery in a base rate case:
   a. financing costs on projects under construction
   b. PISCC
   c. Deferred TDSIC Plan-related expenses, projected incremental depreciation, and property tax expenses

3. Interim deferrals and subsequent recovery of incremental deferred amounts via the rate adjustment mechanism

Q. How will Vectren South capture these eligible costs for recovery within the proposed semi-annual TDSIC filings?

A. Consistent with these definitions and to effectuate the authorized recovery, Vectren South will prepare in each semi-annual filing a revenue requirement calculation which will accumulate all eligible costs incurred through a date certain pursuant to the TDSIC Plan. The semi-annual revenue requirement will capture eligible new capital investments in plant related to the TDSIC Plan, multiplied by the applicable rate of return, discussed in greater detail later in my testimony, with depreciation, O&M, and property tax expenses associated with TDSIC Plan investments added to the resulting total. As discussed later in my testimony, the TDSIC revenue requirement will represent the basis for the recovery of 80% of the eligible revenue requirement amounts requested in each periodic TDSIC filing.
**Q.** Please explain what is meant by “new capital investments”.

**A.** As stated within the TDSIC Statute, “eligible transmission, distribution, and storage system improvements means new or replacement…projects that…were not included in the public utility’s rate base in its most recent general rate case.” (Ind. Code § 8-1-39-2 (2)) The TDSIC Statute explicitly excludes specific projects that have been previously included in the Company’s base rates.

**Q.** What is included in “new capital investment”?

**A.** Vectren South proposes to include the gross plant specific to the new capital investments under the TDSIC Plan, both in service and Construction Work in Progress (“CWIP”). The project costs in the TDSIC will include various direct and indirect costs, and financing costs incurred during construction, commonly referred to as Allowance for Funds Used During Construction (“AFUDC”). The accumulation of the eligible project costs and the request for CWIP ratemaking treatment will be discussed later in my testimony.

The depreciation that accumulates on these new capital investments once they go in service will also be included as a reduction to the gross plant. The accumulated depreciation will capture all depreciation expense on new capital investments starting with the in-service month, and any cost of removal incurred in the disposal of assets retired and replaced as a result of these investments, consistent with the Federal Energy Regulatory Commission (“FERC”) USOA requirements. This results in a “net plant” amount related to the new capital investments.

Finally, as defined in the TDSIC Statute, the investments placed in-service and not yet included for recovery within the TDSIC mechanism are eligible for PISCC at the weighted average cost of capital approved within the TDSIC filing. The PISCC related to the new capital investments placed in-service will be included in the net plant calculation within the revenue requirement.

**Q.** Please explain how the depreciation expense proposed for recovery will be calculated.

**A.** Vectren South will include for recovery within the revenue requirement the...
depreciation expense associated with the new capital investments directly related to the TDSIC Plan. This will be calculated using the applicable approved depreciation rates from Vectren South’s Rate Case Order. To the extent that the new investment results in a retirement of an existing asset, depreciation expense included in the revenue requirement will be reduced by the depreciation expense amount attributed to those retired assets.

Q. How will pre-tax return on new capital investment be calculated?
A. The pre-tax return on the new capital investment will be calculated by multiplying the pre-tax rate of return, based on the weighted average cost of capital (“WACC”), by total new capital investment related to the proposed TDSIC Plan.

Q. What is the proposed WACC to be utilized in the TDSIC?
A. Ind. Code § 8-1-39-13 specifies the determination of the pre-tax return for the TDSIC as follows:

For purposes of calculating the TDSIC costs of a public utility, the commission shall determine an appropriate pretax return for the public utility. In determining the appropriate pretax return, the commission may consider the following factors:

(1) The current state and federal income tax rates.
(2) The public utility’s capital structure.
(3) The actual cost rates for the public utility’s long term debt and preferred stock.
(4) The public utility’s cost of common equity determined by the commission in the public utility’s most recent general rate proceeding.
(5) Other information that the commission determines is necessary.

Vectren South proposes to use a WACC for the TDSIC based upon the actual capital structure at the end of each respective measurement period in the TDSIC, inclusive of the typical items included 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. Consistent with the TDSIC Statute, the balances and cost of debt will be based on the actual amounts, and the cost of equity will be set at 10.4% as approved in the Rate Case Order. This rate will be used in the TDSIC revenue requirement calculation, and the equity
component will be grossed up for recovery of income taxes, both state and federal, at then current rates.

Q. How will the weighted average cost of capital be calculated and applied to the TDSIC mechanism?
A. The Company’s proposal, discussed later in my testimony, is to file its TDSIC every six-months based on net new capital investment balances as of April 30 and October 31 of each year. Vectren South will use a current capital structure in the calculation of its TDSIC revenue requirement with each semi-annual TDSIC filing, which will be updated each filing to coincide with the date of the net new capital investment balance. The capital structure used to calculate the WACC applied to the TDSIC Plan investments will be based on the actual balances as of April 30 and October 31 of each year.

Q. Please explain the Company’s proposal to defer the remaining 20% of eligible revenue requirement amounts not recovered in the TDSIC.
A. As provided for in the TDSIC Statute, the remaining 20% of eligible revenue requirement amounts shall be deferred for recovery as part of the Company’s next base rate proceeding. Consistent with the recoverable portion, the revenue requirement calculation discussed later in my testimony will be used to derive the 20% deferred for future recovery.

Q. Please explain the proposal to defer and subsequently recover depreciation expense associated with TDSIC Plan investments on an interim basis prior to inclusion in the TDSIC.
A. Vectren South proposes to defer depreciation expense on the TDSIC Plan, from each project’s in service date until depreciation expense is included for recovery in the TDSIC. Commencing on the date each project is placed in service, the depreciation expense would be charged to FERC Account 403, Depreciation Expense, with a corresponding credit to FERC Account 108, Accumulated Provision for Depreciation of Electric Utility Plant. Concurrently, the deferral of depreciation would be recorded as a charge to FERC Account 182.3 Other Regulatory Assets, and a credit to FERC Account 407.4, Regulatory Credits, until such point as the
assets are included for recovery in the TDSIC. This proposed accounting for the
deferral of depreciation is in accordance with GAAP and, specifically, Statement of
Financial Accounting Standards (“SFAS”) No. 71. SFAS71 specifies that, subject to
the approval of a regulatory agency and the probability of collection from customers
at a future date, the Company may establish a regulatory asset for future recovery in
lieu of recording expense.

Q. How does Vectren South propose recovering the regulatory assets in FERC
Account 182.3 recorded through the interim deferral of such depreciation
expenses?
A. Vectren South will amortize the cumulative deferred balances over time, and include
the amortization amount in the TDSIC revenue requirements. Specific to deferred
depreciation expense, Vectren South proposes to amortize the deferred balance
through the TDSIC over the life of the assets that generated the depreciation
expense. The calculation will utilize the depreciation rates applicable to the class of
plant as the basis for the amortization period.

Q. Please explain the proposal to defer and subsequently recover costs
associated with the TDSIC Plan development.
A. As discussed by witness Hoover, the Company has incurred costs throughout 2016
to assist in the development of the TDSIC Plan, including asset risk modeling and
the development of detailed project estimates as well as support for Vectren South
during the case development. These costs are directly linked with the TDSIC Plan
proposed in this filing, and have been deferred in FERC Account 182.3 for
subsequent recovery in the proposed TDSIC. Vectren South proposes to amortize
and recover this deferred balance through the TDSIC over a period of three (3)
years.

Q. Are these deferred amounts included as TDSIC costs under the TDSIC Statute?
A. Yes, as noted previously, the TDSIC Statute includes depreciation, operation and
maintenance, and property tax expenses as eligible TDSIC costs.

Q. Please explain the projected expense recovery ratemaking treatment being
requested within the TDSIC.

A. Vectren South is seeking authority through the establishment of the TDSIC to recover depreciation and property tax expenses associated with TDSIC Plan investments. To provide for timely recovery, Vectren South’s proposed TDSIC will project an annualized level of expense related to the TDSIC Plan specific depreciation and property tax expenses.

Q. How will the depreciation expense included for recovery be calculated?

A. Depreciation expense included for recovery in the TDSIC will reflect an annualized level of expense related to the gross new capital investment as of the cut-off date of the TDSIC filing. As the investment is placed in service, it will be classified in the appropriate FERC Plant Account, and depreciated using the depreciation rate approved¹ for the Plant Account.

Q. How will the property tax expense included for recovery be calculated?

A. Property tax expense included for recovery in the TDSIC will reflect an annualized level of expense related to the gross new capital investment in service as of the cut-off date of the filing. The annualized property tax expenses will be calculated by multiplying gross new capital investment in service by the then current or most recent tax rate for the projected period.

Q. Please explain the CWIP ratemaking treatment being requested.

A. Vectren South proposes to implement CWIP ratemaking treatment related to the recovery of financing costs incurred during the construction of eligible investments under the TDSIC Plan. Under CWIP ratemaking treatment, Vectren South will recover, through the TDSIC, financing costs incurred during the construction period attributable to eligible capital investments. CWIP ratemaking treatment allows a utility to recover its costs in a timely manner and avoid the impacts of regulatory lag by recovering financing costs as the capital costs are being incurred. In connection with CWIP ratemaking treatment, Vectren South will cease accruing AFUDC the earlier of the date in which the project expenditures receive CWIP ratemaking

¹ Originally approved in Cause No. 43111 (IURC Order August 15, 2007) and affirmed in Cause No. 43839 (IURC Order April 27, 2011).
Q. Is the CWIP ratemaking treatment proposed by Vectren South authorized under the Statute associated with TDSIC costs?
A. Yes. The TDSIC Statute provides that TDSIC costs include those “incurred with respect to eligible transmission, distribution, and storage system improvements incurred both while the improvements are in construction and post in service.” (emphasis added, Ind. Code § 8-1-39-7).

Q. For projects that have construction periods that span multiple TDSIC filing periods, how will Vectren South segregate the expenditures that have received CWIP ratemaking treatment through the TDSIC from the expenditures that have not, in order to ensure that AFUDC is accrued appropriately?
A. Vectren South’s fixed asset accounting system, PowerPlant, allows the AFUDC eligibility to be “turned off” on specific projects. Vectren South will utilize an “AFUDC end date” to mark each individual work order that has been included in CWIP in the TDSIC to cease AFUDC at the date that the TDSIC rate becomes effective.

Q. Please explain the PISCC ratemaking treatment being requested.
A. Vectren South proposes to accrue PISCC on all eligible new capital investment from the date the investment is placed in service until the date when the investment is included in rates for recovery. The PISCC balance will be included as new capital investment, and will be multiplied by the pre-tax rate of return.

Q. What rates will be used to calculate PISCC on projects placed in service but not yet recovered in the TDSIC?
A. The PISCC rate used is the overall WACC discussed earlier in my testimony.

Q. Please describe the accounting associated with the PISCC accruals.
A. At the point when a work order is placed in service, and prior to its inclusion for recovery in the TDSIC, PISCC will be accrued by multiplying the applicable rates by the new capital investment, net of retirements. This accrual will be recorded as a regulatory asset under FERC Account 182.3, with corresponding entries to income
under FERC Account 419.1, Allowance for Other Funds Used During Construction (“AFUDC Debt”) for the debt specific component of the PISCC, and FERC Account 432, Allowance for Borrowed Funds Used During Construction (“AFUDC-Equity”) for the equity specific component of the PISCC.

Q. How will the amortization of the PISCC deferred balance be calculated?
A. Vectren South proposes to amortize the deferred balance through the TDSIC over the life of the assets that generated the deferred PISCC, using the depreciation rates applicable to the specific class of plant for those assets.

Q. Is the PISCC ratemaking treatment proposed by Vectren South authorized under the TDSIC Statute?
A. Yes. The TDSIC Statute allows for the deferral of PISCC (Ind. Code § 8-1-39-9(b)).

Q. Is Vectren South requesting to accrue and subsequently recover PISCC on the 20% deferred balance?
A. No, Vectren South is not seeking the authority to accrue and subsequently recover in the next base rate case PISCC on the 20% deferred balance discussed previously.

IV. ACCOUNTING FOR PROJECT COSTS

Q. Please explain the process that will be used to segregate and record the new investments under the TDSIC Plan while they are under construction.
A. To ensure proper accumulation of construction costs related to the TDSIC Plan investments, a unique project number will be assigned to the capital work order. All project construction costs will be recorded as incurred to the assigned project number and be maintained in the Company’s Financial Information System (“FIS”) Projects Accounting module. The project number will be 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 can be accurately viewed and/or reported by the project number at any time as the
project progresses. Each project will be sub-categorized in the system as recoverable pursuant to the TDSIC Statute to help exclude any capital investment made that does not qualify for recovery under the mechanism.

Q. Will the requirements of the FERC USOA be followed in the recording of the project construction costs?
A. Yes. Costs incurred during the construction phase will be reflected in FERC Account 107, CWIP. When each project is completed, meaning the assets are now used and useful in providing utility service, the costs will be moved to FERC Account 106, Completed Construction Not Classified (“CCNC”). At the point where the final project costs are captured and the project manager formally defines the assets installed and removed, the costs will be transferred to FERC Account 101, Electric Plant In Service. As explained in more detail below, any existing assets retired as a result of the projects will create 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 will be included as utility plant upon which the Company will earn a return?
A. The proposed ratemaking treatment will apply to 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 will be included in the construction costs?
A. An allocation for general oversight, management and administrative costs will be 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. As part of the work papers in each TDSIC filing, Vectren South will segregate the applicable project costs included for recovery into categories of direct costs and indirect capital overheads.

Q. Will AFUDC be recorded on the project construction costs?
Yes, Vectren South proposes to record AFUDC in accordance with GAAP. As explained previously in my testimony, AFUDC will cease the earlier of the date the project is placed in service or the date that project expenditures are included in the TDSIC.

Q. What AFUDC rate will be used?
A. Vectren South will use the same AFUDC rate it uses for all other construction projects. This AFUDC rate is calculated each calendar month and represents the weighted cost of investor-supplied capital adjusted to include short-term debt, as provided by FERC accounting procedures. The periodic AFUDC rate is based on the actual cost rates for long-term debt during a particular period and the actual cost rate of short-term debt for the same period. The cost rates for common equity are the cost of common equity determined in Vectren South’s Rate Case Order (10.4%).

Q. Do Vectren South’s AFUDC accrual procedures comply with the USOA?
A. Yes.

Q. Are there assets currently in utility plant in service that are being retired as a part of the projects?
A. Yes, in certain situations, existing assets will be replaced, and will be retired against the accumulated provision for depreciation, net of removal costs or salvage recoveries. Actual retirements will be reflected in the filings, impacting the gross plant balance used to determine the recoverable depreciation expense.

Q. Please explain the accounting of the retirements within utility plant in service.
A. In accordance with “Electric Plant Instruction” 10(B)(2) of the USOA, the retirements of utility plant should be recorded against the accumulated depreciation applicable to such property. Any incremental cost of removal and any salvage proceeds shall be charged or credited to the same account. The accounting treatment results in no change to overall rate base upon which the Company will earn a return.
V. REVENUE REQUIREMENT

Q. Please generally explain how the TDSIC revenue requirement will be calculated.

A. In each semi-annual TDSIC filing, Vectren South will calculate a revenue requirement for the TDSIC mechanism. Illustrative filing schedules are included in Petitioner's Exhibit No. 9, Attachment JCS-1. The revenue requirement will be shown on Schedule 1 and will include 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, plan development expense, and PISCC. The revenue requirement will be divided between Transmission and Distribution investments, consistent with FERC USOA guidelines, in order to align with the Company’s TDSIC allocation proposal, discussed in greater detail by Vectren South witness Scott E. Albertson. Vectren South will then multiply the Transmission and Distribution annual revenue requirements by 80% to achieve the recoverable portion of the revenue requirement for Transmission and Distribution investments. Per the Statute, 80% of approved costs may be recovered through a periodic rate adjustment mechanism. As described in greater detail later in testimony, the recoverable amounts for Transmission and Distribution investments will be utilized to derive semi-annual TDSIC rates and charges based on annualized billing determinants.

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

A. This schedule illustrates the calculation of the proposed revenue requirementVectren South will seek to recover in its periodic TDSIC filings. 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 with 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). The amounts included for recovery in the TDSIC will represent an amount equal to 80% of the total annual revenue requirement. The remaining amount equal to 20% of the total annual revenue requirement will be the amount deferred for future base rate recovery.

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 1-4 on Schedule 1, and utilized in the return on new capital investment calculation. In each TDSIC filing, detail will be provided to show these balances by FERC Plant Account, to link directly to approved depreciation rates.

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

A. Yes, each TDSIC filing will include work paper support by work order, which will agree to the summarized amounts listed on this schedule.

Q. Please describe Schedule 3 (Post In-Service Carrying Costs (PISCC)).
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 will be used to support line 5 of Schedule 1, and the amount will be utilized in the return on new capital investment calculation. In addition, this schedule will be used to determine the recoverable amortization expense on the cumulative deferred PISCC balance, included on line 13 of Schedule 1.

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 prior to the first filing date.

Page 1 reflects the current WACC based upon the actual capital structure at the end of the measurement period which, for illustrative purposes, is assumed at October 31, 2017. This capital structure is 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 the measurement date, and the cost of equity has been set at 10.4% as approved in Vectren South’s Rate Case Order. The equity component is grossed up for recovery of income taxes, both state and federal, at current statutory tax rates. In addition, the actual measurement date weighted average cost of capital will be utilized to calculate PISCC for investments made from the measurement date through the next TDSIC filing – in this illustrative example, November 1, 2017 through April 30, 2018.

Page 2 reflects the WACC based upon the actual December 31, 2016 capital structure. This rate is used on Schedule 3 to calculate the PISCC on eligible TDSIC investments starting January 1, 2017 through the measurement date (e.g., October 31, 2017).

Q. Please describe Schedule 5 (Annualized Depreciation Expense on New Capital Investment).
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 the filing cut-off date from Schedule 2, net of retirements, by the approved depreciation rate applicable to the respective classes of plant. The approved depreciation rates are set by FERC USOA Plant Account, which is the basis for the amounts included in the Transmission and Distribution revenue requirements.

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. As explained earlier in my testimony, the total deferred expense balance will be set prior to the initial TDSIC filing, and will be amortized over 3 years. The deferred amortization expense is allocated between Transmission and Distribution based on the ratio of overall spend in the approved TDSIC Plan – 33% for Transmission, and 67% for Distribution. This schedule will reflect both the balance to be recovered in the current filing, as well as the remaining balance that will be recovered in future TDSIC filings.

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 the filing cut-off date, 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. As previously discussed, 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 Statute. As previously discussed, 20% of the revenue requirement calculated on Schedule 1 will be deferred until such time as the costs

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2 Originally approved in Cause No. 43111 (IURC Order August 15, 2007) and affirmed in Cause No. 43839 (IURC Order April 27, 2011).

3 See Petitioner’s Exhibit No. 2, Attachment LKW-1
can be recovered as part of Vectren South’s next general rate case. Line 17 of
Schedule 1 in each TDSIC filing will calculate the 20% deferral for the current filing,
at which point Schedule 8 will show the cumulative balance inclusive of this amount.

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 the TDSIC 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.

Q. In any given year of the TDSIC Plan, does Vectren South expect to exceed the
2% cap described above?
A. No, Vectren South does not expect to exceed the 2% cap during the life of the
TDSIC Plan. Attachment JCS-2, explained further below, reflects the projected year-
over-year revenue increases throughout the TDSIC Plan period.

Q. Please describe Schedule 10 (NOI Adjusted for FAC Earnings Test).
A. In accordance with the TDSIC Statute, 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
Q. Please describe Schedule 11 (Actual Variances by Rate Schedule).

A. Schedule 11 calculates the over or under-recovery variance by comparing actual recoveries, exclusive of Indiana Utility Receipts Tax (“IURT”), to the approved recoveries from the TDSIC for the same time period. Actual recoveries represent billed TDSIC revenues from the Company’s customer billing system by month and by Rate Schedule for this period. The over or under-recovery variance is determined by month and by Rate Schedule. The specific identification of the variance by Rate Schedule ensures that customers are paying for only the costs allocated to and approved for recovery from that Rate Schedule.

Q. How will approved recoveries be determined for each TDSIC filing?

A. As reflected on Schedule 14, approved recoveries will be defined within each TDSIC filing, and will represent the amounts the Company expects to collect each month. These approved recoveries will be calculated by taking the billing determinants by month multiplied by the applicable rates and charges for the TDSIC period. Any under recoveries resulting from instances in which TDSIC rates and charges are not in place for a full month will be recovered as an under-recovery variance in a subsequent TDSIC proceeding.

Q. Please describe Schedule 12 (Allocation and Rate Derivation).

A. Schedule 12 shows the allocation of the TDSIC Transmission and Distribution revenue requirement and the derivation of TDSIC rates and charges by Rate Schedule, for each component (Transmission and Distribution) including the variance calculated on Schedule 11. The schedule is divided into three sections to reflect the different allocation percentages applicable to TDSIC costs to derive the proposed TDSIC charges by Rate Schedule. The amounts listed in this schedule are illustrative.

Lines 1 through line 10 show the derivation of the Transmission revenue requirement component of the TDSIC. The allocation percentages listed in Column A reflect the functionalized transmission revenues by Rate Schedule from the Company’s Cost of
Service Study in the last base rate case, discussed in greater detail by witness Albertson and shown in the table below:

<table>
<thead>
<tr>
<th>Rate Case</th>
<th>Transmission Revenue</th>
<th>Transmission Revenue Allocation</th>
<th>Migration Adjustment</th>
<th>Adjusted Transmission Revenue</th>
<th>Adjusted Transmission Revenue Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate RS</td>
<td>$23,321,294</td>
<td>42.62%</td>
<td></td>
<td>$23,321,294</td>
<td>42.62%</td>
</tr>
<tr>
<td>Rate B</td>
<td>$71,249</td>
<td>0.13%</td>
<td></td>
<td>$71,249</td>
<td>0.13%</td>
</tr>
<tr>
<td>Rate SGS</td>
<td>$996,472</td>
<td>1.82%</td>
<td></td>
<td>$996,472</td>
<td>1.82%</td>
</tr>
<tr>
<td>Rate DGS/MLA</td>
<td>$14,952,070</td>
<td>27.33%</td>
<td></td>
<td>$14,952,070</td>
<td>27.33%</td>
</tr>
<tr>
<td>Rate OSS</td>
<td>$1,158,980</td>
<td>2.12%</td>
<td></td>
<td>$1,158,980</td>
<td>2.12%</td>
</tr>
<tr>
<td>Rate LP</td>
<td>$9,214,763</td>
<td>16.84%</td>
<td>$4,645,032</td>
<td>$13,859,795</td>
<td>25.33%</td>
</tr>
<tr>
<td>Rate HLF</td>
<td>$4,998,284</td>
<td>9.14%</td>
<td>($4,645,032)</td>
<td>$353,253</td>
<td>0.65%</td>
</tr>
<tr>
<td>Rate SL/OL</td>
<td>-</td>
<td>0.00%</td>
<td></td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total</td>
<td>$54,713,114</td>
<td>100.00%</td>
<td>-</td>
<td>$54,713,114</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

These allocation percentages are applied to the total Transmission revenue requirement from Schedule 1, Line 16 to determine the amounts recoverable from each Rate Schedule (Column B). The amounts allocated to each Rate Schedule are divided by the estimated billing determinants in Columns C through E (customers, energy (kWh), or Demand (kW/kVa)) to determine the per unit TDSIC rates and charges excluding IURT in Columns F through H. These rates and charges are then grossed up for IURT to determine the rates proposed in the Tariff in Columns I through K. For the small customer Rate Schedules - Residential Service (“Rate RS”), Water Heating Service (“Rate B”), Small General Service (“Rate SGS”) – the Transmission component is recovered via a per kWh rate. For the Street Lighting (“Rate SL”) and Outdoor Lighting (“Rate OL”) Rate Schedules, the Transmission component is recovered via a per customer (or light) charge. For all other Rate Schedules – Demand General Service (“Rate DGS”), Municipal Levee Authority Service (“Rate MLA”), Off-Season Service (“Rate OSS”), Large Power Service (“Rate LP”), and High Load Factor Service (“Rate HLF”) – the Transmission component is recovered via a per kW or kVa demand charge.

Lines 11 through 20 show the derivation of the distribution revenue requirement component of the TDSIC rate. The allocation percentages listed in Column A reflect the functionalized distribution revenues by Rate Schedule from the Company’s Cost of Service Study in the last base rate case, discussed in greater detail by witness Albertson and shown in the table below:
These allocation percentages are applied to the total Distribution revenue requirement from Schedule 1, Line 16 to determine the amounts recoverable from each Rate Schedule (Column B). The calculation of the distribution rate (or charge) per unit follows the same methodology previously explained for the Transmission component. For the small customer Rate Schedules - Rate RS, Rate B, Rate SGS – the Distribution component is recovered via a fixed per customer per month charge. For Rate SL and Rate OL, the Distribution component is recovered via a per customer (or light) charge. For all other Rate Schedules – Rate DGS, Rate MLA, Rate OSS, Rate LP, and Rate HLF – the Distribution component is recovered via a per kW or kVa demand charge.

Witness Albertson explains the Company’s proposal on overall rate design in his testimony.

Lines 21 through line 30 of Schedule 12 shows the derivation of the variance component of the TDSIC rate, using the specific variance amounts by Rate Schedule from Schedule 11. The variance component of the TDSIC will be collected over a six-month period, as the total variance represents the over or under recovery of authorized amounts over a six-month period. Consistent with the rate design for the transmission and distribution components, the variance amounts are recovered from each Rate Schedule via a per customer charge (Rates RS, B, SGS, SL and OL) or a per kW or kVa demand charge (Rates DGS, MLA, OSS, LP, HLF). For Rates RS, B, and SGS, the variance is split between transmission and distribution consistent with how the approved revenue requirement amounts were for the reconciliation period, in order to assign the transmission portion to a per kWh energy rate. For Rate LP the
variance is split between Transmission and Distribution in the same manner, in order
to determine the components assigned to specific customers, as explained further
below under Schedule 13. The calculated rates in Columns F through H are grossed
up for IURT to determine the proposed Tariff rates and charges in Columns I through
K.

Q. Is it feasible, for Rates RS, B, and SGS, to determine what portion of an over-
or under-recovery variance is attributable to fixed (Distribution costs) or per
kWh (Transmission costs) recoveries?
A. No. The proration described above is merely an equitable way to recover the
variance since it is not possible to determine the relative drivers of that variance.

Q. Please explain the “migration adjustment” reflected in the allocation tables for
Transmission and Distribution revenues.
A. In Vectren South’s last rate case, Rate HLF consisted of two (2) customers. As of
2017, one of those customers has invested in a customer owned cogeneration
facility, reducing the load required from Vectren South to serve its facilities. This
customer has requested non-firm backup service from Vectren South, and will now
be served as a Backup, Auxiliary, and Maintenance Power Services (“Rate BAMP”)
customer for its backup requirement and as a Rate LP customer for its auxiliary load.
To avoid the remaining Rate HLF customer paying the fully allocated share of Rate
HLF costs, Vectren South has modified the allocation percentages by migrating this
customer from Rate HLF to Rate LP at the amount included in the rate case. This
migration approach has been agreed to for at least one year in Vectren South’s
electric rate adjustment proceedings as an intermediate solution to address this
customer load shift. During 2017, Vectren South has agreed to work with the Indiana
Office of Utility Consumer Counselor (“OUCC”) to review the impact of this
cogeneration facility on Vectren South’s overall customer load and determine the
best allocation approach going forward. In the absence of that ultimate outcome,
Vectren South has presented the same migration approach here in the illustrative
schedules.

4 Cause No. 43406-RCRA14 (IURC Order 10/26/16); Cause No. 43354-MCRA19 (IURC Order
11/30/16); Cause No. 43405-DSMA14 (IURC Nunc Pro Tunc Order 12/14/16).
Q. If an alternative conclusion is reached in these proceedings, will the Company adjust the migration approach for the TDSIC as well?
A. Yes, if a change is made to this migration approach in the other proceedings, Vectren South will also adjust the TDSIC allocation percentages.

Q. Please describe Schedule 13 (Proposed Rates and Charges).
A. Schedule 13 presents the illustrative TDSIC rates and charges by Rate Schedule, using information from Schedule 12. This formally presents the rates and charges that the Company will propose to include in its Tariff in each semi-annual TDSIC filing.

Q. Please explain how the TDSIC rates and charges proposed for Transmission Voltage Discount (“TVD”) applicable to Rate LP were derived from the calculations on Schedule 12.
A. The TVD in the Company’s current base rates reflects a credit to customers receiving service under Rate LP (and Rate BAMP) that are directly served from the transmission system (69 kV or higher). Vectren South currently has nine (9) customers that are eligible for this credit under Rate LP and Rate BAMP. The TVD represents a credit for the amount of distribution costs, for which these customers should not be responsible, built into the Rate LP and Rate BAMP Demand Charge. As such, the TDSIC rates and charges applicable to these customers should reflect only the Transmission revenue requirement and variance components of the TDSIC. The TDSIC TVD reflected on Schedule 13, Line 7 is the credit associated with the Distribution revenue requirement component (line 17) and the Distribution variance component (line 27) for Rate LP on Schedule 12.

Q. Why is it appropriate for these customers to receive this credit within the proposed TDSIC?
A. As explained in detail by witness Albertson, the separate allocation of the revenue requirement for Distribution and Transmission costs properly reflects how these costs would be allocated within a base rate case. The TDSIC TVD is consistent with this approach – those customers receiving service directly from Vectren South’s
transmission system are currently credited in base rates for the distribution component of the base rate demand charge, and within a base rate case the distribution investments made in the TDSIC would also become a part of the credit. Creating a TDSIC TVD matches how the costs would be recovered (and credited) in a future base rate case, as well as how they are recovered in base rates currently.

Q. Please explain how the TDSIC rates and charges proposed for Rate BAMP were derived from the calculations on Schedule 12.

A. Rate BAMP customers receive firm transmission capacity to support their firm or non-firm generation capacity requirements. Vectren South currently has one (1) customer served under Rate BAMP – this customer, as discussed previously, owns and operates a cogeneration facility which is receiving non-firm generation backup services from Vectren South. The approved Rate BAMP rates and charges represent the cost of firm transmission services. As such, the TDSIC rates and charges applicable to Rate BAMP should capture only the transmission revenue requirement and variance components of the rate, which synchronize to the nature of their service requirements. The Rate BAMP TDSIC rate shown on Schedule 13, Line 8 is the sum of the Transmission revenue requirement component (line 7) and the Transmission variance component (line 26) for Rate LP on Schedule 12.

Q. Please describe Schedule 14 (Projected Recoveries by Month).

A. For illustrative purposes in this filing, Schedule 14 calculates the TDSIC recoveries by month. These are the expected monthly recoveries of the approved TDSIC revenue requirement to which actual TDSIC revenues will be compared for reconciliation purposes.

VI. PROPOSED PROCEDURAL SCHEDULE

Q. What procedural schedule does Vectren South propose for its periodic TDSIC filings?

A. Vectren South proposes to file its TDSIC petitions and cases in chief every six months, specifically on August 1 and February 1 of each year, with new TDSIC rates
and charges becoming effective for the six month periods beginning November 1 and May 1, respectively. The petition filed on August 1 will be based on capital investments and expenses through the previous six month period ended April 30, while the petition filed on February 1 will be based on capital investments and expenses through the previous six month period ended October 31. As discussed previously in my testimony, variances will be reconciled in each semi-annual TDSIC filing. The following table summarizes the Company’s TDSIC procedural schedule proposal:

<table>
<thead>
<tr>
<th>Filing Date</th>
<th>Update Actual Costs Incurred Through</th>
<th>Implement Updated TDSIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 1</td>
<td>April 30</td>
<td>November 1</td>
</tr>
<tr>
<td>February 1</td>
<td>October 31</td>
<td>May 1</td>
</tr>
</tbody>
</table>

For example, TDSIC-1 would be filed on August 1, 2017 and would update actual costs incurred pursuant to the TDSIC Statute through April 30, 2017. New rates and charges approved in TDSIC-1 would be implemented on November 1, 2017. TDSIC-2 would then be filed on February 1, 2018, and so on.

This proposed schedule is designed to avoid conflicts with Vectren South’s and Vectren North’s Gas TDSIC filings, which are filed April 1 and October 1 of each year, for the benefit of the Commission, the OUCC, and other potential parties to the proceedings, as well as the Company. It also contemplates the timeline set forth in the TDSIC Statute, requiring an order within 90 days of filing the semi-annual application for an adjustment to the TDSIC rates and charges, to avoid conflicts over the winter holidays.

VII. PROJECTED CUSTOMER IMPACTS

Q. Has Vectren South projected the impact the costs of the proposed TDSIC Plan in this proceeding will have on retail rates and charges, as required by the TDSIC Statute?

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5 Cause No. 44429 (Vectren South-Gas) and Cause No. 44430 (Vectren North).

6 Ind. Code § 8-1-39-12(a).
A. Yes. The Company has estimated the impact the costs included in the TDSIC Plan will have on customer rates over time. Attachment JCS-2, Schedule 1 summarizes those estimated rates and charges by Rate Schedule and the year-over-year impacts in total over the life of the plan.

VIII. TARIFF PROPOSAL AND MODIFICATIONS

Q. Is Vectren South requesting approval of a proposed TDSIC tariff sheet in this proceeding?
A. Yes. Attachment JCS-3 includes the proposed Sheet No. 75, Appendix K, Transmission, Distribution, and Storage System Improvement Charge (TDSIC).

Q. Are any changes required to the Rate Schedules in the Tariff?
A. Yes. The Rate Schedules must be updated to reflect that the TDSIC will be applied monthly. Clean and redlined versions of the Tariff Sheet Index and Rate Schedules, reflecting this change, are shown in Attachment JCS-4.

IX. CONCLUSION

Q. Does this conclude your prepared direct testimony?
A. Yes, it does.
VERIFICATION

I, J. Cas Swiz, Director of Rates and Regulatory Analysis for Vectren Utility Holdings, Inc., under penalty of perjury, affirm that the foregoing representations are true and correct to the best of my knowledge, information and belief.

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

By: [Signature]
J. Cas Swiz
Director, Rates & Regulatory Analysis

Dated: February 22, 2017
---ILLUSTRATIVE---

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

TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
ANNUAL REVENUE REQUIREMENT THROUGH OCTOBER 31, 2017

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Transmission</th>
<th>Distribution</th>
<th>Total Amount</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gross New Capital Investment - As of End of Period</td>
<td>$5,320,107</td>
<td>$19,099,611</td>
<td>$24,419,718</td>
<td>Schedule 2, Line 9, Col. K</td>
</tr>
<tr>
<td>2</td>
<td>Accumulated Depreciation - As of End of Period</td>
<td>$368,397</td>
<td>$1,999,891</td>
<td>$2,368,288</td>
<td>Schedule 2, Line 21, Col. K</td>
</tr>
<tr>
<td>3</td>
<td>Net New Capital Investment - As of End of Period</td>
<td>$5,688,504</td>
<td>$21,099,502</td>
<td>$26,788,006</td>
<td>Line 1 + Line 2</td>
</tr>
<tr>
<td>4</td>
<td>New Capital Investment CWIP - As of End of Period</td>
<td>$6,637,548</td>
<td>$4,803,000</td>
<td>$11,440,549</td>
<td>Schedule 2, Line 24, Col. K</td>
</tr>
<tr>
<td>5</td>
<td>PISCC Deferred Balance - As of End of Period</td>
<td>$115,296</td>
<td>$534,399</td>
<td>$649,694</td>
<td>Schedule 3, Line 20, Col. K</td>
</tr>
<tr>
<td>6</td>
<td>Total New Capital Investment - As of End of Period</td>
<td>$12,441,348</td>
<td>$26,436,901</td>
<td>$38,878,249</td>
<td>Line 3 + Line 4 + Line 5</td>
</tr>
<tr>
<td>7</td>
<td>Pre-Tax Rate of Return</td>
<td>9.19%</td>
<td>9.19%</td>
<td>9.19%</td>
<td>Schedule 4, Page 1, Line 17</td>
</tr>
<tr>
<td>8</td>
<td>Annualized Return on New Capital Investment</td>
<td>$1,143,360</td>
<td>$2,429,551</td>
<td>$3,572,911</td>
<td>Line 6 x Line 7</td>
</tr>
<tr>
<td>9</td>
<td>Incremental Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Property Tax Expense - Annualized</td>
<td>$45,196</td>
<td>$124,204</td>
<td>$169,399</td>
<td>(Line 1 x 0.60%) + (Line 4 x 0.20%) (A)</td>
</tr>
<tr>
<td>11</td>
<td>Depreciation Expense - Annualized</td>
<td>$108,574</td>
<td>$561,753</td>
<td>$670,327</td>
<td>Schedule 5, Line 8</td>
</tr>
<tr>
<td>12</td>
<td>Amortization Expense - Plan Development Costs</td>
<td>$411,214</td>
<td>$834,890</td>
<td>$1,246,104</td>
<td>Schedule 6, Line 3</td>
</tr>
<tr>
<td>13</td>
<td>Amortization Expense - Deferred Depreciation</td>
<td>$752</td>
<td>$6,892</td>
<td>$7,644</td>
<td>Schedule 7, Line 9</td>
</tr>
<tr>
<td>14</td>
<td>Amortization Expense - Deferred PISCC</td>
<td>$2,353</td>
<td>$15,718</td>
<td>$18,071</td>
<td>Schedule 3, Line 23</td>
</tr>
<tr>
<td>15</td>
<td>Total Incremental Expenses</td>
<td>$568,088</td>
<td>$1,543,456</td>
<td>$2,111,544</td>
<td>Sum Lines 9-13</td>
</tr>
<tr>
<td>16</td>
<td>Annual Revenue Requirement - TDSIC</td>
<td>$1,711,448</td>
<td>$3,973,007</td>
<td>$5,684,455</td>
<td>Line 8 + Line 14</td>
</tr>
<tr>
<td>17</td>
<td>Recoverable TDSIC (80%)</td>
<td>$1,369,159</td>
<td>$3,178,406</td>
<td>$4,547,564</td>
<td>Line 15 x 80% (B)</td>
</tr>
<tr>
<td>18</td>
<td>To Be Deferred (20%)</td>
<td>$342,290</td>
<td>$794,601</td>
<td>$1,136,891</td>
<td>Line 15 x 20% (B)</td>
</tr>
</tbody>
</table>

Notes:

(A) The annualized level of property taxes is calculated using an estimated Vectren South rate of 1.99% 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 - $3,572,911], including the full equity and debt return, and then eligible operating expenses [Line 10 less Line 8 - $974,653]. The collection priority will not impact the total amount authorized by the Commission for immediate recovery in the TDSIC [Line 16 - $4,547,564], nor the amount deferred and authorized for future recovery in a base rate proceeding [Line 17 - $1,136,891].
## Illustrative

**Southern Indiana Gas and Electric Company**  
d/b/a Vectren Energy Delivery of Indiana, Inc.  
**Vecinren South**  
Transmission, Distribution and Storage System Improvement Charge (TDSIC)  
New Capital Investment

### Table: Gross New Capital Investment Balance

| Line | Description | [A] | [B] | [C] | [D] | [E] | [F] | [G] | [H] | [I] | [J] | [K] |
|------|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|      |             |     |     |     |     |     |     |     |     |     |     |     |     |
| 1    | Transmission | $ 437,105 | $ 727,973 | $ 993,944 | $ 1,186,426 | $ 1,375,723 | $ 2,593,501 | $ 2,830,240 | $ 3,911,106 | $ 5,362,103 | $ 5,437,364 |     |     |
| 2    | Distribution | $ 2,284,816 | $ 3,885,322 | $ 6,086,503 | $ 9,404,922 | $ 10,885,119 | $ 13,402,752 | $ 14,205,489 | $ 16,192,889 | $ 18,451,117 | $ 20,598,105 |     |     |
| 4    | Retirements | $ (9,426) | $ (15,699) | $ (21,434) | $ (25,588) | $ (29,068) | $ (35,923) | $ (61,034) | $ (84,343) | $ (115,634) | $ (117,257) |     |     |
| 5    | Distribution | $ (154,518) | $ (283,709) | $ (419,286) | $ (548,597) | $ (682,304) | $ (887,120) | $ (985,820) | $ (1,104,768) | $ (1,258,837) | $ (1,398,494) |     |     |
| 6    | Total Retirements | $ (163,944) | $ (397,408) | $ (528,725) | $ (646,895) | $ (771,324) | $ (940,944) | $ (1,185,897) | $ (1,263,605) | $ (1,515,951) |     |     |
| 7    | Gross New Capital Investment Balance | $ 2,537,977 | $ 4,313,817 | ... | $ 14,653,205 | $ 16,233,812 | $ 18,914,883 | $ 22,438,749 | $ 24,419,718 |     |     |     |     |

### Table: Accumulated Depreciation Balance

| Line | Description | [A] | [B] | [C] | [D] | [E] | [F] | [G] | [H] | [I] | [J] | [K] |
|------|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|      |             |     |     |     |     |     |     |     |     |     |     |     |     |
| 10   | Transmission | $ 372 | $ 1,182 | $ 2,827 | $ 4,981 | $ 8,889 | $ 16,235 | $ 14,847 | $ 39,579 | $ 29,463 |     | $ 37,948 |     |
| 11   | Distribution | $ 2,776 | $ 10,288 | $ 22,484 | $ 39,787 | $ 61,907 | $ 90,097 | $ 123,741 | $ 161,294 | $ 253,750 |     | $ 251,482 |     |
| 12   | Total Depreciation Expense | $ 3,148 | $ 11,060 | $ 25,310 | $ 44,468 | $ 68,786 | $ 100,332 | $ 138,587 | $ 181,873 | $ 232,214 |     | $ 289,129 |     |
| 13   | Retirements | $ (9,426) | $ (15,699) | $ (21,434) | $ (25,588) | $ (29,068) | $ (35,923) | $ (61,034) | $ (84,343) | $ (115,634) | $ (117,257) |     |     |
| 14   | Distribution | $ (154,518) | $ (283,709) | $ (419,286) | $ (548,597) | $ (682,304) | $ (887,120) | $ (985,820) | $ (1,104,768) | $ (1,258,837) | $ (1,398,494) |     |     |
| 15   | Total Retirements | $ (163,944) | $ (397,408) | $ (528,725) | $ (646,895) | $ (771,324) | $ (940,944) | $ (1,185,897) | $ (1,263,605) | $ (1,515,951) |     |     |     |
| 16   | Cost of Removal | $ 23,215 | $ 38,984 | $ 52,790 | $ 63,013 | $ 73,067 | $ 137,745 | $ 195,319 | $ 297,725 | $ 294,790 |     | $ 288,787 |     |
| 17   | Transmission | $ 94,234 | $ 181,824 | $ 253,245 | $ 334,885 | $ 416,107 | $ 541,015 | $ 681,252 | $ 767,749 | $ 767,709 |     | $ 852,879 |     |
| 18   | Total Cost of Removal | $ 117,449 | $ 199,868 | $ 308,035 | $ 387,970 | $ 469,174 | $ 678,760 | $ 751,571 | $ 851,474 | $ 1,052,499 |     | $ 1,141,266 |     |
| 19   | Total Accumulated Depreciation Balance | $ 26,637,548 | $ 467,845 | $ 717,314 | $ 927,285 | $ 1,192,181 | $ 1,527,617 | $ 1,959,911 | $ 2,388,713 | $ 2,592,456 |     |     |     |

= Depreciation Expense - Retirements + Cost of Removal

### CWIP Balance

| Line | Description | [A] | [B] | [C] | [D] | [E] | [F] | [G] | [H] | [I] | [J] | [K] |
|------|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|      |             |     |     |     |     |     |     |     |     |     |     |     |     |
| 22   | CWIP Balance | $ 6,807,256 |     |     |     |     |     |     |     |     |     |     |     |
| 23   | Distribution | $ 4,803,000 |     |     |     |     |     |     |     |     |     |     |     |
| 24   | Total CWIP Balance | $ 11,690,256 |     |     |     |     |     |     |     |     |     |     |     |

---

**Petitioner's Exhibit No. 9**  
Attachment JCS-1  
Vector South  
Schedule 2  
Page 1 of 1
---ILLUSTRATIVE---

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)

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Reference</th>
<th>[A]</th>
<th>[B]</th>
<th>[C]</th>
<th>[D]</th>
<th>[E]</th>
<th>[F]</th>
<th>[G]</th>
<th>[H]</th>
<th>[I]</th>
<th>[J]</th>
<th>[K]</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>PISCC Rate - Monthly</td>
<td>Schedule 4, Page 2, Line 5-12</td>
<td>0.52%</td>
<td>0.52%</td>
<td>0.52%</td>
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</tr>
<tr>
<td>2</td>
<td>Debt - PISCC Rate - Monthly</td>
<td>Schedule 4, Page 2, Line 13-4/12</td>
<td>0.14%</td>
<td>0.14%</td>
<td>0.14%</td>
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<tr>
<td>3</td>
<td>Equity - PISCC Rate - Monthly</td>
<td>Schedule 4, Page 2, Line 2/12</td>
<td>0.38%</td>
<td>0.38%</td>
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<tr>
<td>4</td>
<td>Transmission Amortization Rate - Monthly (A)</td>
<td>Schedule 7, Line 5/12</td>
<td>0.17%</td>
<td>0.17%</td>
<td>0.17%</td>
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<tr>
<td>5</td>
<td>Distribution Amortization Rate - Monthly (A)</td>
<td>Schedule 7, Line 6/12</td>
<td>0.25%</td>
<td>0.25%</td>
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<tbody>
<tr>
<td>6</td>
<td>PISCC Cumulative Deferred Balance - DEBT</td>
<td>Balance at 12/31/2016</td>
<td>$ -</td>
<td>$ 567</td>
<td>$ 1,132</td>
<td>$ 1,784</td>
<td>$ 2,416</td>
<td>$ 2,777</td>
<td>$ 3,434</td>
<td>$ 4,010</td>
<td>$ 4,751</td>
<td>$ 5,625</td>
<td>$ 6,648</td>
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<tr>
<td>8</td>
<td>PISCC Deferred Balance</td>
<td>Balance at 12/31/2016</td>
<td>$ 1,858</td>
<td>$ 6,873</td>
<td>$ 14,899</td>
<td>$ 26,110</td>
<td>$ 40,275</td>
<td>$ 58,919</td>
<td>$ 81,422</td>
<td>$ 107,124</td>
<td>$ 137,317</td>
<td>$ 171,519</td>
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<tr>
<td>9</td>
<td>PISCC Cumulative Deferred Balance - EQUITY</td>
<td>Balance at 12/31/2016</td>
<td>$ -</td>
<td>$ 517</td>
<td>$ 19,161</td>
<td>$ 41,536</td>
<td>$ 72,792</td>
<td>$ 112,283</td>
<td>$ 163,980</td>
<td>$ 226,995</td>
<td>$ 298,849</td>
<td>$ 382,823</td>
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<tr>
<td>11</td>
<td>PISCC Amortization</td>
<td>Balance at 12/31/2016</td>
<td>$ -</td>
<td>$ 5,598</td>
<td>$ 21,692</td>
<td>$ 47,778</td>
<td>$ 84,968</td>
<td>$ 151,651</td>
<td>$ 231,408</td>
<td>$ 325,948</td>
<td>$ 452,730</td>
<td>$ 593,360</td>
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<td>14</td>
<td>PISCC Deferred Balance</td>
<td>Balance at 12/31/2016</td>
<td>$ 7,036</td>
<td>$ 26,004</td>
<td>$ 56,434</td>
<td>$ 98,902</td>
<td>$ 152,558</td>
<td>$ 222,600</td>
<td>$ 308,417</td>
<td>$ 405,773</td>
<td>$ 520,141</td>
<td>$ 649,694</td>
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<tbody>
<tr>
<td>15</td>
<td>less: Amortization of PISCC - Transmission</td>
<td>Balance at 12/31/2016</td>
<td>$ -</td>
<td>$ -</td>
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<tr>
<td>16</td>
<td>less: Amortization of PISCC - Distribution</td>
<td>Balance at 12/31/2016</td>
<td>$ -</td>
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<td>17</td>
<td>less: Amortization of PISCC</td>
<td>Balance at 12/31/2016</td>
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<tbody>
<tr>
<td>18</td>
<td>Transmission Amortization</td>
<td>Balance at 12/31/2016</td>
<td>$ -</td>
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<tr>
<td>19</td>
<td>Distribution Amortization</td>
<td>Balance at 12/31/2016</td>
<td>$ -</td>
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<tr>
<td>20</td>
<td>Total PISCC Deferred Balance</td>
<td>Balance at 12/31/2016</td>
<td>$ -</td>
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<tbody>
<tr>
<td>21</td>
<td>Annualized Amortization Expense</td>
<td>Balance at 12/31/2016</td>
<td>$ -</td>
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<tr>
<td>22</td>
<td>Transmission Amortization</td>
<td>Balance at 12/31/2016</td>
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<td>Total Amortization Expense</td>
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</tbody>
</table>

(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 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 in-service not yet captured for recovery in the TDSIC.
(C) Captures actual recorded amortization expense for PISCC during period.
---ILLUSTRATIVE---

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 DECEMBER 31, 2016

<table>
<thead>
<tr>
<th>Line</th>
<th>After-Tax (A)</th>
<th>Amount ($000's)</th>
<th>B</th>
<th>Weighting</th>
<th>C</th>
<th>Cost</th>
<th>WACC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Debt</td>
<td>$658,226</td>
<td></td>
<td>33.86%</td>
<td></td>
<td>4.77%</td>
<td>1.62%</td>
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<tr>
<td>2</td>
<td>Equity</td>
<td>$859,818</td>
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<td>44.23%</td>
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<td>10.40%</td>
<td>4.60%</td>
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<tr>
<td>3</td>
<td>Cost Free Capital</td>
<td>$413,320</td>
<td></td>
<td>21.26%</td>
<td></td>
<td>0.00%</td>
<td>0.00%</td>
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<tr>
<td>4</td>
<td>Other</td>
<td>$12,628</td>
<td></td>
<td>0.65%</td>
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<td>4.22%</td>
<td>0.03%</td>
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<td>5</td>
<td>Total</td>
<td>$1,943,992</td>
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<td>6.25%</td>
<td>(B)</td>
</tr>
</tbody>
</table>

Pre-Tax Equity Component Calculation

6. After-Tax Cost of Equity per Line 2 4.60% Line 2, Col. D
7. One 100.00%
8. Less State Taxes 6.125% (A)
9. Federal Taxable 93.88% Line 7 - Line 8
10. One Less Federal Income Tax 65.00% 1 - 35%
11. Effective Gross-Up Factor 61.02% Line 9 x Line 10
12. Pre-Tax Equity 7.54% Line 6 / Line 11

Forecast - Adjusted ROR (fixed ROE)

Pre-Tax
13. Debt 1.62% from Line 1
14. Equity 7.54% 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 9.19% Sum Lines 13-16

To Schedule 1, Line 7

(A) All data in Lines 1 through 5 represent the actual balances as of December 31, 2016.

(B) Proof

<table>
<thead>
<tr>
<th>Line</th>
<th>Total New Capital Investment</th>
<th>$38,878,249</th>
<th>Debt and Other</th>
<th>Total</th>
<th>from Schedule 1, Line 6</th>
<th>Debt and Other</th>
<th>Total</th>
<th>from Lines 13-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Pre-Tax Return</td>
<td>7.54%</td>
<td>1.65%</td>
<td>Line 18 x Line 19</td>
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<tr>
<td>20</td>
<td>Return</td>
<td>$2,931,420</td>
<td>$641,491</td>
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<td>21</td>
<td>State Tax</td>
<td>$179,549</td>
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<td>22</td>
<td>Federal Taxable Return</td>
<td>$2,751,871</td>
<td>$641,491</td>
<td>Line 20 - Line 21</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Federal Tax</td>
<td>$963,155</td>
<td></td>
<td>Line 22 x 35%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>After Tax Return $</td>
<td>$1,786,716</td>
<td>$641,491</td>
<td>$2,430,207</td>
<td>Line 20 - Lines 21 and 23</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

25. After Tax Return % 6.25% Line 24 / Line 18 equals Line 5

(C) Represents a blended State Tax Rate:  - June 1, 2016 - May 31, 2017 @ 6.125%
- Based on 6.250% @ June 30, 2016 and 6.000% @ June 30, 2017
---ILLUSTRATIVE---

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)
AFTER TAX PISCC RATE AT DECEMBER 31, 2016

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>After-Tax (A)</th>
<th>Weighting</th>
<th>Cost</th>
<th>WACC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Debt</td>
<td>$658,226</td>
<td>33.86%</td>
<td>4.77%</td>
<td>1.62%</td>
</tr>
<tr>
<td>2</td>
<td>Equity</td>
<td>$859,818</td>
<td>44.23%</td>
<td>10.40%</td>
<td>4.60%</td>
</tr>
<tr>
<td>3</td>
<td>Cost Free Capital</td>
<td>$413,320</td>
<td>21.26%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>4</td>
<td>Other</td>
<td>$12,628</td>
<td>0.65%</td>
<td>4.22%</td>
<td>0.03%</td>
</tr>
<tr>
<td>5</td>
<td>Total</td>
<td>$1,943,992</td>
<td></td>
<td></td>
<td>6.25%</td>
</tr>
</tbody>
</table>

(A) All data in Lines 1 through 5 represent the actual balances as of December 31, 2016
---ILLUSTRATIVE---

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)
ANNUALIZED DEPRECIATION EXPENSE ON NEW CAPITAL INVESTMENT

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Balance at 10/31/2017</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Transmission</td>
<td>$ 5,320,107</td>
<td>Schedule 2, Line 7, Col. K</td>
</tr>
<tr>
<td>2</td>
<td>Distribution</td>
<td>$ 19,099,611</td>
<td>Schedule 2, Line 8, Col. K</td>
</tr>
<tr>
<td>3</td>
<td>Depreciable In-Service Balance</td>
<td>$ 24,419,718</td>
<td>Line 1 + Line 2</td>
</tr>
</tbody>
</table>

**Monthly Depreciation Rates**

| 4    | Transmission               | 0.17%                  | (A)                           |
| 5    | Distribution               | 0.25%                  | (A)                           |

**Annualized Depreciation Expense**

| 6    | Transmission               | $ 108,574              | Line 1 x Line 4 x 12          |
| 7    | Distribution               | $ 561,753              | Line 2 x Line 5 x 12          |
| 8    | Annualized Depreciation Expense | $ 670,327            | Line 6 + Line 7               |

To Schedule 1, Line 10

(A) Current average of authorized transmission and distribution depreciation rates. Supporting work papers will show a detailed calculation of depreciation rates by FERC class of plant.
---ILLUSTRATIVE---

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 PLAN DEVELOPMENT COSTS

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Transmission</th>
<th>Distribution</th>
<th>Total</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total Plan Development Costs (A)</td>
<td>$1,233,643</td>
<td>$2,504,669</td>
<td>$3,738,312</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Amortization Period (in years)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Annual Amortization</td>
<td>$411,214</td>
<td>$834,890</td>
<td>$1,246,104</td>
<td>Line 1 / Line 2</td>
</tr>
<tr>
<td></td>
<td>(B) Percentage split between Transmission and Distribution based on total capital spend in the TDSIC Plan per Petitioner's Exhibit No. 2, Attachment LKW-1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Amount Recovered in TDSIC-1</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Amount Recovered in TDSIC-2</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Amount Recovered in TDSIC-3</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Amount Recovered in TDSIC-4</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Amount Recovered in TDSIC-5</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Amount Recovered in TDSIC-6</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Total Recovered</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>Sum of Lines 4-9</td>
</tr>
<tr>
<td>11</td>
<td>Remaining Balance to be Recovered</td>
<td>$1,233,643</td>
<td>$2,504,669</td>
<td>$3,738,312</td>
<td>Line 1 - Line 10</td>
</tr>
</tbody>
</table>

Notes:
(A) Per Petitioner's Exhibit No. 6 (Witness Hoover Direct Testimony)
(B) Percentage split between Transmission and Distribution based on total capital spend in the TDSIC Plan per Petitioner's Exhibit No. 2, Attachment LKW-1.
---ILLUSTRATIVE---

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Deferred Depreciation Balance</td>
<td>$ -</td>
<td>$364</td>
<td>$1,333</td>
<td>$2,766</td>
<td>$4,580</td>
<td>$6,711</td>
<td>$10,014</td>
<td>$14,526</td>
<td>$20,135</td>
<td>$27,851</td>
<td>$36,836</td>
</tr>
<tr>
<td>2</td>
<td>Transmission</td>
<td>$2,586</td>
<td>$9,586</td>
<td>$20,950</td>
<td>$37,082</td>
<td>$57,683</td>
<td>$83,950</td>
<td>$115,298</td>
<td>$150,290</td>
<td>$189,849</td>
<td>$234,324</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Distribution</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>4</td>
<td>Total Deferred Depreciation Balance (A)</td>
<td>$ -</td>
<td>$2,950</td>
<td>$10,919</td>
<td>$23,715</td>
<td>$41,661</td>
<td>$64,394</td>
<td>$93,964</td>
<td>$129,825</td>
<td>$170,425</td>
<td>$217,699</td>
<td>$271,160</td>
</tr>
</tbody>
</table>

Depreciation Rates (C)

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Transmission</td>
<td>2.04%</td>
</tr>
<tr>
<td>6</td>
<td>Distribution</td>
<td>2.94%</td>
</tr>
</tbody>
</table>

Deferred Depreciation Amortization Expense

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Transmission</td>
<td>$752</td>
</tr>
<tr>
<td>8</td>
<td>Distribution</td>
<td>$6,892</td>
</tr>
<tr>
<td>9</td>
<td>Deferred Depreciation Amortization Expense</td>
<td>$7,644</td>
</tr>
</tbody>
</table>

(A) Captures actual recorded amortization expense for PISCC during period.
(B) Calculated by taking the gross new plant investment, less retirements, placed in-service but not yet included in TDSIC recovery.
(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
---ILLUSTRATIVE---

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)  
DEFERRED REVENUE REQUIREMENT (20%)  

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Transmission</th>
<th>Distribution</th>
<th>Amount (A)</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TDSIC-1</td>
<td>$342,290</td>
<td>$794,601</td>
<td>$1,136,891</td>
<td>Schedule 1, Line 17</td>
</tr>
<tr>
<td>2</td>
<td>TDSIC-2</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>TDSIC-3</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Total Deferred Revenue Requirement</td>
<td>$342,290</td>
<td>$794,601</td>
<td>$1,136,891</td>
<td></td>
</tr>
</tbody>
</table>

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

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)
2% TDSIC ANNUAL RETAIL REVENUE CAP TEST

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Total Amount</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Current TDSIC Recoverable Portion</td>
<td>$ 4,547,564</td>
<td>Schedule 1, Line 16</td>
</tr>
<tr>
<td>2</td>
<td>Prior TDSIC Recoverable Portion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Increase in TDSIC Recoverable Portion</td>
<td>$ 4,547,564</td>
<td>Line 1 - Line 2</td>
</tr>
<tr>
<td>4</td>
<td>Total Retail Revenues</td>
<td>$ 538,567,517</td>
<td>12 Months Ended As of End of Period</td>
</tr>
<tr>
<td>5</td>
<td>TDSIC Cap</td>
<td>2%</td>
<td>[Ind. Code § 8-1-39-14(a)]</td>
</tr>
<tr>
<td>6</td>
<td>TDSIC Cap - 2% of Retail Revenues</td>
<td>$ 10,771,350</td>
<td>Line 4 x Line 5</td>
</tr>
<tr>
<td>7</td>
<td>Does Increase in TDSIC Exceed 2% Cap?</td>
<td>No</td>
<td>If Line 3 &gt; Line 6, Yes; If not, No</td>
</tr>
</tbody>
</table>

**If Yes:**

| 8    | TDSIC Cap - 2% of Retail Revenues               | $ -          | If Yes - Line 6; If No, $0                     |
| 9    | Plus: Prior TDSIC Recoverable Portion           | $ -          | If Yes - Line 2; If No, $0                     |
| 10   | Total TDSIC Recoverable in CSIA                 | $ -          | Line 8 + Line 9                                |
| 11   | Current TDSIC Recoverable Portion               | $ -          | 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 Portion - CSIA        | $ 4,547,564  | If No, Line 1; If Yes, $0                     |
---ILLUSTRATIVE---

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)
NOI ADJUSTED FOR FAC EARNINGS TEST

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Total Amount</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total New Capital Investment - As of End of Period</td>
<td>$38,878,249</td>
<td>From Schedule 1, Line 6</td>
</tr>
<tr>
<td>2</td>
<td>After-Tax Rate of Return</td>
<td>6.25%</td>
<td>From Schedule 4, Page 1, Line 5</td>
</tr>
<tr>
<td>3</td>
<td>NOI Adjustment for FAC Earnings Test - TDSIC-1</td>
<td>$2,429,891</td>
<td>Line 1 x Line 2</td>
</tr>
</tbody>
</table>
**ILLUSTRATIVE**

**SOUTHERN INDIANA GAS & ELECTRIC COMPANY**
da/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.  
**VECTREN SOUTH**  
**TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)**  
**ACTUAL VARIANCES BY RATE SCHEDULE THROUGH OCTOBER 31, 2017**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Rate Schedule</th>
<th>Total</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual Recoveries (inclusive of IURT)</td>
<td>RS</td>
<td>B</td>
<td>SGS</td>
</tr>
<tr>
<td>1</td>
<td>May-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>2</td>
<td>Jun-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>3</td>
<td>Jul-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>4</td>
<td>Aug-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>5</td>
<td>Sep-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>6</td>
<td>Oct-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>7</td>
<td>Total Actual Recoveries Inclusive of IURT</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td></td>
<td>Actual Recoveries (exclusive of IURT)</td>
<td>RS</td>
<td>B</td>
<td>SGS</td>
</tr>
<tr>
<td>8</td>
<td>May-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>9</td>
<td>Jun-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>10</td>
<td>Jul-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>11</td>
<td>Aug-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>12</td>
<td>Sep-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>13</td>
<td>Oct-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>14</td>
<td>Total Actual Recoveries Exclusive of IURT</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td></td>
<td>Approved Recoveries (exclusive of IURT)</td>
<td>RS</td>
<td>B</td>
<td>SGS</td>
</tr>
<tr>
<td>15</td>
<td>May-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>16</td>
<td>Jun-17</td>
<td>$ -</td>
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<td>$ 50,000</td>
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<tr>
<td>17</td>
<td>Jul-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>18</td>
<td>Aug-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>19</td>
<td>Sep-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>20</td>
<td>Oct-17</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>21</td>
<td>Total Approved Recoveries Exclusive of IURT</td>
<td>$ -</td>
<td>-</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>22</td>
<td>Total Variance (C)</td>
<td>$ 50,000</td>
<td>$ 50,000</td>
<td>$ 50,000</td>
</tr>
</tbody>
</table>

(A) Actual Recoveries represent billed TDSIC revenues from the company’s customer billing system by month and by rate schedule.  
(B) Based on prior TDSIC approvals  
(C) To Attachment JCS-1, Schedule 12
### Transmission Revenue Requirement

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Requirement</th>
<th>$1,369,159</th>
<th>Schedule 1, Line 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Rate RS</td>
<td>42.62%</td>
<td>$583,335</td>
</tr>
<tr>
<td>3</td>
<td>Rate B</td>
<td>0.13%</td>
<td>1,780</td>
</tr>
<tr>
<td>4</td>
<td>Rate SGS</td>
<td>1.82%</td>
<td>$24,919</td>
</tr>
<tr>
<td>5</td>
<td>Rate DGS/MLA</td>
<td>27.33%</td>
<td>374,191</td>
</tr>
<tr>
<td>6</td>
<td>Rate OSS</td>
<td>2.12%</td>
<td>$29,026</td>
</tr>
<tr>
<td>7</td>
<td>Rate LP</td>
<td>25.33%</td>
<td>$346,808</td>
</tr>
<tr>
<td>8</td>
<td>Rate HLF</td>
<td>0.65%</td>
<td>8,900</td>
</tr>
<tr>
<td>9</td>
<td>Rate SL/OL</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>Total</td>
<td>100.00%</td>
<td>$1,369,159</td>
</tr>
</tbody>
</table>

### Distribution Revenue Requirement

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Requirement</th>
<th>$3,178,406</th>
<th>Schedule 1, Line 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Rate RS</td>
<td>58.44%</td>
<td>$1,857,459</td>
</tr>
<tr>
<td>13</td>
<td>Rate B</td>
<td>1.12%</td>
<td>35,598</td>
</tr>
<tr>
<td>14</td>
<td>Rate SGS</td>
<td>4.10%</td>
<td>130,315</td>
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<tr>
<td>15</td>
<td>Rate DGS/MLA</td>
<td>22.53%</td>
<td>716,095</td>
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<tr>
<td>16</td>
<td>Rate OSS</td>
<td>2.32%</td>
<td>73,738</td>
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<tr>
<td>17</td>
<td>Rate LP</td>
<td>10.59%</td>
<td>336,593</td>
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<tr>
<td>18</td>
<td>Rate HLF</td>
<td>0.01%</td>
<td>318</td>
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<tr>
<td>19</td>
<td>Rate SL/OL</td>
<td>0.89%</td>
<td>28,288</td>
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<td>20</td>
<td>Total</td>
<td>100.00%</td>
<td>$3,178,405</td>
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### (Over)/Under Recovery Variance

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<tr>
<th>Line No.</th>
<th>Recovery Variance</th>
<th>$0.000021</th>
<th>Schedule 1, Line 22</th>
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<tbody>
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<td>21</td>
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<td>$50,000</td>
<td>126,314</td>
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<tr>
<td>22</td>
<td>Rate B</td>
<td>$50,000</td>
<td>3,765</td>
</tr>
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<td>23</td>
<td>Rate SGS</td>
<td>$50,000</td>
<td>9,662</td>
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<td>24</td>
<td>Rate DGS/MLA</td>
<td>$50,000</td>
<td>1,719,577</td>
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<td>25</td>
<td>Rate OSS</td>
<td>$50,000</td>
<td>167,629</td>
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<tr>
<td>26</td>
<td>Rate LP - Transmission</td>
<td>$14,570</td>
<td>2,560,442</td>
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<tr>
<td>27</td>
<td>Rate LP - Distribution</td>
<td>$35,424</td>
<td>1,786,971</td>
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<td>28</td>
<td>Rate HLF</td>
<td>$50,000</td>
<td>60,970</td>
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<td>29</td>
<td>Rate SL/OL</td>
<td>$50,000</td>
<td>24,853</td>
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<tr>
<td>30</td>
<td>Total</td>
<td>$400,000</td>
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---ILLUSTRATIVE---

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)
ALLOCATION AND RATE DERIVATION

[1] Variance recovery split between Distribution (per Customer per Month) and Transmission (per kWh) based on the split of Revenue Requirement from TDSIC period being recovered. Total Variance for Rates RS, B, SGS, and LP is multiplied by the percentages below to determine how much is assigned to each component.

TDSIC-XX

<table>
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<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Distribution Revenue Requirement</td>
<td>70.85%</td>
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<td>Transmission Revenue Requirement</td>
<td>29.15%</td>
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<td>Total</td>
<td>100.00%</td>
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[Schedule 11, Line 22]
**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)  
PROPOSED RATES AND CHARGES

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Rate Schedule</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rate RS</td>
<td>Residential Service</td>
</tr>
<tr>
<td>2</td>
<td>Rate B</td>
<td>Water Heating Service</td>
</tr>
<tr>
<td>3</td>
<td>Rate SGS</td>
<td>Small General Service</td>
</tr>
<tr>
<td>4</td>
<td>Rate DGS/MLA</td>
<td>Demand General Service / Municipal Levee Authority</td>
</tr>
<tr>
<td>5</td>
<td>Rate OSS</td>
<td>Off-Season Service</td>
</tr>
<tr>
<td>6</td>
<td>Rate LP</td>
<td>Large Power Service</td>
</tr>
<tr>
<td>7</td>
<td>Rate LP - TVD</td>
<td>Large Power Service - Transmission Voltage Discount [1]</td>
</tr>
<tr>
<td>8</td>
<td>Rate BAMP</td>
<td>Backup, Auxiliary, and Maintenance Power Services [2]</td>
</tr>
<tr>
<td>9</td>
<td>Rate HLF</td>
<td>High Load Factor Service</td>
</tr>
<tr>
<td>10</td>
<td>Rate SL/OL</td>
<td>Street Lighting / Outdoor Lighting</td>
</tr>
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### Combined Rates and Charges - Excluding IURT

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Rate Schedule</th>
<th>Description</th>
<th>Rate per Customer Per Month</th>
<th>Rate per kWh</th>
<th>Rate per kW/kVa</th>
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<tr>
<td>1</td>
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<td>Residential Service</td>
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<td>$0.000440</td>
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<td>Rate B</td>
<td>Water Heating Service</td>
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<td>Demand General Service / Municipal Levee Authority</td>
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<td>Backup, Auxiliary, and Maintenance Power Services [2]</td>
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<td>High Load Factor Service</td>
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<td>10</td>
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<td>Street Lighting / Outdoor Lighting</td>
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### Combined Rates and Charges, without Variance - Excluding IURT

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<th>Rate Schedule</th>
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<th>Rate per kWh</th>
<th>Rate per kW/kVa</th>
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<td>Small General Service</td>
<td>$1.12</td>
<td>$0.000388</td>
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<td>Demand General Service / Municipal Levee Authority</td>
<td>$0.317</td>
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<td>Rate OSS</td>
<td>Off-Season Service</td>
<td>$0.307</td>
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<td>Rate LP</td>
<td>Large Power Service</td>
<td>$0.162</td>
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<tr>
<td>17</td>
<td>Rate LP - TVD</td>
<td>Large Power Service - Transmission Voltage Discount [1]</td>
<td>$0.094</td>
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<td>18</td>
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<td>Backup, Auxiliary, and Maintenance Power Services [2]</td>
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<td>19</td>
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<td>High Load Factor Service</td>
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<tr>
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<td>Street Lighting / Outdoor Lighting</td>
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### Combined Rates and Charges - Including IURT

<table>
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<th>Description</th>
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<th>Rate per kWh</th>
<th>Rate per kW/kVa</th>
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<td>7</td>
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<td>Large Power Service - Transmission Voltage Discount [1]</td>
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<td>High Load Factor Service</td>
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### Combined Rates and Charges, without Variance - Including IURT

<table>
<thead>
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<th>Line No.</th>
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<th>Rate per Customer Per Month</th>
<th>Rate per kWh</th>
<th>Rate per kW/kVa</th>
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<td>Large Power Service</td>
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<td>17</td>
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<td>$0.096</td>
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<tr>
<td>18</td>
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<td>$0.069</td>
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<td>20</td>
<td>Rate SL/OL</td>
<td>Street Lighting / Outdoor Lighting</td>
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</table>

---ILLUSTRATIVE---

[1] Calculated from the rates and charges on Schedule 12 - Line 17 (distribution revenue requirement) and Line 27 (distribution variance)  
[2] Calculated from the rates and charges on Schedule 12 - Line 7 (transmission revenue requirement) and Line 26 (transmission variance)
### Rate Schedule

#### A

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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>RS - Residential Service</td>
<td>126,390 $</td>
<td>126,359 $</td>
<td>126,354 $</td>
<td>126,396 $</td>
<td>126,410 $</td>
<td>126,807 $</td>
<td>126,311 $</td>
<td>126,375 $</td>
<td>126,458 $</td>
<td>126,416 $</td>
<td>126,438 $</td>
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</tr>
<tr>
<td>3</td>
<td>SGS - Small General Service</td>
<td>9,669</td>
<td>9,683</td>
<td>9,679</td>
<td>9,690</td>
<td>9,690</td>
<td>9,700</td>
<td>9,704</td>
<td>9,674</td>
<td>9,680</td>
<td>9,666</td>
<td>9,680</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>OSS - Off-Season Service</td>
<td>26,755 $</td>
<td>26,700 $</td>
<td>26,700 $</td>
<td>26,700 $</td>
<td>26,700 $</td>
<td>26,700 $</td>
<td>26,700 $</td>
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<td>26,700 $</td>
<td>26,700 $</td>
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<tr>
<td>5</td>
<td>LP - Large Power Service</td>
<td>239,526</td>
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<td>238,526</td>
<td>238,526</td>
<td>238,526</td>
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<td>238,526</td>
<td>238,526</td>
<td></td>
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<tr>
<td>6</td>
<td>BAMP - Backup, Auxiliary, and Maintenance Power Services</td>
<td>86,300</td>
<td>86,300</td>
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<tr>
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<td>10,162</td>
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### Projected Energy (kWh) (A)

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<tbody>
<tr>
<td>1</td>
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<td>126,390</td>
<td>126,359</td>
<td>126,354</td>
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<td>126,375</td>
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<td>126,438</td>
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<tr>
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<td>SGS - Small General Service</td>
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<td>9,690</td>
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<td>9,680</td>
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<tr>
<td>4</td>
<td>OSS - Off-Season Service</td>
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<td>26,700 $</td>
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### Proposed Demand (kW/kVr) (A)

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<td>126,354</td>
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<td>SGS - Small General Service</td>
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<td>9,666</td>
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<td>4</td>
<td>OSS - Off-Season Service</td>
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<td>26,700 $</td>
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### Projected Recoveries (B), (C)

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<td>126,354</td>
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<td>126,416</td>
<td>126,438</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>SGS - Small General Service</td>
<td>9,669</td>
<td>9,683</td>
<td>9,679</td>
<td>9,690</td>
<td>9,690</td>
<td>9,700</td>
<td>9,704</td>
<td>9,674</td>
<td>9,680</td>
<td>9,666</td>
<td>9,680</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>OSS - Off-Season Service</td>
<td>26,755 $</td>
<td>26,700 $</td>
<td>26,700 $</td>
<td>26,700 $</td>
<td>26,700 $</td>
<td>26,700 $</td>
<td>26,700 $</td>
<td>26,700 $</td>
<td>26,700 $</td>
<td>26,700 $</td>
<td>26,700 $</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Notes:

- **(A)** Source: Vectren South 2017 Budget
- **(B)** Exclusive of IURT
- **(C)** Proposed Rates and Charge, multiplied by Estimated Billing Determinants (A)
---ILLUSTRATIVE---

**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)  
Estimated Customer Impacts and Annual Revenue Increase

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$46.7</td>
<td>$55.8</td>
<td>$68.7</td>
<td>$75.8</td>
<td>$89.7</td>
<td>$91.2</td>
<td>$68.3</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Total Annual Investment [1] $46.7  
2. Total Revenue Change [2] 0.83%  
3. Based on proposed cost allocations, rate design, and revenue requirement calculations.

**Table: Estimated Customer Impacts and Annual Revenue Increase**

<table>
<thead>
<tr>
<th>Rate</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$/Customer/Month</td>
<td>$/kWh</td>
<td>$/kW/kVA</td>
<td>$/Customer/Month</td>
<td>$/kWh</td>
<td>$/kW/kVA</td>
<td>$/Customer/Month</td>
<td>$/kWh</td>
</tr>
<tr>
<td>Rate RS</td>
<td>1.19</td>
<td>$0.000424</td>
<td>3.29</td>
<td>$0.00852</td>
<td>5.06</td>
<td>$0.01583</td>
<td>6.51</td>
<td>$0.02198</td>
</tr>
<tr>
<td>Rate B</td>
<td>0.76</td>
<td>$0.000227</td>
<td>2.10</td>
<td>$0.00547</td>
<td>3.23</td>
<td>$0.00855</td>
<td>4.17</td>
<td>$0.01170</td>
</tr>
<tr>
<td>Rate SGS</td>
<td>1.09</td>
<td>$0.000392</td>
<td>3.01</td>
<td>$0.00788</td>
<td>4.63</td>
<td>$0.01474</td>
<td>5.97</td>
<td>$0.02033</td>
</tr>
<tr>
<td>Rate DGS/MLA</td>
<td>0.26</td>
<td>$0.00092</td>
<td>0.65</td>
<td>$0.0170</td>
<td>1.06</td>
<td>$0.0270</td>
<td>1.40</td>
<td>$0.0370</td>
</tr>
<tr>
<td>Rate OSS</td>
<td>0.30</td>
<td>$0.00092</td>
<td>0.76</td>
<td>$0.0210</td>
<td>1.23</td>
<td>$0.0340</td>
<td>1.62</td>
<td>$0.0470</td>
</tr>
<tr>
<td>Rate LP</td>
<td>0.18</td>
<td>$0.00045</td>
<td>0.45</td>
<td>$0.0120</td>
<td>0.75</td>
<td>$0.0200</td>
<td>0.99</td>
<td>$0.0260</td>
</tr>
<tr>
<td>Rate LP-TV0</td>
<td>0.11</td>
<td>$0.00045</td>
<td>0.32</td>
<td>$0.0090</td>
<td>0.49</td>
<td>$0.0170</td>
<td>0.61</td>
<td>$0.0200</td>
</tr>
<tr>
<td>Rate BAMP</td>
<td>0.06</td>
<td>$0.00045</td>
<td>0.13</td>
<td>$0.0050</td>
<td>0.25</td>
<td>$0.0075</td>
<td>0.35</td>
<td>$0.0095</td>
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<tr>
<td>Rate SL/DL</td>
<td>0.09</td>
<td>$0.00045</td>
<td>0.25</td>
<td>$0.0070</td>
<td>0.39</td>
<td>$0.0110</td>
<td>0.50</td>
<td>$0.0130</td>
</tr>
<tr>
<td>Rate BAMP</td>
<td>0.09</td>
<td>$0.00045</td>
<td>0.25</td>
<td>$0.0070</td>
<td>0.39</td>
<td>$0.0110</td>
<td>0.50</td>
<td>$0.0130</td>
</tr>
</tbody>
</table>

[1] Investments as shown in Petitioner's Exhibit No. 2, Attachment LKW-1.  
[3] Based on proposed cost allocations, rate design, and revenue requirement calculations.
APPENDIX K
TRANSMISSION, DISTRIBUTION, AND STORAGE SYSTEM
IMPROVEMENT CHARGE

APPLICATION
The Transmission, Distribution, and Storage System Improvement Charge ("TDSIC") shall be applicable to all Customers on the Rate Schedules set forth in the TDSIC Charges section below.

DESCRIPTION
The TDSIC shall recover, as approved by the Commission in Cause No. 44910:

(1) Costs associated with Company’s TDSIC Plan ("TDSIC") as provided for in Ind. Code Ch. 8-1-39 for the purposes of safety, reliability, system modernization, or economic development.

Reconciliation
Company’s actual TDSIC costs shall be reconciled semi-annually with actual TDSIC recoveries, with any differences being reflected as a charge or credit in a subsequent TDSIC.

Allocation Percentages
TDSIC costs shall be allocated to the Rate Schedules based on the percentages approved in Cause No. 44910.

<table>
<thead>
<tr>
<th>Rate Schedule</th>
<th>Transmission Allocation Percentage</th>
<th>Distribution Allocation Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>RS</td>
<td>42.62%</td>
<td>58.44%</td>
</tr>
<tr>
<td>B</td>
<td>0.13%</td>
<td>1.12%</td>
</tr>
<tr>
<td>SGS</td>
<td>1.82%</td>
<td>4.10%</td>
</tr>
<tr>
<td>DGS/MLA</td>
<td>27.33%</td>
<td>22.53%</td>
</tr>
<tr>
<td>OSS</td>
<td>2.12%</td>
<td>2.32%</td>
</tr>
<tr>
<td>LP</td>
<td>25.33%</td>
<td>10.59%</td>
</tr>
<tr>
<td>HLF</td>
<td>0.65%</td>
<td>0.01%</td>
</tr>
<tr>
<td>SL/OL</td>
<td>0.00%</td>
<td>0.89%</td>
</tr>
</tbody>
</table>

TDSIC Charges
The TDSIC shall be applied to each customer or kW/kVa or kWh of electric usage, as applicable. The current TDSIC rates and charges by Rate Schedule are set forth below:

<table>
<thead>
<tr>
<th>Rate Schedule</th>
<th>$ per Month</th>
<th>$ per kW or kVa</th>
<th>$ per kWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>RS</td>
<td>$0.00</td>
<td>$0.000000</td>
<td>$0.000000</td>
</tr>
<tr>
<td>B</td>
<td>$0.00</td>
<td>$0.000000</td>
<td>$0.000000</td>
</tr>
<tr>
<td>SGS</td>
<td>$0.00</td>
<td>$0.000000</td>
<td>$0.000000</td>
</tr>
<tr>
<td>DGS/MLA</td>
<td>$0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OSS</td>
<td>$0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LP</td>
<td>$0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LP-TVD</td>
<td>$(0.000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BAMP</td>
<td>$0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HLF</td>
<td>$0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SL/OL</td>
<td>$0.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Effective:
<table>
<thead>
<tr>
<th>RIDER NO.</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>RESERVED FOR FUTURE USE</td>
</tr>
<tr>
<td>51</td>
<td>IP-2 INTERRUPTIBLE POWER SERVICE</td>
</tr>
<tr>
<td>52</td>
<td>NM NET METERING RIDER</td>
</tr>
<tr>
<td>53</td>
<td>RESERVED FOR FUTURE USE</td>
</tr>
<tr>
<td>54</td>
<td>DLC DIRECT LOAD CONTROL RIDER</td>
</tr>
<tr>
<td>55</td>
<td>IC INTERRUPTIBLE CONTRACT RIDER</td>
</tr>
<tr>
<td>56</td>
<td>IO INTERRUPTIBLE OPTION RIDER</td>
</tr>
<tr>
<td>57</td>
<td>AFS ALTERNATE FEED SERVICE RIDER</td>
</tr>
<tr>
<td>58</td>
<td>ED ECONOMIC DEVELOPMENT RIDER</td>
</tr>
<tr>
<td>59</td>
<td>AD AREA DEVELOPMENT RIDER</td>
</tr>
<tr>
<td>60</td>
<td>TS TEMPORARY SERVICE RIDER</td>
</tr>
<tr>
<td>61</td>
<td>SAS STANDBY OR AUXILIARY SERVICE RIDER</td>
</tr>
<tr>
<td>62</td>
<td>DR MISO DEMAND RESPONSE RIDER</td>
</tr>
<tr>
<td>63-64</td>
<td>RESERVED FOR FUTURE USE</td>
</tr>
</tbody>
</table>

**APPENDIX**

<table>
<thead>
<tr>
<th>ADJUSTMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>65 A FUEL ADJUSTMENT CLAUSE (FAC)</td>
</tr>
<tr>
<td>66 B DEMAND SIDE MANAGEMENT ADJUSTMENT (DSMA)</td>
</tr>
<tr>
<td>67 RESERVED FOR FUTURE USE</td>
</tr>
<tr>
<td>68 D OTHER CHARGES</td>
</tr>
<tr>
<td>69-72 RESERVED FOR FUTURE USE</td>
</tr>
<tr>
<td>73 I MISO COST AND REVENUE ADJUSTMENT (MCRA)</td>
</tr>
<tr>
<td>74 J RELIABILITY COST AND REVENUE ADJUSTMENT (RCRA)</td>
</tr>
<tr>
<td>75 K TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)</td>
</tr>
<tr>
<td>76-78 RESERVED FOR FUTURE USE</td>
</tr>
</tbody>
</table>

**RATE PURCHASE RATES**

<table>
<thead>
<tr>
<th>RATE NO.</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>79</td>
<td>CSP COGENERATION AND SMALL POWER PRODUCTION</td>
</tr>
</tbody>
</table>
RATE RS
RESIDENTIAL SERVICE

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge.

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Riders:
The following Riders are available to qualified Customers:
- Rider NM – Net Metering Rider
- Rider DLC – Direct Load Control Rider

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company’s General Terms and Conditions and the Commission’s Regulations.

Effective:
RANGE B  
WATER HEATING SERVICE

AVAILABILITY
This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY
This Rate Schedule shall be applicable to Customers electing service hereunder for separately metered service used for water heating, subject to the conditions set forth below. This Rate Schedule is closed to new Customers.

CHARACTER OF SERVICE
Service provided hereunder shall be alternating current, sixty hertz, Single Phase, three-wire 120/240 or 120/208 nominal volts, or any other mutually agreed upon voltages.

RATES AND CHARGES
The monthly Rate and Charges for service hereunder shall be:

Customer Facilities Charge:
$5.00 per month

Energy Charge:
$0.04939 per kWh for all kWh used per month

Fuel Charge:
$0.03889 per kWh for all kWh used per month

Variable Production Charge:
$0.00475 per kWh for all kWh used per month

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge.

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Riders:
The following Rider is available to qualified Customers:
- Rider DLC – Direct Load Control Rider

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

Effective:
RATE SGS
SMALL GENERAL SERVICE

AVAILABILITY
This Rate Schedule shall be available throughout Company’s Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company’s reasonable discretion.

APPLICABILITY
This Rate Schedule shall be applicable to any Non-Residential Customer with a Prior Year Maximum Demand or, if new Customer, an estimated Maximum Demand, of 10kW, or less electing service hereunder. Company shall determine Customer’s estimated Maximum Demand by review of the connected load or other suitable means.

CHARACTER OF SERVICE
Service provided hereunder shall be alternating current, sixty hertz, Single Phase, three-wire 120/240 or 120/208 nominal volts, or any other mutually agreed upon voltages.

RATES AND CHARGES
The monthly Rates and Charges for service hereunder shall be:

Customer Facilities Charge: 
$11.00 per month

Energy Charge: 
$0.09130 per kWh for the first 1,000 kWh used per month 
$0.06928 per kWh for the next 1,000 kWh used per month 
$0.03820 per kWh for all over 2,000 kWh used per month

Fuel Charge: 
$0.03889 per kWh for all kWh used per month

Variable Production Charge: 
$0.00475 per kWh for all kWh used per month

Minimum Monthly Charge: 
The Minimum Monthly Charge shall be the Customer Facilities Charge.

Adjustments: 
The following Adjustments shall be applied monthly: 
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Riders: 
The following Riders are available to qualified Customers: 
- Rider NM – Net Metering Rider
- Rider DLC – Direct Load Control Rider

Other Charges: 
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

Effective:
**RATE DGS**

**DEMAND GENERAL SERVICE**

(Continued)

**Minimum Monthly Charge:**
The Minimum Monthly Charge shall be the Customer Facilities Charge plus the Demand Charge.

**Transformer Ownership Discount:**
Customers with a Maximum Demand of 100 kW or greater and receiving service at Company's available Primary Voltage may own, operate and maintain all transformer facilities. A discount of forty-five and one-tenth cents ($0.451) for each kW of Billing Demand will apply to such customers.

**Adjustments:**
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

**Riders:**
The following Riders are available to qualified Customers:
- Rider IP-2 – Interruptible Power Service
- Rider NM – Net Metering Rider
- Rider DLC – Direct Load Control Rider
- Rider IO – Interruptible Option Rider
- Rider AFS – Alternate Feed Service Rider
- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider
- Rider TS – Temporary Service Rider
- Rider DR – MISO Demand Response

**Other Charges:**
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

**DETERMINATION OF BILLING DEMAND**
The Billing Demand for the current month shall be the Maximum Demand, but not less than 60% of the highest Maximum Demand for the Prior Year.

**SEPARATE METERING**
When the lighting and power demands are metered separately, the Maximum Demand of the Month shall be the arithmetical sum of the Maximum Demand of each meter. The energy use of the lighting and power meters shall also be added.

**TERMS AND CONDITIONS OF SERVICE**
Service under this Rate Schedule shall be governed by Company’s General Terms and Conditions and the Commission’s Regulations.
RATE OSS
OFF-SEASON SERVICE

AVAILABILITY
This Rate Schedule shall be available throughout Company’s Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company’s reasonable discretion.

APPLICABILITY
This Rate Schedule shall be applicable to any Non-Residential Customer with a Prior Year Maximum Demand of more than 10kW whose service address is an Eligible Premises. An Eligible Premises is one which permanently and exclusively uses electric equipment for space heating, takes all service through one meter, and which received service under Rate OSS on or before May 3, 2011 and who elects service hereunder.

CHARACTER OF SERVICE
Service provided hereunder shall be alternating current, sixty hertz, single or Three Phase, nominal voltages 120/240, 120/208, 240, 277/480, 480 volts, or any other mutually agreed upon voltages.

RATES AND CHARGES
The Monthly Rates and Charges for service hereunder shall be:

Customer Facilities Charge:
$15.00 per month

Demand Charge:
$5.00 per kW per month for all kW of Billing Demand.

Energy Charge:
$0.04626 per kWh for all kWh used per month.

Fuel Charge:
$0.03889 per kWh for all kWh used per month

Variable Production Charge:
$0.00475 per kWh for all kWh used per month

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge plus the Demand Charge.

Adjustments:
The following Adjustments shall be applied monthly:

- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Effective:
Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Riders:
The following Riders are available to qualified Customers:
- Rider IP-2 – Interruptible Power Service
- Rider DLC – Direct Load Control Rider
- Rider IC – Interruptible Contract Rider
- Rider IO – Interruptible Option Rider
- Rider AFS – Alternate Feed Service Rider
- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider
- Rider DR – MISO Demand Response

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

DETERMINATION OF BILLING DEMAND
Unless otherwise specified in the Contract, the Billing Demand for the current month shall be the Maximum Demand, but not less than 60% of the highest Maximum Demand for the Prior Year and in no event less than 300 kVa.

Off-peak demands which will be disregarded in determining the Billing Demand shall be those demands created on Saturdays, Sundays, and holidays designated by Company and between 8:00 P.M. and 7:00 A.M. on any other day, provided that the Billing Demand for the month shall never be less than 50% of the Maximum Demand during such month regardless of when such Maximum Demand occurred.

Company reserves the right, upon thirty days notice to Customer, to change the off-peak demand periods when peak load conditions on Company’s system make such modification necessary. Company shall not be required to increase the capacity of any service facilities in order to furnish off-peak demands.

CONTRACT
For service hereunder, a written Contract is required for an initial term of not less than three (3) years or for a longer period where unusual expenditures by Company may be necessary to provide service, and such Contract shall continue for annual successive terms unless cancelled. The Contract may be cancelled by either party by providing written notice to the other party not less than one (1) year prior to the date of termination.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company’s General Terms and Conditions and the Commission’s Regulations.
RATE HLF
HIGH LOAD FACTOR SERVICE

AVAILABILITY
This Rate Schedule shall be available throughout Company’s Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company’s reasonable discretion. This service is available only from facilities operating at Transmission Voltage.

APPLICABILITY
This Rate Schedule shall be applicable to any Non-Residential Customer supplied at a single point of delivery with a Contract Demand of not less than 4,500 kVa electing service hereunder.

This Rate Schedule is not applicable to Customer where 1) an alternate source of power is used, 2) for resale to others, or 3) as a supplement to service furnished under any other Rate Schedule.

CHARACTER OF SERVICE
Service provided hereunder shall be alternating current, sixty hertz, Three Phase, nominal voltages 69,000, 138,000 volts or any other mutually agreed upon voltages. Customer shall furnish and maintain all necessary transforming, controlling and protective equipment.

RATES AND CHARGES
The monthly Rates and Charges for service hereunder shall be:

Demand Charge:
$20.728 per kVa per month for all kVa of Billing Demand

Fuel Charge:
$0.03644 per kWh for all kWh used per month

Variable Production Charge:
$0.00445 per kWh for all kWh used per month

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Demand Charge, but not less than $93,276.00 per month.

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Effective:
RATE BAMP
BACKUP, AUXILIARY AND
MAINTENANCE POWER SERVICES
(Continued)

Adjustments:
- Customer shall be subject to Adjustments as approved by the Commission or as specified in Customer’s applicable Rate Schedule, including Appendix K.

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

DETERMINATION OF RATED CAPACITY, BILLING DEMAND AND ENERGY
Customer’s Rated Capacity for Backup Power Service shall be equal to the nameplate rating of its owned and operated electric generating capacity at the service location, assuming a unity power factor, unless otherwise specified in the Contract.

Customer’s Billing Demand for Auxiliary Power Service shall be the Maximum Demand, but not less than the Contract Demand. If the Contract Demand is exceeded in any month, such higher amount shall be the new Contract Demand for balance of the agreement. The Billing Demand for Auxiliary Power Service shall not include any demand for capacity contracted as Firm Backup Power Service.

Customer’s Billing Demand for Non-Firm Backup Power Service and Maintenance Power Service shall be the net resulting from the subtraction of any Auxiliary Power contracted for from the total metered demand. The usage billed for Auxiliary Power energy (kWh) shall be the metered supply by Company but not in excess of (a) 100% load factor for the Contract Demand and (b) the proportionate share of Customer’s usage for its total electric load based on the ratio of the contracted Auxiliary Power capacity to Customer’s total load. Any other energy (kWh) supplied shall be either Backup or Maintenance Service, as applicable.

Effective:
RATE MLA
MUNICIPAL LEVEE AUTHORITY SERVICE
(Continued)

Transformer Ownership Discount:
This discount is available to any Customer electing service under this Rate Schedule, when Customer owns, operates and maintains all transformer facilities and receives service at Company’s available Primary Voltage. Customer’s current monthly bill will be decreased by forty-five and one-tenth cents ($0.451) for each kW of Billing Demand.

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Riders:
The following Riders are available to qualified Customers:
- Rider NM – Net Metering Rider
- Rider IO – Interruptible Option Rider
- Rider AFS – Alternate Feed Service Rider
- Rider ED – Economic Development Rider
- Rider TS – Temporary Service Rider
- Rider DR – MISO Demand Response

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

DETERMINATION OF BILLING DEMAND
Billing Demand shall be the higher of Maximum Demand and Monthly Contract Demand. The Monthly Contract Demand shall be the demand amount agreed upon between Customer and Company in a Contract.

SEPARATE METERING
When the lighting and power demands are metered separately, the Maximum Demand of the Month shall be the arithmetical sum of the Maximum Demand of each meter. The energy use of the lighting and power meters shall also be added.

CONTRACT
For service hereunder, a written contract is required for an initial term of not less than two (2) years and such contract shall continue for annual successive terms unless cancelled. The contract may be cancelled by either party by giving written notice to the other party not less than one (1) year prior to the date of termination.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company’s General Terms and Conditions and the Commission’s Regulations.

Effective:
RATE SL-1

STREET LIGHTING SERVICE

(Continued)

Underground Construction Where Breaking and Replacing Pavement and/or sidewalk is Not Required

<table>
<thead>
<tr>
<th>Metal Poles</th>
<th>Annual Facilities Charge Per Fixture</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 Watt (Approximately 8,000 Lumens)</td>
<td>$136.29</td>
</tr>
<tr>
<td>Twin arm 100 Watt (Approximately 16,000 Lumens), Maximum arm length 15’ … 180º mounting</td>
<td>$241.54</td>
</tr>
<tr>
<td>200 Watt (Approximately 20,000 Lumens)</td>
<td>$233.12</td>
</tr>
<tr>
<td>Twin arm 200 Watt (Approximately 40,000 Lumens), Maximum arm length 15’ … 180º mounting</td>
<td>$346.69</td>
</tr>
<tr>
<td>200 Watt (Approximately 20,000 Lumens), where direct burial cable and imbedded type pole is used</td>
<td>$287.04</td>
</tr>
<tr>
<td>400 Watt (Approximately 45,000 Lumens), Twin arm 400 Watt (Approximately 90,000 Lumens)</td>
<td>$340.35</td>
</tr>
</tbody>
</table>

In lieu of the annual rates herein set forth for underground service, Customer may elect to pay to Company prior to the installation of such underground service, the difference between the amount of investment required for the underground system and the amount required for a comparable overhead system. In the event Customer makes such election and payment, the rates herein provided for comparable overhead service shall apply.

Fuel Charge:
$0.03889 per kWh per month determined based on Hours of Use

Variable Production Charge:
$0.00475 per kWh per month determined based on Hours of Use

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the sum of one-twelfth of the applicable Annual Facilities Charges for all Street Lights installed for Customer.

Adjustments:
The following Adjustments shall be applied monthly to kWh determined based on Hours of Use:
- Appendix A – Fuel Adjustment Clause
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

PAYMENT
Bills are payable monthly on or before the fifteenth day of the month following the calendar month during which service was supplied.

HOURS OF USE
Service shall extend from approximately one-half hour after sunset until one-half hour before sunrise, each and every night of the year, a total of approximately 4,000 hours each year.

Effective:
RATE SL-2
ORNAMENTAL STREET LIGHTING SERVICE
(Post Top Lantern Type Luminaire)
(Continued)

Fuel Charge:
$0.03889 per kWh per month determined based on Hours of Use

Variable Production Charge:
$0.00475 per kWh per month determined based on Hours of Use

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the sum of one-twelfth of the applicable
Annual Facilities Charges for all Street Lights installed for Customer.

Adjustments:
The following Adjustments shall be applied monthly to kWh determined based on Hours of Use:
- Appendix A – Fuel Adjustment Clause
- Appendix K - Transmission, Distribution, and Storage System Improvement Charge

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

PAYMENT
Bills are payable monthly on or before the fifteenth day of the month following the
calendar month during which service was supplied.

HOURS OF USE
Service shall extend from approximately one-half hour after sunset until one-half hour
before sunrise, each and every night of the year, a total of approximately 4,000 hours
each year.

CONTRACT
For service hereunder, a written Contract is required for an initial term of not less than ten
(10) years or for a longer period where unusual expenditures by Company may be
necessary to provide service, and such Contract shall continue for annual successive
terms unless cancelled. The Contract may be cancelled by either party by providing
written notice to the other party not less than one (1) year prior to the date of termination.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company’s General Terms and
Conditions and the Commission’s Regulations.
RATE SL-3
ORNAMENTAL STREET LIGHTING SERVICE
(Contemporary Spherical)
(Continued)

Fuel Charge:
$0.03889 per kWh per month determined based on Hours of Use

Variable Production Charge:
$0.00475 per kWh per month determined based on Hours of Use

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the sum of one-twelfth of the applicable
Annual Facilities Charges for all Street Lights installed for Customer.

Adjustments:
The following Adjustments shall be applied monthly to kWh determined based on Hours of
Use:
- Appendix A – Fuel Adjustment Clause
- Appendix K - Transmission, Distribution, and Storage System Improvement Charge

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

PAYMENT
Bills are payable monthly on or before the fifteenth day of the month following the
calendar month during which service was supplied.

HOURS OF USE
Service shall extend from approximately one-half hour after sunset until one-half hour
before sunrise, each and every night of the year, a total of approximately 4,000 hours
each year.

CONTRACT
For service hereunder, a written Contract is required for an initial term of not less than ten
(10) years or for a longer period where unusual expenditures by Company may be
necessary to provide service, and such Contract shall continue for annual successive
terms unless cancelled. The Contract may be cancelled by either party by providing
written notice to the other party not less than one (1) year prior to the date of termination.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company’s General Terms and
Conditions and the Commission’s Regulations.
RATE SL-5
EXPRESSWAY LIGHTING SERVICE
(Continued)

Twin 400 Watt high pressure sodium lamps and fixtures with an approximate 40 foot mounting height (Frangible Construction) $651.78

400 Watt high pressure sodium lamp and fixture with an approximate 40 foot mounting height (Non-Frangible Construction) $461.68

This Rate Schedule is restricted to installation at Company expense of not more than an average of 175 feet of underground feeder per unit. Under this Rate Schedule, Company will not be required at its expense to break and replace concrete or to bore under pavement and/or sidewalk. Customer will pay to Company in advance of installation the estimated cost of all underground feeder in excess of an average of 175 feet per unit and the estimated cost of breaking, replacing, and boring under pavement and/or sidewalk. The average length of the underground feeder per unit shall be determined by dividing the total length of underground feeder necessary for installation by the number of units installed pursuant to any one request order.

Fuel Charge:
$0.03889 per kWh per month determined based on Hours of Use

Variable Production Charge:
$0.00475 per kWh per month determined based on Hours of Use

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the sum of one-twelfth of the applicable Annual Facilities Charges for all Street Lights installed for Customer.

Adjustments:
The following Adjustments shall be applied monthly to kWh determined based on Hours of Use:
- Appendix A – Fuel Adjustment Clause
- Appendix K - Transmission, Distribution, and Storage System Improvement Charge

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

PAYMENT
Bills are payable monthly on or before the fifteenth day of the month following the calendar month during which service was supplied.

HOURS OF USE
Service shall extend from approximately one-half hour after sunset until one-half hour before sunrise, each and every night of the year, the total of approximately 4,000 hours each year.
RATE SL-7
ORNAMENTAL STREET LIGHTING SERVICE
(Turn of the Century)
(Continued)

This Rate Schedule is restricted to installation at Company expense of not more than an average of 45’ of underground feeder per unit. Under this Rate Schedule, Company will not be required at its expense to break and replace concrete or to bore under pavement and/or sidewalk. Customer will pay to Company in advance of installation the estimated cost of all underground feeder in excess of an average of 45’ per unit and the estimated cost of breaking, replacing, and boring under pavement and/or sidewalk. The average length of the underground feeder per unit shall be determined by dividing the total length of underground feeder necessary for installation by the number of units installed pursuant to any one request order.

Fuel Charge:
$0.03889 per kWh per month determined based on Hours of Use

Variable Production Charge:
$0.00475 per kWh per month determined based on Hours of Use

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the sum of one-twelfth of the applicable Annual Facilities Charges for all Street Lights installed for Customer.

Adjustments:
The following Adjustments shall be applied monthly to kWh determined based on Hours of Use:
- Appendix A – Fuel Adjustment Clause
- Appendix K - Transmission, Distribution, and Storage System Improvement Charge

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

PAYMENT
Bills are payable monthly on or before the fifteenth day of the month following the calendar month during which service was supplied.

HOURS OF USE
Service shall extend from approximately one-half hour after sunset until one-half hour before sunrise, each and every night of the year, a total of approximately 4,000 hours each year.

Effective:
RATE SL-8
ORNAMENTAL STREET LIGHTING SERVICE
(Post Top Lighting Service)
(Continued)

Adjustments:
The following Adjustments shall be applied monthly to kWh determined based on Hours of Use:

- Appendix A – Fuel Adjustment Clause
- Appendix K - Transmission, Distribution, and Storage System Improvement Charge

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

PAYMENT
Bills are payable monthly on or before the fifteenth day of the month following the calendar month during which service was supplied.

HOURS OF USE
Service shall extend from approximately one-half hour after sunset until one-half hour before sunrise, each and every night of the year, a total of approximately 4,000 hours each year.

CONTRACT
For service hereunder, a written Contract is required for an initial term of not less than ten (10) years or for a longer period where unusual expenditures by Company may be necessary to provide service, and such Contract shall continue for annual successive terms unless cancelled. The Contract may be cancelled by either party by providing written notice to the other party not less than one (1) year prior to the date of termination.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company’s General Terms and Conditions and the Commission’s Regulations.

Effective:
RATe OL
OUTDOOR LIGHTING SERVICE (DUSK TO DAWN)
(Continued)

Fuel Charge:
$0.03889 per kWh per month determined based on Hours of Use

Variable Production Charge:
$0.00475 per kWh per month determined based on Hours of Use

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the sum of the Monthly Facilities Charges for all outdoor lights installed for Customer.

Adjustments:
The following Adjustments shall be applied monthly to kWh determined based on Hours of Use:
- Appendix A – Fuel Adjustment Clause
- Appendix K - Transmission, Distribution, and Storage System Improvement Charge

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

CONTRACT
A Customer requesting service under this Rate Schedule, shall make and enter into a contract with Company in accordance with the following provisions:

1) The term of contract for Residential Customers will be for not less than one (1) year.
2) The term of contract for Non-Residential Customers will be for not less than three (3) years.
3) The term of contract for all Customers renting additional facilities on a monthly basis will be for not less than five (5) years.

Contracts for service hereunder may also contain other appropriate terms and conditions including annual payment in advance in cases where Company may deem it necessary to insure payment of Bills throughout the term of the contract.

HOURS OF USE
Service shall extend from approximately one-half hour after sunset until approximately one-half hour before sunrise each day in the year, approximately 4,000 hours each year.

OWNERSHIP OF FACILITIES
All facilities installed by Company for service hereunder including fixtures, controls, poles, transformers, secondary line, lamps and other appurtenances shall be owned and maintained by Company. All service and necessary maintenance will be performed only during regular scheduled working hours of Company. Non-operative lamps will normally be restored to service within forty-eight (48) hours after notification by Customer.

When Customer requests that a lamp be mounted on Customer’s pole or structure, Customer waives any claim for damages caused by the installation of secondary and lamp support attached to Customer’s pole or structure.

Effective:
### TARIFF SHEET INDEX

(Continued)

<table>
<thead>
<tr>
<th>RIDER</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>RESERVED FOR FUTURE USE</td>
</tr>
<tr>
<td>51</td>
<td>IP-2  INTERRUPTIBLE POWER SERVICE</td>
</tr>
<tr>
<td>52</td>
<td>NM   NET METERING RIDER</td>
</tr>
<tr>
<td>53</td>
<td>RESERVED FOR FUTURE USE</td>
</tr>
<tr>
<td>54</td>
<td>DLC  DIRECT LOAD CONTROL RIDER</td>
</tr>
<tr>
<td>55</td>
<td>IC   INTERRUPTIBLE CONTRACT RIDER</td>
</tr>
<tr>
<td>56</td>
<td>IO   INTERRUPTIBLE OPTION RIDER</td>
</tr>
<tr>
<td>57</td>
<td>AFS  ALTERNATE FEED SERVICE RIDER</td>
</tr>
<tr>
<td>58</td>
<td>ED   ECONOMIC DEVELOPMENT RIDER</td>
</tr>
<tr>
<td>59</td>
<td>AD   AREA DEVELOPMENT RIDER</td>
</tr>
<tr>
<td>60</td>
<td>TS   TEMPORARY SERVICE RIDER</td>
</tr>
<tr>
<td>61</td>
<td>SAS  STANDBY OR AUXILIARY SERVICE RIDER</td>
</tr>
<tr>
<td>62</td>
<td>DR   MISO DEMAND RESPONSE RIDER</td>
</tr>
<tr>
<td>63-64</td>
<td>RESERVED FOR FUTURE USE</td>
</tr>
</tbody>
</table>

### APPENDIX

<table>
<thead>
<tr>
<th>ADJUSTMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>65 A   FUEL ADJUSTMENT CLAUSE (FAC)</td>
</tr>
<tr>
<td>66 B   DEMAND SIDE MANAGEMENT ADJUSTMENT (DSMA)</td>
</tr>
<tr>
<td>67 D   RESERVED FOR FUTURE USE</td>
</tr>
<tr>
<td>68 D   OTHER CHARGES</td>
</tr>
<tr>
<td>69-72</td>
</tr>
<tr>
<td>73 I   MISO COST AND REVENUE ADJUSTMENT (MCRA)</td>
</tr>
<tr>
<td>74 J   RELIABILITY COST AND REVENUE ADJUSTMENT (RCRA)</td>
</tr>
<tr>
<td>75 K   TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RATE</th>
<th>PURCHASE RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>79</td>
<td>CSP COGENERATION AND SMALL POWER PRODUCTION</td>
</tr>
</tbody>
</table>
RATE RS
RESIDENTIAL SERVICE
(Continued)

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge.

Adjustments:
The following Adjustments shall be applied monthly:
  • Appendix A – Fuel Adjustment Clause
  • Appendix B – Demand Side Management Adjustment
  • Appendix I – MISO Cost and Revenue Adjustment
  • Appendix J – Reliability Cost and Revenue Adjustment
  • Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Riders:
The following Riders are available to qualified Customers:
  • Rider NM – Net Metering Rider
  • Rider DLC – Direct Load Control Rider

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company’s General Terms and Conditions and the Commission’s Regulations.

Effective: Deleted: May 3, 2011
RATE B
WATER HEATING SERVICE

AVAILABILITY
This Rate Schedule shall be available throughout Company’s Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company’s reasonable discretion.

APPLICABILITY
This Rate Schedule shall be applicable to Customers electing service hereunder for separately metered service used for water heating, subject to the conditions set forth below. This Rate Schedule is closed to new Customers.

CHARACTER OF SERVICE
Service provided hereunder shall be alternating current, sixty hertz, Single Phase, three-wire 120/240 or 120/208 nominal volts, or any other mutually agreed upon voltages.

RATES AND CHARGES
The monthly Rate and Charges for service hereunder shall be:

Customer Facilities Charge:
$ 5.00 per month

Energy Charge:
$0.04939 per kWh for all kWh used per month

Fuel Charge:
$0.03889 per kWh for all kWh used per month

Variable Production Charge:
$0.00475 per kWh for all kWh used per month

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge.

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Riders:
The following Rider is available to qualified Customers:
- Rider DLC – Direct Load Control Rider

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

Effective:

Deleted: May 3, 2016

Deleted: Third Revised Page 1 of 2
Deleted: Second Revised Page 1 of 2

Sheet No. 13
Southern Indiana Gas and Electric Company D/B/A
Vectren Energy Delivery of Indiana, Inc. (Vectren South)
Tariff for Electric Service
I.U.R.C. No. E-13
RATE SGS
SMALL GENERAL SERVICE

AVAILABILITY
This Rate Schedule shall be available throughout Company’s Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company’s reasonable discretion.

APPLICABILITY
This Rate Schedule shall be applicable to any Non-Residential Customer with a Prior Year Maximum Demand or, if new Customer, an estimated Maximum Demand, of 10kW, or less electing service hereunder. Company shall determine Customer’s estimated Maximum Demand by review of the connected load or other suitable means.

CHARACTER OF SERVICE
Service provided hereunder shall be alternating current, sixty hertz, Single Phase, three-wire 120/240 or 120/208 nominal volts, or any other mutually agreed upon voltages.

RATES AND CHARGES
The monthly Rates and Charges for service hereunder shall be:

Customer Facilities Charge:
$11.00 per month

Energy Charge:
$0.09130 per kWh for the first 1,000 kWh used per month
$0.06928 per kWh for the next 1,000 kWh used per month
$0.03820 per kWh for all over 2,000 kWh used per month

Fuel Charge:
$0.03889 per kWh for all kWh used per month

Variable Production Charge:
$0.00475 per kWh for all kWh used per month

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge.

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Riders:
The following Riders are available to qualified Customers:
- Rider NM – Net Metering Rider
- Rider DLC – Direct Load Control Rider

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

Effective: May 3, 2011
RATE DGS
DEMAND GENERAL SERVICE
(Continued)

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge plus the Demand Charge.

Transformer Ownership Discount:
Customers with a Maximum Demand of 100 kW or greater and receiving service at Company’s available Primary Voltage may own, operate and maintain all transformer facilities. A discount of forty-five and one-tenth cents ($0.451) for each kW of Billing Demand will apply to such customers.

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Riders:
The following Riders are available to qualified Customers:
- Rider IP-2 – Interruptible Power Service
- Rider NM – Net Metering Rider
- Rider DLC – Direct Load Control Rider
- Rider IO – Interruptible Option Rider
- Rider AFS – Alternate Feed Service Rider
- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider
- Rider TS – Temporary Service Rider
- Rider DR – MISO Demand Response

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

DETERMINATION OF BILLING DEMAND
The Billing Demand for the current month shall be the Maximum Demand, but not less than 60% of the highest Maximum Demand for the Prior Year.

SEPARATE METERING
When the lighting and power demands are metered separately, the Maximum Demand of the Month shall be the arithmetical sum of the Maximum Demand of each meter. The energy use of the lighting and power meters shall also be added.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company’s General Terms and Conditions and the Commission’s Regulations.

Effective: May 3, 2011
RATE OSS
OFF-SEASON SERVICE

AVAILABILITY
This Rate Schedule shall be available throughout Company’s Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company’s reasonable discretion.

APPLICABILITY
This Rate Schedule shall be applicable to any Non-Residential Customer with a Prior Year Maximum Demand of more than 10kW whose service address is an Eligible Premises. An Eligible Premises is one which permanently and exclusively uses electric equipment for space heating, takes all service through one meter, and which received service under Rate OSS on or before May 3, 2011 and who elects service hereunder.

CHARACTER OF SERVICE
Service provided hereunder shall be alternating current, sixty hertz, single or Three Phase, nominal voltages 120/240, 120/208, 240, 277/480, 480 volts, or any other mutually agreed upon voltages.

RATES AND CHARGES
The Monthly Rates and Charges for service hereunder shall be:

Customer Facilities Charge:
$15.00 per month

Demand Charge:
$5.00 per kW per month for all kW of Billing Demand.

Energy Charge:
$0.04626 per kWh for all kWh used per month.

Fuel Charge:
$0.03889 per kWh for all kWh used per month

Variable Production Charge:
$0.00475 per kWh for all kWh used per month

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge plus the Demand Charge.

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Effective: May 3, 2016
RANGE LP
LARGE POWER SERVICE
(Continued)

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Riders:
The following Riders are available to qualified Customers:
- Rider IP-2 – Interruptible Power Service
- Rider DLC – Direct Load Control Rider
- Rider IC – Interruptible Contract Rider
- Rider IO – Interruptible Option Rider
- Rider AFS – Alternate Feed Service Rider
- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider
- Rider DR – MISO Demand Response

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

DETERMINATION OF BILLING DEMAND
Unless otherwise specified in the Contract, the Billing Demand for the current month shall be the Maximum Demand, but not less than 60% of the highest Maximum Demand for the Prior Year and in no event less than 300 kVa.

Off-peak demands which will be disregarded in determining the Billing Demand shall be those demands created on Saturdays, Sundays, and holidays designated by Company and between 8:00 P.M. and 7:00 A.M. on any other day, provided that the Billing Demand for the month shall never be less than 50% of the Maximum Demand during such month regardless of when such Maximum Demand occurred.

Company reserves the right, upon thirty days notice to Customer, to change the off-peak demand periods when peak load conditions on Company’s system make such modification necessary. Company shall not be required to increase the capacity of any service facilities in order to furnish off-peak demands.

CONTRACT
For service hereunder, a written Contract is required for an initial term of not less than three (3) years or for a longer period where unusual expenditures by Company may be necessary to provide service, and such Contract shall continue for annual successive terms unless cancelled. The Contract may be cancelled by either party by providing written notice to the other party not less than one (1) year prior to the date of termination.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company’s General Terms and Conditions and the Commission’s Regulations.

Effective: May 3, 2011
RATE HLF
HIGH LOAD FACTOR SERVICE

AVAILABILITY
This Rate Schedule shall be available throughout Company’s Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company’s reasonable discretion. This service is available only from facilities operating at Transmission Voltage.

APPLICABILITY
This Rate Schedule shall be applicable to any Non-Residential Customer supplied at a single point of delivery with a Contract Demand of not less than 4,500 kVA electing service hereunder.

This Rate Schedule is not applicable to Customer where 1) an alternate source of power is used, 2) for resale to others, or 3) as a supplement to service furnished under any other Rate Schedule.

CHARACTER OF SERVICE
Service provided hereunder shall be alternating current, sixty hertz, Three Phase, nominal voltages 69,000, 138,000 volts or any other mutually agreed upon voltages. Customer shall furnish and maintain all necessary transforming, controlling and protective equipment.

RATES AND CHARGES
The monthly Rates and Charges for service hereunder shall be:

Demand Charge:
$20.728 per kVA per month for all kVA of Billing Demand

Fuel Charge:
$0.03644 per kWh for all kWh used per month

Variable Production Charge:
$0.00445 per kWh for all kWh used per month

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Demand Charge, but not less than $93,276.00 per month.

Adjustments:
The following Adjustments shall be applied monthly:

- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Effective: May 3, 2016

Deleted: Fourth
Deleted: Third
Deleted: May 3, 2016
RATE BAMP
BACKUP, AUXILIARY AND
MAINTENANCE POWER SERVICES
(Continued)

Adjustments:
- Customer shall be subject to Adjustments as approved by the Commission or as specified in Customer’s applicable Rate Schedule, including Appendix K.

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

DETERMINATION OF RATED CAPACITY, BILLING DEMAND AND ENERGY
Customer’s Rated Capacity for Backup Power Service shall be equal to the nameplate rating of its owned and operated electric generating capacity at the service location, assuming a unity power factor, unless otherwise specified in the Contract.

Customer’s Billing Demand for Auxiliary Power Service shall be the Maximum Demand, but not less than the Contract Demand. If the Contract Demand is exceeded in any month, such higher amount shall be the new Contract Demand for balance of the agreement. The Billing Demand for Auxiliary Power Service shall not include any demand for capacity contracted as Firm Backup Power Service.

Customer’s Billing Demand for Non-Firm Backup Power Service and Maintenance Power Service shall be the net resulting from the subtraction of any Auxiliary Power contracted for from the total metered demand. The usage billed for Auxiliary Power energy (kWh) shall be the metered supply by Company but not in excess of (a) 100% load factor for the Contract Demand and (b) the proportionate share of Customer’s usage for its total electric load based on the ratio of the contracted Auxiliary Power capacity to Customer’s total load. Any other energy (kWh) supplied shall be either Backup or Maintenance Service, as applicable.

Effective: May 3, 2011
Transformer Ownership Discount:
This discount is available to any Customer electing service under this Rate Schedule, when Customer owns, operates and maintains all transformer facilities and receives service at Company’s available Primary Voltage. Customer’s current monthly bill will be decreased by forty-five and one-tenth cents ($0.451) for each kW of Billing Demand.

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment
- Appendix K – Transmission, Distribution, and Storage System Improvement Charge

Riders:
The following Riders are available to qualified Customers:
- Rider NM – Net Metering Rider
- Rider IO – Interruptible Option Rider
- Rider AFS – Alternate Feed Service Rider
- Rider ED – Economic Development Rider
- Rider TS – Temporary Service Rider
- Rider DR – MISO Demand Response

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

DETERMINATION OF BILLING DEMAND
Billing Demand shall be the higher of Maximum Demand and Monthly Contract Demand. The Monthly Contract Demand shall be the demand amount agreed upon between Customer and Company in a Contract.

SEPARATE METERING
When the lighting and power demands are metered separately, the Maximum Demand of the Month shall be the arithmetical sum of the Maximum Demand of each meter. The energy use of the lighting and power meters shall also be added.

CONTRACT
For service hereunder, a written contract is required for an initial term of not less than two (2) years and such contract shall continue for annual successive terms unless cancelled. The contract may be cancelled by either party by giving written notice to the other party not less than one (1) year prior to the date of termination.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company’s General Terms and Conditions and the Commission’s Regulations.
RATE SL-1

STREET LIGHTING SERVICE

(Continued)

Underground Construction Where Breaking and Replacing Pavement and/or sidewalk is Not Required

<table>
<thead>
<tr>
<th>Fixture</th>
<th>Metal Poles</th>
<th>Annual Facilities Charge Per</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 Watt (Approximately 8,000 Lumens)</td>
<td>$136.29</td>
<td></td>
</tr>
<tr>
<td>Maximum arm length 15’ … 180º mounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200 Watt (Approximately 20,000 Lumens)</td>
<td>$241.54</td>
<td></td>
</tr>
<tr>
<td>(where direct burial cable and imbedded type pole is used)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twin arm 200 Watt (Approximately 40,000 Lumens), Maximum arm length 15’ … 180º mounting</td>
<td>$233.12</td>
<td></td>
</tr>
<tr>
<td>(where direct burial cable and imbedded type poles is used)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200 Watt (Approximately 20,000 Lumens),</td>
<td>$346.69</td>
<td></td>
</tr>
<tr>
<td>(where conduit and anchor base pole is used)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>400 Watt (Approximately 45,000 Lumens),</td>
<td>$340.35</td>
<td></td>
</tr>
<tr>
<td>Twin arm 400 Watt (Approximately 90,000 Lumens)</td>
<td>$464.97</td>
<td></td>
</tr>
</tbody>
</table>

In lieu of the annual rates herein set forth for underground service, Customer may elect to pay to Company prior to the installation of such underground service, the difference between the amount of investment required for the underground system and the amount required for a comparable overhead system. In the event Customer makes such election and payment, the rates herein provided for comparable overhead service shall apply.

Fuel Charge:
$0.03889 per kWh per month determined based on Hours of Use

Variable Production Charge:
$0.00475 per kWh per month determined based on Hours of Use

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the sum of one-twelfth of the applicable Annual Facilities Charges for all Street Lights installed for Customer.

Adjustments:
The following Adjustments shall be applied monthly to kWh determined based on Hours of Use:

- Appendix A – Fuel Adjustment Clause
- **Appendix K – Transmission, Distribution, and Storage System Improvement Charge**

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

PAYMENT

Bills are payable monthly on or before the fifteenth day of the month following the calendar month during which service was supplied.

HOURS OF USE

Service shall extend from approximately one-half hour after sunset until one-half hour before sunrise, each and every night of the year, a total of approximately 4,000 hours each year.

Effective: May 3, 2011
RATE SL-2
ORNAMENTAL STREET LIGHTING SERVICE
(Post Top Lantern Type Luminaire)
(Continued)

Fuel Charge:
$0.03889 per kWh per month determined based on Hours of Use

Variable Production Charge:
$0.00475 per kWh per month determined based on Hours of Use

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the sum of one-twelfth of the applicable Annual Facilities Charges for all Street Lights installed for Customer.

Adjustments:
The following Adjustments shall be applied monthly to kWh determined based on Hours of Use:
- Appendix A – Fuel Adjustment Clause
- Appendix K - Transmission, Distribution, and Storage System Improvement Charge

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

PAYMENT
Bills are payable monthly on or before the fifteenth day of the month following the calendar month during which service was supplied.

HOURS OF USE
Service shall extend from approximately one-half hour after sunset until one-half hour before sunrise, each and every night of the year, a total of approximately 4,000 hours each year.

CONTRACT
For service hereunder, a written Contract is required for an initial term of not less than ten (10) years or for a longer period where unusual expenditures by Company may be necessary to provide service, and such Contract shall continue for annual successive terms unless cancelled. The Contract may be cancelled by either party by providing written notice to the other party not less than one (1) year prior to the date of termination.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company’s General Terms and Conditions and the Commission’s Regulations.

Effective: May 3, 2011
RATE SL-3
ORNAMENTAL STREET LIGHTING SERVICE
(Contemporary Spherical)
(Continued)

Fuel Charge:
$0.03889 per kWh per month determined based on Hours of Use

Variable Production Charge:
$0.00475 per kWh per month determined based on Hours of Use

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the sum of one-twelfth of the applicable Annual Facilities Charges for all Street Lights installed for Customer.

Adjustments:
The following Adjustments shall be applied monthly to kWh determined based on Hours of Use:

- Appendix A – Fuel Adjustment Clause
- Appendix K - Transmission, Distribution, and Storage System Improvement Charge

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

PAYMENT
Bills are payable monthly on or before the fifteenth day of the month following the calendar month during which service was supplied.

HOURS OF USE
Service shall extend from approximately one-half hour after sunset until one-half hour before sunrise, each and every night of the year, a total of approximately 4,000 hours each year.

CONTRACT
For service hereunder, a written Contract is required for an initial term of not less than ten (10) years or for a longer period where unusual expenditures by Company may be necessary to provide service, and such Contract shall continue for annual successive terms unless cancelled. The Contract may be cancelled by either party by providing written notice to the other party not less than one (1) year prior to the date of termination.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company’s General Terms and Conditions and the Commission’s Regulations.
RATE SL-5
EXPRESSWAY LIGHTING SERVICE
(Continued)

Twin 400 Watt high pressure sodium lamps and fixtures with an approximate 40 foot mounting height (Frangible Construction) $651.78

400 Watt high pressure sodium lamp and fixture with an approximate 40 foot mounting height (Non-Frangible Construction) $461.68

This Rate Schedule is restricted to installation at Company expense of not more than an average of 175 feet of underground feeder per unit. Under this Rate Schedule, Company will not be required at its expense to break and replace concrete or to bore under pavement and/or sidewalk. Customer will pay to Company in advance of installation the estimated cost of all underground feeder in excess of an average of 175 feet per unit and the estimated cost of breaking, replacing, and boring under pavement and/or sidewalk. The average length of the underground feeder per unit shall be determined by dividing the total length of underground feeder necessary for installation by the number of units installed pursuant to any one request order.

Fuel Charge:
$0.03889 per kWh per month determined based on Hours of Use

Variable Production Charge:
$0.00475 per kWh per month determined based on Hours of Use

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the sum of one-twelfth of the applicable Annual Facilities Charges for all Street Lights installed for Customer.

Adjustments:
The following Adjustments shall be applied monthly to kWh determined based on Hours of Use:
- Appendix A – Fuel Adjustment Clause
- Appendix K - Transmission, Distribution, and Storage System Improvement Charge

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

PAYMENT
Bills are payable monthly on or before the fifteenth day of the month following the calendar month during which service was supplied.

HOURS OF USE
Service shall extend from approximately one-half hour after sunset until one-half hour before sunrise, each and every night of the year, the total of approximately 4,000 hours each year.

Effective: May 3, 2011
RATE SL-7
ORNAMENTAL STREET LIGHTING SERVICE
(Turn of the Century)
(Continued)

This Rate Schedule is restricted to installation at Company expense of not more than an average of 45’ of underground feeder per unit. Under this Rate Schedule, Company will not be required at its expense to break and replace concrete or to bore under pavement and/or sidewalk. Customer will pay to Company in advance of installation the estimated cost of all underground feeder in excess of an average of 45’ per unit and the estimated cost of breaking, replacing, and boring under pavement and/or sidewalk. The average length of the underground feeder per unit shall be determined by dividing the total length of underground feeder necessary for installation by the number of units installed pursuant to any one request order.

Fuel Charge:
$0.03889 per kWh per month determined based on Hours of Use

Variable Production Charge:
$0.00475 per kWh per month determined based on Hours of Use

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the sum of one-twelfth of the applicable Annual Facilities Charges for all Street Lights installed for Customer.

Adjustments:
The following Adjustments shall be applied monthly to kWh determined based on Hours of Use:
- Appendix A – Fuel Adjustment Clause
- Appendix K - Transmission, Distribution, and Storage System Improvement Charge

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

PAYMENT
Bills are payable monthly on or before the fifteenth day of the month following the calendar month during which service was supplied.

HOURS OF USE
Service shall extend from approximately one-half hour after sunset until one-half hour before sunrise, each and every night of the year, a total of approximately 4,000 hours each year.

Effective: May 3, 2011
RATE SL-8
ORNAMENTAL STREET LIGHTING SERVICE
(Post Top Lighting Service)
(Continued)

Adjustments:
The following Adjustments shall be applied monthly to kWh determined based on Hours of Use:

- Appendix A – Fuel Adjustment Clause
- Appendix K - Transmission, Distribution, and Storage System Improvement Charge

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

PAYMENT
Bills are payable monthly on or before the fifteenth day of the month following the calendar month during which service was supplied.

HOURS OF USE
Service shall extend from approximately one-half hour after sunset until one-half hour before sunrise, each and every night of the year, a total of approximately 4,000 hours each year.

CONTRACT
For service hereunder, a written Contract is required for an initial term of not less than ten (10) years or for a longer period where unusual expenditures by Company may be necessary to provide service, and such Contract shall continue for annual successive terms unless cancelled. The Contract may be cancelled by either party by providing written notice to the other party not less than one (1) year prior to the date of termination.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company’s General Terms and Conditions and the Commission’s Regulations.
OUTDOOR LIGHTING SERVICE (DUSK TO DAWN)
(Continued)

Fuel Charge:
$0.03889 per kWh per month determined based on Hours of Use

Variable Production Charge:
$0.00475 per kWh per month determined based on Hours of Use

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the sum of the Monthly Facilities Charges for all outdoor lights installed for Customer.

Adjustments:
The following Adjustments shall be applied monthly to kWh determined based on Hours of Use:
- Appendix A – Fuel Adjustment Clause
- Appendix K - Transmission, Distribution, and Storage System Improvement Charge

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

CONTRACT
A Customer requesting service under this Rate Schedule, shall make and enter into a contract with Company in accordance with the following provisions:

1) The term of contract for Residential Customers will be for not less than one (1) year.
2) The term of contract for Non-Residential Customers will be for not less than three (3) years.
3) The term of contract for all Customers renting additional facilities on a monthly basis will be for not less than five (5) years.

Contracts for service hereunder may also contain other appropriate terms and conditions including annual payment in advance in cases where Company may deem it necessary to insure payment of Bills throughout the term of the contract.

HOURS OF USE
Service shall extend from approximately one-half hour after sunset until approximately one-half hour before sunrise each day in the year, approximately 4,000 hours each year.

OWNERSHIP OF FACILITIES
All facilities installed by Company for service hereunder including fixtures, controls, poles, transformers, secondary line, lamps and other appurtenances shall be owned and maintained by Company. All service and necessary maintenance will be performed only during regular scheduled working hours of Company. Non-operative lamps will normally be restored to service within forty-eight (48) hours after notification by Customer.

When Customer requests that a lamp be mounted on Customer’s pole or structure, Customer waives any claim for damages caused by the installation of secondary and lamp support attached to Customer’s pole or structure.

Effective: May 3, 2011