Received: March 26, 2018
IURC 30-Day Filing No.: 50172
Indiana Utility Regulatory Commission

Vectren Corporation
P.O. Box 209
Evansville, Indiana 47702-0209

March 26, 2018

Ms. Mary M. Becerra
Secretary to the Commission
Indiana Utility Regulatory Commission
PNC Center
101 W. Washington Street – Suite 1500 East
Indianapolis, IN 46204

RE: Thirty Day Filing for Vectren South-Gas Pursuant to Cause No. 45032

Dear Ms. Becerra:

This filing is being made on behalf of Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South-Gas" or "the Company") under the Commission's Thirty-Day Administrative Filing Procedures and Guidelines ("Guidelines"), in accordance with the Indiana Utility Regulatory Commission's (the "Commission") February 16, 2018 Order in Cause No. 45032 ("Tax Reform Order"), to request approval of the following modifications to the Vectren South Tariff for Gas Service to (1) adjust base rates for the reduction in the Federal Income Tax Rate, and (2) include in applicable Adjustments Appendix L – Excess Deferred Tax Adjustment ("EDTA"):

1. Rate 110 – Residential Sales Service (Sheet No. 10, Page 1)
2. Rate 120 – General Sales Service (Sheet No. 12, Page 1)
3. Rate 125 – School/Government Transportation Service (Sheet No. 13, Page 1)
4. Rate 145 – General Transportation Service (Sheet No. 15, Page 1)
5. Rate 160 – Large Volume Transportation Service (Sheet No. 17, Page 1)
6. Rate 170 – Contract Transportation Service (Sheet No. 18, Page 1)
7. Appendix L – Excess Deferred Tax Adjustment (EDTA) (Sheet No. 41, Page 1)

Vectren South-Gas has summarized its proposal with the Attachment to this request. In addition, Vectren South-Gas has included support for its calculations as exhibits, summarized as follows:

- Attachment 1 – summary of Vectren's proposal related to Vectren South-Gas, Vectren South-Electric, and Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana (Vectren North).
- Exhibit A – proposed adjusted base rates and charges, reflecting the reduction in the federal income tax rate.
- Exhibit B – calculation of the required reduction to revenue as a result of the reduction in the federal income tax rate. Information per Cause No. 43112, Vectren South Gas's most recent gas base rate case.
- Exhibit C – calculation of the required rate reduction as a result of the change in the federal income tax rate. Information per Cause No. 43112.
- Exhibit D – proposed calculation and Tariff page (Appendix L) for the Excess Deferred Tax Adjustment.

- Exhibit E – Redline of current Vectren South-Gas Tariff.
- Exhibit F – Clean version of proposed Vectren South-Gas Tariff.

This filing is an allowable request under the Guidelines because it is a filing required to be submitted by the Commission in the Tax Reform Order. *See* 170 IAC 1-6-3(8).

Vectren South-Gas affirms that a notice regarding the filing in the form attached hereto will be published on or before March 29, 2018 in the *Evansville Courier & Press*, a newspaper of general circulation in Vanderburgh County, where the largest number of Vectren South Gas's customers is located. Vectren South-Gas also affirms that the notice has been posted on its website. Vectren South-Gas does not have a local customer service office in which to post the notice.

Any questions concerning this submission should be directed to J. Cas Swiz, whose contact information is as follows:

J. Cas Swiz
Director, Rates & Regulatory Analysis
One Vectren Square
Evansville, IN 47708
Tel: 812-491-4033
Email: jcswiz@vectren.com

The proposed tariff sheets will reflect an effective date consistent with the Commission's approval thereof.

Upon approval of the enclosed tariff sheets, please return one (1) file marked and approved copy of the tariff sheets to me for our files.

Please let me know if the Commission Staff has any questions or concerns about this submission.

Sincerely,

J Cas Swiz

J. Cas Swiz

Enclosures

CC:
William Fine, Office of Utility Consumer Counselor
Todd Richardson, Lewis & Kappes, P.C.
Robert Heidorn
Jason Stephenson
Scott Albertson

## VERIFICATION

I, J. Cas Swiz, Director, Rates & Regulatory Analysis for Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. (Vectren South-Gas), affirm under penalties of perjury that, in addition to the attached schedules, the foregoing representations concerning the notice attached hereto are true and correct to the best of my knowledge, information, and belief. The attached notice was published in a newspaper of general circulation encompassing the highest number of the utility's customers affected by the enclosed filing. The attached notice was also published on the Vectren.com website.

J. Cas Swiz

J. Cas Swiz

Date: 3/26/2018

Vectren Utilities' Thirty Day Filing To Reflect Rate Modifications Due To The Tax Act

Respondents Southern Indiana Gas and Electric, Inc. d/b/a Vectren Energy Delivery of Indiana ("Vectren South"), consisting of separate gas and electric utilities, and Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana ("Vectren North") (the three utilities together, the "Vectren Utilities"), in response to the February 16, 2018 order in Cause No. 45032 initiated by the Indiana Utility Regulatory Commission (the "Commission") to investigate the impacts on existing utility rates from the Tax Cuts and Jobs Act of 2017 (the "Tax Act"), hereby state as follows:

Introduction

The Commission has initiated this investigation for the purpose of determining customer rate impacts arising from the Tax Act and to establish an expedient process to reflect such impacts in customer rates. At the same time, the Commission has acknowledged the potential differences between specific utility rates and circumstances, as well as the presence of more complicated tax issues, some of which may require use of a subdocket proceeding with evidence, or use of a second phase proceeding to allow submission of evidence and additional time to fully consider such issues.

As a first step, the Commission has required all Respondents to file tariffs reflecting the impact of the Tax Act on base rates as a result of the reduction in the federal income tax rate from 35% to 21%. Such tariffs are to be presented, at least initially, in a Thirty-Day Administrative filing submitted on March 25 (or the next business day being the $26^{th}$).[1]

The Vectren Utilities' Filing

The Vectren Utilities have reviewed the impacts of the Tax Act on both base rates and on excess accumulated deferred income taxes ("Excess Deferred Taxes") and are prepared to resolve all tax issues in a single filing. The Vectren Utilities' Thirty Day filing, made separately for each individual utility, proposes rate changes to (1) accomplish the flow back of tax benefits to customers in a reasonable manner that can commence in the near term, and (2) establish a reasonable method for providing the benefits related to Excess Deferred Taxes over an appropriate period. As a result, the thirty-day filing includes a response to both tax issues without the need to use separate phases and additional evidentiary filings.

Beginning January 1, 2018, the Vectren Utilities have accrued the impact of the Tax Act on base rates. This accrued amount will be flowed back to customers consistent with the terms described below. To the extent the Thirty-Day filing draws objections that cannot be resolved, the Vectren Utilities would propose use of a single subdocket proceeding to address the Tax Act issues collectively at the same time.

A. Base Rate Reduction.

The Vectren Utilities have followed the principle that all customers should benefit from the reduction of the federal tax rate as provided for in the Tax Act. Consistent with the Cost of Service study completed and approved for Vectren South-Electric within its last base rate case,

[1] Utility Rates are set based on evidence and after opportunity for a hearing. To assure due process, consistency and fairness, this ratemaking requirement should apply in all rate change contexts. However, in this limited circumstance given the universal tax decrease and shared interest in providing benefits to customers, the Vectren Utilities are amenable to proceeding using the expedited framework provided by the Commission, as further discussed herein.

the reduction in federal income tax expense has been allocated to each individual Rate Schedule using the percentage of taxable income within the Cost of Service Study. Schedules supporting this calculation are included within the thirty-day filing.

In Vectren North's last base rate case proceeding, Cause No. 43298, a Stipulation and Settlement Agreement entered into by Vectren North and other intervening parties specifically required that the agreed upon increase in non-tracker revenue be allocated on an "across-the-board basis."[2] As such, Vectren North does not have an approved Cost of Service Study that can be used to determine the taxable income allocation. The schedules presented for Vectren North reflect an across-the-board allocation of the reduction in federal income tax expense, to be consistent with the Order in Cause No. 43298.

In Vectren South-Gas's last base rate case proceeding, Cause No. 43112, a Stipulation and Settlement Agreement entered into by Vectren South-Gas and other intervening parties specifically required that the agreed upon increase in non-tracker revenue be allocated on an "approximate across-the-board, gross margin basis."[3] As such, Vectren South-Gas does not have an approved Cost of Service Study that can be used to determine the taxable income allocation. The schedules presented for Vectren South-Gas reflect an across-the-board allocation of the reduction in federal income tax expense, to be consistent with the Order in Cause No. 43112.

Each of the Vectren Utilities, at the time of the last base rate case, served one or more large customers per the terms of Commission approved special contracts. Within each respective Cost of Service Study, these customers were excluded from the allocation of costs, with the total special contract revenues credited against the overall cost of service-defined revenue requirement for each rate schedule. This treatment was also utilized in Vectren North and Vectren South-Gas's approved Stipulation and Settlement Agreement. As a result of the special contract arrangement and treatment within the Cost of Service Study, these customers would not receive a change in their respective contract rates; however, as part of the negotiated contract rate, it is understood that these customers paid a respective share of the Vectren Utilities' federal income tax expense.

The Vectren Utilities propose that the reductions in the rates and charges as a result of the Tax Act should also apply to these special contract customers. As such, the allocated reductions assigned to each Rate Schedule are offset by the amount of the Tax Act reductions attributed to the special contract customers, allocated based on the rate case margin (revenue less gas or fuel costs) from the last base rate case. The Vectren Utilities have calculated these special contract reductions by maintaining the currently approved contract discount off of the applicable tariff rate. In this manner all customers benefit from the Tax Act; absent such an equitable approach the contract customers would essentially lose some or all of the benefit of their negotiated rate reduction. There is no reasonable basis to exclude them from this refund.

Finally, each of the Vectren Utilities has rates and charges designed in various ways to recover the cost of service from each Rate Schedule. Income Taxes are not specifically identified as a component assigned to any particular charge. The Vectren Utilities have designed the reductions to the rates and charges as a result of the Tax Act to mirror how current base rates recover the revenue requirement. For example, a Rate Schedule that would have 25% of its revenue requirement recovered in an energy or throughput charge and 75% recovered in a

[2] Order in Cause No. 43298 (February 13, 2008), page 9, Paragraph A.
[3] Order in Cause No. 43112 (August 1, 2007), page 16, Paragraph A.

demand charge would have its allocated share of the Tax Act reductions reflected in rates in this same 25% / 75% ratio.

The Vectren Utilities note that these assumptions and impacts reflect changes to revenue requirements approved in each of the respective rate cases, some as far back as August 2007. Many factors have changed in the operation of the Vectren Utilities since these rates were approved. The approach utilized to reflect the reductions to currently approved rates is based upon the information in place at the time of the original Orders, and Vectren expects that adjustments to these assumptions will be necessary within each utility's next base rate case proceeding.

B. Excess Deferred Income Taxes.

The Tax Act resulted in an immediate revaluation of the accumulated deferred income tax balance for each utility in order to reflect this balance at the new 21% tax rate. This created an excess deferred tax balance, which the Vectren Utilities will refund to customers in accordance with Internal Revenue Service ("IRS") requirements. These requirements include the refunding of the excess deferred tax balances associated with property, plant and equipment ("protected" amounts) based on the normalization method of accounting using the Average Rate Assumption Method ("ARAM"). ARAM results in the refund amounts being credited to customers over the remaining regulatory life of the assets. Violating these normalization requirements will result in penalties for the Vectren Utilities, including the loss of the ability to claim accelerated depreciation within the tax returns. For the remaining balances ("unprotected" amounts), IRS guidelines do not mandate a specific methodology for determining the period over which the balance must be returned to customers.

The vast majority of the Vectren Utilities' excess deferred taxes fall in the protected category, approximately $205 million of the $256 million of total excess deferred taxes. As explained earlier, this approach is not discretionary. The unprotected balance is approximately $51 million for the Vectren Utilities, of which approximately $35 million is related to capital repairs deductions which created a long-term deferred tax liability linked with property, plant, and equipment. Although not technically defined as protected and therefore subject to ARAM, this deferred tax balance is specifically linked to long-lived capital investments and, absent tax reform, would have been realized gradually over the remaining useful lives of the capital assets to which they relate, just as all other property, plant, and equipment related deferred taxes would be. While normalization rules are not prescribed with respect to the unprotected excess deferred tax balance, it still makes good sense to be consistent in the treatment and match the amortization of these unprotected balances to the ARAM approach for protected amounts, especially when those unprotected balances relate specifically to long-live capital assets. This was the methodology used by Indiana utilities in 1987, when the federal income tax rate was reduced from 46% to 34%.

The Vectren Utilities' proposal with respect to excess deferred taxes follows these basic tax principles. In order to adhere to these guidelines and avoid normalization violations, the Vectren Utilities propose the creation of a new Adjustment mechanism – the Excess Deferred Tax Adjustment ("EDTA") – to effectuate the return of these balances to its customers over the appropriate time period. The EDTA will be adjusted annually to reflect the credit for the actual annual amortization of the excess deferred tax balance for each calendar year, ensuring customers receive the full credit reflected on the Vectren Utilities financial statements, even in periods when usage might fluctuate. In addition, the ARAM approach results in amortization amounts varying from year to year, thus the adjustment mechanism ensures matching of the credits to customers to the expense credits recognized by the Vectren Utilities. The design of the EDTA rates will follow the approach proposed for the base rates and charges, and the EDTA will be allocated to each Rate Schedule based on the taxable income percentages from the last cost of service study (for Vectren South-Electric) or on the margin percentages from the last base rate case (for Vectren North and Vectren South-Gas). Further, the EDTA would apply to all customers, including those served under special contracts, allowing all customers to benefit from the reduced expense.

The attached tariff sheets set forth the described mechanism. The Vectren Utilities propose to file the EDTA annually in April, using projected information for the twelve-month rate effective period to set rates, with any reconciliation amounts included from the previous calendar year.

C. <u>Tax Rate Changes Beginning January 1, 2018.</u>

As required by the Commission Order in Cause No. 45032, the Vectren Utilities were to "immediately begin using regulatory accounting, such as the use of regulatory assets and liabilities, for all calculated differences resulting from the [Tax] Act and what would have been recorded if the [Tax] Act did not go into effect."[4] The Commission further acknowledged that these amounts were not yet certain, noting that "each of the Respondents should use its best estimate to determine the amount to be recorded as a deferred liability, subject to review and adjustment as part of this proceeding."[5] The Vectren Utilities have adhered to this Order, using the adjustments presented in each thirty-day filing as the basis for the regulatory liability balances accrued effective January 1, 2018.

The Vectren Utilities propose that the EDTA mechanism pending in this filing be used (1) as the means to review the amounts recorded by the Vectren Utilities from January 1, 2018 until the date of adjusted rates in this proceeding, and (2) to pass back any accrued regulatory liabilities resulting from the Tax Act. Pending approval in this proceeding, the Vectren Utilities will use the resulting approved base rates to calculate these impacts, and will include these amounts in its next annual EDTA filing.

D. <u>Other Non-Base Rate Mechanisms.</u>

In addition to the base rates and charges, each of the Vectren Utilities has currently approved adjustment mechanisms which are also impacted by the Tax Act. As an example, for Vectren South-Gas and Vectren North, the currently approved Compliance and System Improvement Adjustment ("CSIA") includes a pre-tax rate of return which is based on a 35% federal income tax rate. The Vectren Utilities propose to address these changes in each individual mechanism filing, ensuring that any future projected recoverable costs impacted by the Tax Act are adjusted and any variances attributed to the Tax Act effective January 1, 2018 be included for reconciliation in each individual mechanism. For those that are not affected, the Vectren Utilities commit to state definitively in the next mechanism filing that it has evaluated the impacts of the Tax Act on the mechanism and determined that no adjustments are required.

<u>Conclusion</u>

The Vectren Utilities' have proposed reasonable approaches to the flow through of Tax Act benefits to customers, using an expedited approach. Should objections to the filing be made, the Vectren Utilities stand ready to move to a sub-docket proceeding where evidence can be

[4] Order in Cause No. 45032 (January 3, 2018), page 2, paragraph 3.
[5] Order in Cause No. 45032 (January 3, 2018), page 2, paragraph 3.

presented in support of its proposals regarding the tax rate reduction to base rates and the normalization of excess deferred income taxes.

**LEGAL NOTICE**

Notice is hereby given that on March 26, 2018, Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South-Gas") will file, in accordance with the Indiana Utility Regulatory Commission's (the "Commission") February 16, 2018 Order in Cause No. 45032, a request for approval to modify Vectren South-Gas Tariff for Gas Service to (1) adjust base rates for the reduction in the Federal Income Tax Rate, and (2) include in applicable Adjustments Appendix L – Excess Deferred Tax Adjustment ("EDTA"). Customers served under the following Rate Schedules will be subject to adjustments to approved rates: Rate 110 – Residential Sales Service, Rate 120 – General Sales Service, Rate 125 – School/Government Transportation Service, Rate 145 – General Transportation Service, Rate 160 – Large Volume Transportation Service, and Rate 170 – Contract Transportation Service.

Vectren South-Gas anticipates approval of the filing in May 2018, but no sooner than 30 days after receipt of the filing by the Commission. Objections to the filing should be made in writing addressed to:

Mary M. Becerra
Secretary to the Commission
Indiana Utility Regulatory Commission
PNC Center
101 W. Washington Street, Suite 1500 East
Indianapolis, Indiana 46204

William Fine
Indiana Utility Consumer Counselor
Indiana Office of Utility Consumer Counselor
PNC Center
115 W. Washington St., Suite 1500 South
Indianapolis, Indiana 46204

Scott E. Albertson
Vice President, Regulatory Affairs and Gas Supply
VECTREN UTILITY HOLDINGS, INC.

# Vectren South-Gas
# Federal Tax Reform Adjustments
# Cause No. 45032
# March 26, 2018

**Exhibit A – Vectren South-Gas Base Rate Changes (2 pages)**

**Exhibit B – Vectren South-Gas Revenue Requirement from Cause No. 43112 (2 pages)**

**Exhibit C – Vectren South-Gas Base Rate Cost Allocations from Cause No. 43112 (2 pages)**

**Exhibit D – Vectren South-Gas Proposed Excess Deferred Tax Adjustment (EDTA) (3 pages)**

**Exhibit E – Vectren South-Gas Tariff – Redline (7 pages)**

**Exhibit F – Vectren South-Gas Tariff – Clean (7 pages)**

**Vectren South-Gas**
**Federal Tax Reform Rate Adjustments**
**Base Rates**

**Total Revenue Reduction**
**Base Rates** **$ (1,839,298)** Exhibit B, Line 1

| Line No. | Rate Schedule | | Current Base Rates | Adjustment | Proposed Base Rates | Proof Rate Case Billing Determinants | Proof Impact of Credit |
|---|---|---|---|---|---|---|---|
| 1 | Residential Sales Service - Rate 110 | | | | | | |
| 2 | Customer Facilities Charge | | $ 11.00 | $ - | $ 11.00 | | |
| 3 | Distribution Charge - First 50 Therms | Note 1 | $ 0.1800 | $ (0.0180) | $ 0.1620 | 38,794,245 | $ (699,115) |
| 4 | Distribution Charge - Over 50 Therms | Note 1 | $ 0.1447 | $ (0.0145) | $ 0.1302 | 36,141,699 | $ (523,584) |
| | | | | | | | $ (1,222,699) |
| 5 | General Sales Service - Rate 120 | | | | | | |
| 6 | Customer Facilities Charge - Group 1 | | $ 22.00 | $ - | $ 22.00 | | |
| 7 | Customer Facilities Charge - Group 2 | | $ 44.00 | $ - | $ 44.00 | | |
| 8 | Customer Facilities Charge - Group 3 | | $ 88.00 | $ - | $ 88.00 | | |
| 9 | Distribution Charge - First 500 Therms | Note 1 | $ 0.1164 | $ (0.0104) | $ 0.1060 | 12,978,113 | $ (134,885) |
| 10 | Distribution Charge - Over 500 Therms | Note 1 | $ 0.0855 | $ (0.0076) | $ 0.0779 | 27,614,096 | $ (210,813) |
| | | | | | | | $ (345,698) |
| 11 | School/Government Transportation Service - Rate 125 | | | | | | |
| 12 | Customer Facilities Charge - Group 1 | | $ 22.00 | $ - | $ 22.00 | | |
| 13 | Customer Facilities Charge - Group 2 | | $ 44.00 | $ - | $ 44.00 | | |
| 14 | Customer Facilities Charge - Group 3 | | $ 88.00 | $ - | $ 88.00 | | |
| 15 | Distribution Charge - First 500 Therms | Note 1 | $ 0.1164 | $ (0.0104) | $ 0.1060 | | $ - |
| 16 | Distribution Charge - Over 500 Therms | Note 1 | $ 0.0855 | $ (0.0076) | $ 0.0779 | | $ - |
| | | | | | | | $ - |
| 17 | General Transportation Service - Rate 145 | | | | | | |
| 18 | Customer Facilities Charge - Group 1 | | $ 22.00 | $ - | $ 22.00 | | |
| 19 | Customer Facilities Charge - Group 2 | | $ 44.00 | $ - | $ 44.00 | | |
| 20 | Customer Facilities Charge - Group 3 | | $ 88.00 | $ - | $ 88.00 | | |
| 21 | Distribution Charge - First 500 Therms | Note 1 | $ 0.1164 | $ (0.0104) | $ 0.1060 | 186,468 | $ (1,938) |
| 22 | Distribution Charge - Over 500 Therms | Note 1 | $ 0.0855 | $ (0.0076) | $ 0.0779 | 6,684,357 | $ (51,030) |
| | | | | | | | $ (52,968) |
| 23 | Large Volume Transportation Service - Rate 160 | | | | | | |
| 24 | Customer Facilities Charge | | $ 400.00 | $ - | $ 400.00 | | |
| 25 | Distribution Charge - First 50,000 therms | Note 1 | $ 0.0645 | $ (0.0033) | $ 0.0612 | 17,968,180 | $ (58,978) |
| 26 | Distribution Charge - Next 200,000 therms | Note 1 | $ 0.0553 | $ (0.0028) | $ 0.0525 | 23,188,010 | $ (65,255) |
| 27 | Distribution Charge - Over 250,000 therms | Note 1 | $ 0.0467 | $ (0.0024) | $ 0.0443 | 9,177,440 | $ (21,810) |
| | | | | | | | $ (146,044) |
| 28 | Contract Transportation Service - Rate 170 | | | | | | |
| 29 | Customer Facilities Charge | | $ 700.00 | $ - | $ 700.00 | | |
| 30 | Distribution Charge - First 1,750,000 therms | Note 1 | $ 0.0162 | $ (0.0008) | $ 0.0154 | 53,916,590 | $ (42,770) |
| 31 | Distribution Charge - Next 1,750,000 therms | Note 1 | $ 0.0085 | $ (0.0004) | $ 0.0081 | 24,602,890 | $ (10,240) |
| 32 | Distribution Charge - Over 3,500,000 therms | Note 1 | $ 0.0037 | $ (0.0002) | $ 0.0035 | 555,654 | $ (101) |
| | | | | | | | $ (53,111) |

Note 1: See Page 2 for details of individual rate reduction calculations

**Vectren South-Gas**
**Federal Tax Reform Rate Adjustments**
**Base Rates**

| | | Throughput (Therms) | Existing Rates | Amounts | Percents | Reduction | Rate Reduction |
|---|---|---|---|---|---|---|---|
| 32 | Residential Sales Service - Rate 110 | | | | | | |
| 33 | Distribution Charge - First 50 Therms | 38,794,245 | $ 0.1800 | $ 6,982,964 | 57% | $ (699,115) | $ (0.0180) |
| 34 | Distribution Charge - Over 50 Therms | 36,141,699 | $ 0.1447 | $ 5,229,704 | 43% | $ (523,584) | $ (0.0145) |
| 35 | | | | | | $ (1,222,699) | |
| 36 | General Service - Rate 120/125/145 | | | | | | |
| 37 | Distribution Charge - First 500 Therms | 13,164,581 | $ 0.1164 | $ 1,532,357 | 34% | $ (136,823) | $ (0.0104) |
| 38 | Distribution Charge - Over 500 Therms | 34,298,453 | $ 0.0855 | $ 2,932,518 | 66% | $ (261,843) | $ (0.0076) |
| 39 | | | | | | $ (398,666) | |
| 40 | Large Volume Transportation Service - Rate 160 | | | | | | |
| 41 | Distribution Charge - First 50,000 therms | 17,968,180 | $ 0.0645 | $ 1,158,948 | 40% | $ (58,978) | $ (0.0033) |
| 42 | Distribution Charge - Next 200,000 therms | 23,188,010 | $ 0.0553 | $ 1,282,297 | 45% | $ (65,255) | $ (0.0028) |
| 43 | Distribution Charge - Over 250,000 therms | 9,177,440 | $ 0.0467 | $ 428,586 | 15% | $ (21,810) | $ (0.0024) |
| 44 | | | | | | $ (146,044) | |
| 45 | Contract Transportation Service - Rate 170 | | | | | | |
| 46 | Distribution Charge - First 1,750,000 therms | 53,916,590 | $ 0.0162 | $ 873,449 | 81% | $ (42,770) | $ (0.0008) |
| 47 | Distribution Charge - Next 1,750,000 therms | 24,602,890 | $ 0.0085 | $ 209,125 | 19% | $ (10,240) | $ (0.0004) |
| 48 | Distribution Charge - Over 3,500,000 therms | 555,654 | $ 0.0037 | $ 2,056 | 0% | $ (101) | $ (0.0002) |
| 49 | | | | | | $ (53,111) | |

# Vectren South-Gas
## Cause No. 43112
## Federal Tax Reform - Base Rate Adjustment

| Line | | Cause No. 43112 Rate Case Original | Adjusted Rate Case Proposed Rates | Tax Rate Adjustments | Rate Case Revised | Line |
|---|---|---|---|---|---|---|
| 1 | Revenue | $ 159,778,701 | $ 159,778,701 | $ (1,839,298) | $ 157,939,403 | 1 |
| 2 | Cost of Sales | $ 117,558,782 | $ 117,558,782 | | $ 117,558,782 | 2 |
| 3 | Total O&M Expense | $ 20,543,979 | $ 20,543,979 | $ (13,979) | $ 20,530,000 | 3 |
| 4 | Depreciation and Amortization | $ 5,544,105 | $ 5,544,105 | | $ 5,544,105 | 4 |
| 5 | Revenue Taxes | $ 2,222,792 | $ 2,222,792 | $ (25,750) | $ 2,197,042 | 5 |
| 6 | Property Taxes | $ 902,736 | $ 902,736 | | $ 902,736 | 6 |
| 7 | Interest Expense | $ 2,932,220 | $ 2,932,220 | | $ 2,932,220 | 7 |
| 8 | Total Income Taxes | $ 4,246,147 | $ 2,947,058 | $ (500,480) | $ 2,446,578 | 8 |
| 9 | **Net Income - Booked** | **$ 5,827,940** | **$ 7,127,029** | **$ (1,299,089)** | **$ 5,827,940** | 9 |
| 10 | **Net Operating Income** | **$ 8,760,160** | **$ 10,059,249** | **$ (1,299,089)** | **$ 8,760,160** | 10 |
| 11 | NOI Excess above Authorized | | $ (1,299,089) | | | 11 |
| 12 | Revenue Conversion Factor | 58.11% | 70.63% | | | 12 |
| 13 | Required Reduction to Revenue | | $ (1,839,298) | | | 13 |
| 14 | **State Tax Calculation:** | | | | | 14 |
| 15 | Revenue | $ 159,778,701 | $ 159,778,701 | | $ 157,939,403 | 15 |
| 16 | Cost of Sales | $ 117,558,782 | $ 117,558,782 | | $ 117,558,782 | 16 |
| 17 | Total O&M Expense | $ 20,543,979 | $ 20,543,979 | | $ 20,530,000 | 17 |
| 18 | Depreciation and Amortization | $ 5,544,105 | $ 5,544,105 | | $ 5,544,105 | 18 |
| 19 | Property Taxes | $ 902,736 | $ 902,736 | | $ 902,736 | 19 |
| 20 | Interest Expense | $ 2,932,220 | $ 2,932,220 | | $ 2,932,220 | 20 |
| 21 | Pre-Deductions | $ 12,296,879 | $ 12,296,879 | | $ 10,471,560 | 21 |
| 22 | Permanent Differences | $ 273,615 | $ 273,615 | | $ 273,615 | 22 |
| 23 | State Taxable Income | $ 12,570,494 | $ 12,570,494 | | $ 10,745,175 | 23 |
| 24 | State Tax Rate | 8.50% | 8.50% | | 8.50% | 24 |
| 25 | Calculated State Taxes | $ 1,068,492 | $ 1,068,492 | | $ 913,340 | 25 |
| 26 | Permanent Credit | $ - | $ - | | $ - | 26 |
| 27 | State Taxes in Base Rates | $ 1,068,492 | $ 1,068,492 | | $ 913,340 | 27 |
| 28 | State Taxable Income | $ 12,570,494 | $ 12,570,494 | | $ 10,745,175 | 28 |
| 29 | Calculation Exclusion | $ - | $ - | | $ - | 29 |
| 30 | Kentucky Taxable Income | $ 12,570,494 | $ 12,570,494 | | $ 10,745,175 | 30 |
| 31 | Kentucky State Tax Rate | 0.000000% | 0.000000% | | 0.000000% | 31 |
| 32 | Kentucky State Tax | $ - | $ - | | $ - | 32 |
| 33 | **Federal Income Tax Calculation:** | | | | | 33 |
| 34 | Revenue | $ 159,778,701 | $ 159,778,701 | | $ 157,939,403 | 34 |
| 35 | Cost of Sales | $ 117,558,782 | $ 117,558,782 | | $ 117,558,782 | 35 |
| 36 | Total O&M Expense | $ 20,543,979 | $ 20,543,979 | | $ 20,530,000 | 36 |
| 37 | Depreciation and Amortization | $ 5,544,105 | $ 5,544,105 | | $ 5,544,105 | 37 |
| 38 | Property Taxes | $ 902,736 | $ 902,736 | | $ 902,736 | 38 |
| 39 | Interest Expense | $ 2,932,220 | $ 2,932,220 | | $ 2,932,220 | 39 |
| 40 | Revenue Taxes | $ 2,222,792 | $ 2,222,792 | | $ 2,197,042 | 40 |
| 41 | State Income Taxes | $ 1,068,492 | $ 1,068,492 | | $ 913,340 | 41 |
| 42 | Pre-Deductions | $ 9,005,595 | $ 9,005,595 | | $ 7,361,178 | 42 |
| 43 | Permanent Differences | $ 273,615 | $ 273,615 | | $ 273,615 | 43 |
| 44 | Federal Taxable Income | $ 9,279,210 | $ 9,279,210 | | $ 7,634,793 | 44 |
| 45 | Federal Tax Rate | 35.00% | 21.00% | | 21.00% | 45 |
| 46 | Calculated Federal Taxes | $ 3,247,724 | $ 1,948,634 | | $ 1,603,307 | 46 |
| 47 | Permanent Credit | $ (70,068) | $ (70,068) | | $ (70,068) | 47 |
| 48 | Federal Taxes in Base Rates | $ 3,177,656 | $ 1,878,566 | | $ 1,533,239 | 48 |
| 49 | Total Income Taxes | $ 4,246,147 | $ 2,947,058 | | $ 2,446,578 | 49 |
| 50 | Per Rate Case | $ 4,246,147 | | | | 50 |
| 51 | Difference | $ 0 | | | | 51 |

## Vectren South-Gas
## Cause No. 43112
## Federal Tax Reform - Base Rate Adjustment

| | | | | | |
|---|---|---|---|---|---|
| 1 | **Revenue Conversion Factor:** | | | | 1 |
| 2 | One | 1.000000 | 1.000000 | 1.000000 | 2 |
| 3 | Less: IURC Fee | 0.001100 | 0.001100 | 0.001100 | 3 |
| 4 | Less: IURT | 0.014000 | 0.014000 | 0.014000 | 4 |
| 5 | Less: Bad Debt | 0.006500 | 0.006500 | 0.006500 | 5 |
| 6 | One Less IURC Fee and IURT | 0.978400 | 0.978400 | 0.978400 | 6 |
| 7 | One | 1.000000 | 1.000000 | 1.000000 | 7 |
| 8 | Less: IURC Fee | 0.001100 | 0.001100 | 0.001100 | 8 |
| 9 | Less: Bad Debt | 0.006500 | 0.006500 | 0.006500 | 9 |
| 10 | Taxable Adjusted IURT | 0.992400 | 0.992400 | 0.992400 | 10 |
| 11 | State Income Tax Rate | 0.085000 | 0.085000 | 0.085000 | 11 |
| 12 | Adjusted Gross Income Tax | 0.084354 | 0.084354 | 0.084354 | 12 |
| 13 | Adjusted Gross Income Tax | 0.894046 | 0.894046 | 0.894046 | 13 |
| 14 | One | 1.000000 | 1.000000 | 1.000000 | 14 |
| 15 | Less: Federal Income Tax Rate | 0.350000 | 0.210000 | 0.210000 | 15 |
| 16 | One Less Federal Income Tax Rate | 0.650000 | 0.790000 | 0.790000 | 16 |
| 17 | Effective Incremental Revenue/NOI Conversion Factor | 58.11% | 70.63% | 70.63% | 17 |

# Vectren South-Gas
## Cause No. 43112
## Federal Tax Reform - Base Rate Adjustment

**Revenue Reduction - Tax Reform** **$ (1,839,298) [A]**

| Line | Description | Reference | Total | Residential Rate 110 | General Service Rate 120/125/145 | Large Transport Service Rate 160 | Contract Transport Service Rate 170 | Line |
|---|---|---|---|---|---|---|---|---|
| 1 | Total Margin | Cause No. 43112 | $ 38,339,064 | $ 25,749,316 | $ 8,395,674 | $ 3,075,595 | $ 1,118,479 | 1 |
| 2 | | | 100.0000% | 67.1621% | 21.8985% | 8.0221% | 2.9173% | 2 |
| 3 | Fixed Cost Recovery - Throughput | Cause No. 43112 | | 100.0000% | 100.0000% | 100.0000% | 100.0000% | 3 |
| 4 | Total Throughput (Therms) | Cause No. 43112 | 251,807,742 | 74,935,944 | 47,463,034 | 50,333,630 | 79,075,134 | 4 |
| 5 | ****Allocate Tax Reform Credit**** | | | | | | | 5 |
| 6 | **Total Margin** | [Line 1] | $ 38,339,064 | | | | | 6 |
| 7 | **Tax Reform Credit** | [A] | $ (1,839,298) | | | | | 7 |
| 8 | **Tax Reduction Percentage** | [Line 7 / Line 6] | -4.80% | | | | | 8 |
| 9 | Tax Reform Credit Allocation | [Line 8 x Line 1] | $ (1,839,298) | $ (1,235,311) | $ (402,778) | $ (147,550) | $ (53,658) | 9 |
| 10 | Tax Reform Credit - Throughput | [Line 9 x Line 3] | $ (1,839,298) | $ (1,235,311) | $ (402,778) | $ (147,550) | $ (53,658) | 10 |
| 11 | Tax Reform Credit - Throughput | [Line 10 / Line 4] | | $ (0.01648) | $ (0.00849) | $ (0.00293) | $ (0.00068) | 11 |
| 12 | ****Allocate Special Contract Impact**** | | | | | | | 12 |
| 13 | Special Contract Change | | | | | | | 13 |
| 14 | Special Contract Change | Special Contract 1 | $ 18,778 | | | | | 14 |
| 15 | Special Contract Change | Total Tax Reform - Special Contract | $ 18,778 | | | | | 15 |
| 16 | Total Margin Allocation | [Line 4] | | 67.1621% | 21.8985% | 8.0221% | 2.9173% | 16 |
| 17 | Special Contract Change | [Line 15 x Line 16] | $ 18,778 | $ 12,612 | $ 4,112 | $ 1,506 | $ 548 | 17 |
| 18 | Special Contract Change - Throughput | [Line 17 x Line 5] | $ 18,778 | $ 12,612 | $ 4,112 | $ 1,506 | $ 548 | 18 |
| 19 | Special Contract Change - Throughput | [Line 18 / Line 6] | | $ 0.00017 | $ 0.00009 | $ 0.00003 | $ 0.00001 | 19 |
| 20 | **Net Rate Charge - Energy Charge** | **[Line 11 + Line 19]** | **[Note 1]** | **$ (0.01632)** | **$ (0.00840)** | **$ (0.00290)** | **$ (0.00067)** | 20 |
| 21 | **Proof** | Throughput Charge | $ (1,820,520) | $ (1,222,699) | $ (398,666) | $ (146,044) | $ (53,111) | 21 |
| 22 | | Special Contract | $ (18,778) | | | | | 22 |
| 23 | | Total | $ (1,839,298) | | | | | 23 |
| 24 | | Variance | $ - | | | | | 24 |

Note 1 - Rates calculated represent the average rate for each rate schedule. For those that have multiple step rates, specific credits are determined by rate schedule in Exhibit A.

**Vectren South-Gas**
**Cost of Service Study Workpapers**
**Cause No. 43112**

**Workpapers to Exhibit C**

| | | TOTAL | | Rate 110 | Rate 120/125/145 | Rate 160 | Rate 170 |
|---|---|---|---|---|---|---|---|
| [1] | Throughput (Therms) | **251,807,742** | | 74,935,944 | 47,463,034 | 50,333,630 | 79,075,134 |
| [2] | Margin | **$ 38,339,064** | | $ 25,749,316 | $ 8,395,674 | $ 3,075,595 | $ 1,118,479 |
| [3] | Miscellaneous Revenues | **$ 2,073,934** | | | | | |
| [4] | Rounding | **$ (12)** | | | | | |
| [5] | Total Margin without Gas Cost IURT | **$ 40,412,986** | Attachment C, Page 2 of 4, Column (10) | | | | |
| [6] | Gas Cost Related IURT | **$ 1,806,588** | | | | | |
| [7] | Rounding | **$ 345** | | | | | |
| [8] | Total Margin without Gas Costs | **$ 42,219,919** | MSH-2S, Appendix A - removing Rate Case Expense | | | | |

Source: IURC Cause No. 43112 - Tariff Sheet Compliance Filing - 7/19/2010

# Vectren South-Gas
## Federal Tax Reform Rate Adjustments
## Excess Deferred Tax Adjustment (EDTA)

| | | |
|---|---|---|
| **Excess Deferred Tax Credit - 2018** | **$ (1,169,684)** | |
| **Revenue Conversion Factor** | **70.63%** | |
| **Revenue - Excess Deferred Tax Credit - 2018** | **$ (1,656,081)** | **[A]** |

| Line No. | Rate Schedule | [B] Allocation | [C]=[A] x [B] Excess Deferred Tax Credit | [D] Throughput Allocation | [E]=[C] x [D] Throughput Credit | [F] Throughput (Therms) | [G]=[E] / [F] Rate per Therm | Line No. |
|---|---|---|---|---|---|---|---|---|
| 1 | Rate 110 | 67.1621% | $ (1,112,259) | 100.00% | $ (1,112,259) | 67,399,418 | $ (0.0165) | 1 |
| 2 | Rate 120/125/145 | 21.8985% | $ (362,657) | 100.00% | $ (362,657) | 56,904,307 | $ (0.0064) | 2 |
| 3 | Rate 160 | 8.0221% | $ (132,852) | 100.00% | $ (132,852) | 50,462,790 | $ (0.0026) | 3 |
| 4 | Rate 170 | 2.9173% | $ (48,313) | 100.00% | $ (48,313) | 222,566,250 | $ (0.0002) | 4 |
| 5 | Total | 100.0000% | $ (1,656,081) | | $ (1,656,081) | | | 5 |

# Vectren South-Gas
# Amortization of Excess Deferred
# As of December 31, 2017

**Company:** **Vectren South-Gas**

| | Protected | Unprotected | Total Excess Deferred Credit |
|---|---|---|---|
| **2018** | $ (974,118) | $ (195,565) | $ (1,169,684) |
| **2019** | $ (1,035,217) | $ (195,565) | $ (1,230,783) |
| **2020** | $ (1,163,504) | $ (195,565) | $ (1,359,070) |
| **2021** | $ (1,164,691) | $ (195,565) | $ (1,360,257) |
| **2022** | $ (1,168,061) | $ (195,565) | $ (1,363,626) |
| **2023** | $ (1,197,247) | $ (195,565) | $ (1,392,812) |
| **2024** | $ (1,179,004) | $ (195,565) | $ (1,374,569) |
| **2025** | $ (1,274,754) | $ (195,565) | $ (1,470,320) |
| **2026** | $ (1,357,810) | $ (195,565) | $ (1,553,376) |
| **2027** | $ (1,389,119) | $ (195,565) | $ (1,584,685) |
| **2028** | $ (1,363,145) | $ (195,565) | $ (1,558,711) |
| **2029** | $ (1,385,404) | $ (195,565) | $ (1,580,969) |
| **2030** | $ (1,351,212) | $ (195,565) | $ (1,546,777) |
| **2031** | $ (1,245,031) | $ (195,565) | $ (1,440,597) |
| **2032** | $ (1,180,049) | $ (192,109) | $ (1,372,158) |
| **2033** | $ (1,135,116) | $ (191,053) | $ (1,326,169) |
| **2034** | $ (1,036,308) | $ (191,114) | $ (1,227,422) |
| **2035** | $ (866,942) | $ (184,078) | $ (1,051,020) |
| **2036** | $ (620,486) | $ (160,228) | $ (780,714) |
| **2037** | $ (402,455) | $ (149,888) | $ (552,343) |
| **2038** | $ (222,459) | $ (138,374) | $ (360,833) |
| **2039** | $ (156,343) | $ (126,421) | $ (282,764) |
| **2040** | $ (118,289) | $ (107,960) | $ (226,249) |
| **2041** | $ (110,592) | $ (97,697) | $ (208,289) |
| **2042** | $ (101,113) | $ (93,023) | $ (194,136) |
| **2043** | $ (98,861) | $ (84,899) | $ (183,761) |
| **2044** | $ (69,824) | $ (78,775) | $ (148,599) |
| **2045** | $ (37,501) | $ (71,050) | $ (108,551) |
| **2046** | $ (26,721) | $ (65,919) | $ (92,640) |
| **2047** | $ (23,022) | $ (60,942) | $ (83,964) |
| **2048** | $ (7,175) | $ (0) | $ (7,175) |
| | $ (23,461,574) | $ (4,731,445) | $ (28,193,019) |

# APPENDIX L
# EXCESS DEFERRED TAX ADJUSTMENT

## APPLICABILITY

The Excess Deferred Tax Adjustment ("EDTA") shall be applicable to all Customers on the Rate Schedules set forth in the EDTA Rates and Charges section below.

## DESCRIPTION

The EDTA shall be calculated annually for each Rate Schedule as follows:

$$\frac{\text{(Excess Deferred Tax Credits + Federal Tax Adjustment Credits) * Rate Schedule Allocation Percentage}}{\text{Rate Schedule Quantities}}$$

**Excess Deferred Tax Credits** are the credits for the projected calendar year, representing the annual amortization of the Excess Deferred Tax liability resulting from the Tax Cuts and Jobs Act ("TCJA") of 2017 in accordance with the Average Rate Assumption Method.

**Federal Tax Adjustment Credits** are the credits for the cumulative liability starting January 1, 2018 through the date of adjusted rates and charges reflecting the changes associated with the TCJA of 2017.

**Reconciliation**

Company's actual Excess Deferred Tax credits shall be reconciled annually with actual EDTA credits, with any differences being reflected as a charge or credit in a subsequent EDTA.

## EDTA Rates and Charges

The EDTA shall be applied to each therm of metered gas usage as applicable. The current EDTA rates and charges by Rate Schedule are set forth below:

| Rate Schedule | Allocation Percentage | $ per Therm |
|---|---|---|
| Rate 110 | 67.1621% | ($0.0165) |
| Rate 120/125/145 | 21.8985% | ($0.0064) |
| Rate 160 | 8.0221% | ($0.0026) |
| Rate 170 | 2.9173% | ($0.0002) |

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# TARIFF SHEET INDEX

| Tariff Sheet No. | | Description |
|---|---|---|
| 1 | | TITLE PAGE |
| 2 | | INDEX |
| 3 | | LOCATIONS SERVED |
| 4 | | DEFINITIONS |
| 5-9 | | RESERVED FOR FUTURE USE |
| | **RATE** | **RATE SCHEDULES** |
| 10 | 110 | RESIDENTIAL SALES SERVICE |
| 11 | | RESERVED FOR FUTURE USE |
| 12 | 120 | GENERAL SALES SERVICE |
| 13 | 125 | SCHOOL/GOVERNMENT TRANSPORTATION SERVICE |
| 14 | 129 | NATURAL GAS VEHICLE (NGV) SERVICE |
| 15 | 145 | GENERAL TRANSPORTATION SERVICE |
| 16 | | RESERVED FOR FUTURE USE |
| 17 | 160 | LARGE VOLUME TRANSPORTATION SERVICE |
| 18 | 170 | CONTRACT TRANSPORTATION SERVICE |
| 19 | 180 | POOLING SERVICE |
| 20 | 185 | SCHOOL/GOVERNMENT POOLING SERVICE |
| 21 | 190 | STORAGE SERVICE |
| 22-29 | | RESERVED FOR FUTURE USE |
| | | **APPENDICES AND RIDERS** |
| 30 | A | GAS COST ADJUSTMENT |
| 31 | B | NORMAL TEMPERATURE ADJUSTMENT |
| 32 | C | OTHER CHARGES |
| 33 | D | BASE COST OF GAS |
| 34 | E | NOMINATION AND BALANCING PROVISIONS |
| 35 | F | UNACCOUNTED FOR GAS PERCENTAGE |
| 36 | G | UNIVERSAL SERVICE FUND RIDER |
| 37 | H | PIPELINE SAFETY ADJUSTMENT |
| 38 | I | ENERGY EFFICIENCY RIDER |
| 39 | J | SCHOOL/GOVERNMENT NOMINATION AND BALANCING PROVISIONS |
| 40 | K | COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT |
| 41 | L | EXCESS DEFERRED TAX ADJUSTMENT |
| 42-44 | | RESERVED FOR FUTURE USE |
| 45 | ED | ECONOMIC DEVELOPMENT RIDER |
| 46 | AD | AREA DEVELOPMENT RIDER |
| 47-49 | | RESERVED FOR FUTURE USE |

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# RATE 110
# RESIDENTIAL SALES SERVICE

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

## APPLICABILITY
This Rate Schedule shall be applicable only to Residential Customers.

## CHARACTER OF SERVICE
This Rate Schedule applies to the provision of Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

## RATES AND CHARGES
The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

**Customer Facilities Charge:**
$11.00

**Distribution Charge:**
First 50 therms @ $0.1620 per therm
Over 50 therms @ $0.1302 per therm

**Appendices:**
The following Appendices shall be applied monthly, if applicable:
- Appendix A – Gas Cost Adjustment
- Appendix B – Normal Temperature Adjustment
- Appendix G – Universal Service Fund Rider
- Appendix H – Pipeline Safety Adjustment
- Appendix I – Energy Efficiency Rider
- Appendix K – Compliance and System Improvement Adjustment
- Appendix L – Excess Deferred Tax Adjustment

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

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

## TERMS AND CONDITIONS
Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

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# RATE 120
# GENERAL SALES SERVICE

## AVAILABILITY

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

## APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer whose Annual Usage is less than 500,000 therms and whose Maximum Daily Usage is less than 15,000 therms.

## CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided under this Rate Schedule shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

## RATE AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

**Customer Facilities Charge:**
Group 1: $22.00
Group 2: $44.00
Group 3: $88.00

**Distribution Charge:**
First 500 Therms @ $0.1060 per therm
Over 500 therms @ $0.0779 per therm

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**Appendices:**
The following Appendices shall be applied monthly, if applicable:

- Appendix A – Gas Cost Adjustment
- Appendix B – Normal Temperature Adjustment
- Appendix G – Universal Service Fund Rider
- Appendix H – Pipeline Safety Adjustment
- Appendix I – Energy Efficiency Rider
- Appendix K – Compliance and System Improvement Adjustment
- Appendix L – Excess Deferred Tax Adjustment

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

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

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Southern Indiana Gas and Electric Company D/B/A
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# RATE 125
# SCHOOL/GOVERNMENT TRANSPORTATION SERVICE

## AVAILABILITY

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

## APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer

1) whose Annual Usage is less than 50,000 therms and
2) for which payment of rates and charges to Company is the responsibility of an Educational Institution or Government Entity, which elects service hereunder.

## CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

## RATES AND CHARGES

The monthly Rates and Charges for Gas Service hereunder shall be:

**Customer Facilities Charge** –
Group 1: $22.00
Group 2: $44.00
Group 3: $88.00

**Distribution Charge** -
First 500 therms @ $0.1060 per therm
Over 500 therms @ $0.0779 per therm

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**Appendices:**
The following Appendices shall be applied monthly, if applicable:

- Appendix A – Gas Cost Adjustment
- Appendix B – Normal Temperature Adjustment
- Appendix G – Universal Service Fund Rider
- Appendix H – Pipeline Safety Adjustment
- Appendix I – Energy Efficiency Rider
- Appendix K – Compliance and System Improvement Adjustment
- Appendix L – Excess Deferred Tax Adjustment

**Related Charges** –
Customer shall reimburse Company for all charges incurred on Customer's behalf in connection with transportation of gas for Customer's account, including any pipeline penalty charges or cashout provisions assessed to Company.

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# RATE 145
# GENERAL TRANSPORTATION SERVICE

**AVAILABILITY**

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

**APPLICABILITY**

This Rate Schedule shall be applicable to any Non-Residential Customer that:

1. has an Annual Usage of greater than or equal to 50,000 therms and less than 500,000 therms,
2. has a Maximum Daily Usage of less than 15,000 therms,
3. complies with the Measurement Requirement section of this Rate Schedule, and
4. enters into a written contract with Company to receive Gas Service under this Rate Schedule.

**CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

**RATES AND CHARGES**

The monthly Rates and Charges for Gas Service hereunder shall be:

**Customer Facilities Charge:**

Group 1: $22.00
Group 2: $44.00
Group 3: $88.00

**Distribution Charge:**

Applicable to all therms delivered to Customer during the billing month.
First 500 therms @ $0.1060 per therm
Over 500 therms @ $0.0779 per therm

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**Appendices:**

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Rider
- Appendix H – Pipeline Safety Adjustment
- Appendix K – Compliance and System Improvement Adjustment
- Appendix L – Excess Deferred Tax Adjustment

**Riders:**

The following Riders shall be available to qualified Customers:

- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider

**Related Charges:** Customer shall reimburse Company for all charges incurred on Customer's behalf in connection with transportation of gas for Customer's account, including any pipeline penalty charges or cashout provisions assessed to Company.

**Minimum Monthly Charge:**

The Minimum Monthly Charge shall be the Customer Facilities Charge.

**Other Charges** –

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

Effective:

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Southern Indiana Gas and Electric Company D/B/A
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# RATE 160
# LARGE VOLUME TRANSPORTATION SERVICE

**AVAILABILITY**

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

**APPLICABILITY**

This Rate Schedule shall be applicable to any Non-Residential Customer whose Annual Usage is equal to or greater than 500,000 therms and less than 10,000,000 therms or whose Maximum Daily Usage is equal to or greater than 15,000 therms.

**CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Transportation Service. Interim Supply Service, as described below, may also be provided under this Rate Schedule, at Company's sole discretion. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

**RATES AND CHARGES**

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

**Customer Facilities Charge:**
$400.00

**Distribution Charge:**
First 50,000 therms @ $0.0612 per therm
Next 200,000 therms @ $0.0525 per therm
Over 250,000 therms @ $0.0443 per therm

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**Appendices:**
The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Rider
- Appendix H – Pipeline Safety Adjustment
- Appendix K – Compliance and System Improvement Adjustment
- Appendix L – Excess Deferred Tax Adjustment

**Riders:**
The following Riders shall be available to qualified Customers:

- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider

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

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

**Related Charges**: Customer shall reimburse Company for all charges incurred in connection with interstate pipeline transportation of Customer-Delivered Gas including any gas costs, penalty charges, or Cashouts.

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# RATE 170
# CONTRACT TRANSPORTATION SERVICE

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

## APPLICABILITY
This Rate Schedule shall be applicable to any Non-Residential Customer whose Annual Usage equals or exceeds 10,000,000 therms.

## CHARACTER OF SERVICE
This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

## RATES AND CHARGES
The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

**Customer Facilities Charge:**
$700.00

**Distribution Charge:**
First 1,750,000 therms @ $0.0154 per therm
Next 1,750,000 therms @ $0.0081 per therm
Over 3,500,000 therms @ $0.0035 per therm

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**Appendices:**
The following Appendices shall be applied monthly:
- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Rider
- Appendix H – Pipeline Safety Adjustment
- Appendix K – Compliance and System Improvement Adjustment
- Appendix L – Excess Deferred Tax Adjustment

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

**Related Charges:**
Customer shall reimburse Company for all charges incurred in connection with interstate pipeline transportation of Customer-Delivered Gas including any gas costs, penalty charges, or Cashouts.

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

## CONTRACT
Customer shall enter into a written contract, which specifies the hourly and daily maximum gas requirements of Customer, and any other terms reasonably required by Company. The contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.



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# TARIFF SHEET INDEX

# RATE 110
# RESIDENTIAL SALES SERVICE

## AVAILABILITY

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

## APPLICABILITY

This Rate Schedule shall be applicable only to Residential Customers.

## CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

## RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

**Customer Facilities Charge:**
$11.00

**Distribution Charge:**
First 50 therms @ $0.1620 per therm
Over 50 therms @ $0.1302 per therm

**Appendices:**
The following Appendices shall be applied monthly, if applicable:

- Appendix A – Gas Cost Adjustment
- Appendix B – Normal Temperature Adjustment
- Appendix G – Universal Service Fund Rider
- Appendix H – Pipeline Safety Adjustment
- Appendix I – Energy Efficiency Rider
- Appendix K – Compliance and System Improvement Adjustment
- Appendix L – Excess Deferred Tax Adjustment

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

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

## TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

# RATE 120
# GENERAL SALES SERVICE

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

## APPLICABILITY
This Rate Schedule shall be applicable to any Non-Residential Customer whose Annual Usage is less than 500,000 therms and whose Maximum Daily Usage is less than 15,000 therms.

## CHARACTER OF SERVICE
This Rate Schedule applies to the provision of Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided under this Rate Schedule shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

## RATE AND CHARGES
The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

**Customer Facilities Charge:**
Group 1: $22.00
Group 2: $44.00
Group 3: $88.00

**Distribution Charge:**
First 500 Therms @ $0.1060 per therm
Over 500 therms @ $0.0779 per therm

**Appendices:**
The following Appendices shall be applied monthly, if applicable:
- Appendix A – Gas Cost Adjustment
- Appendix B – Normal Temperature Adjustment
- Appendix G – Universal Service Fund Rider
- Appendix H – Pipeline Safety Adjustment
- Appendix I – Energy Efficiency Rider
- Appendix K – Compliance and System Improvement Adjustment
- Appendix L – Excess Deferred Tax Adjustment

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

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

# RATE 125
# SCHOOL/GOVERNMENT TRANSPORTATION SERVICE

**AVAILABILITY**

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

**APPLICABILITY**

This Rate Schedule shall be applicable to any Non-Residential Customer

1) whose Annual Usage is less than 50,000 therms and
2) for which payment of rates and charges to Company is the responsibility of an Educational Institution or Government Entity, which elects service hereunder.

**CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

**RATES AND CHARGES**

The monthly Rates and Charges for Gas Service hereunder shall be:

**Customer Facilities Charge** –

Group 1: $22.00
Group 2: $44.00
Group 3: $88.00

**Distribution Charge** -

First 500 therms @ $0.1060 per therm
Over 500 therms @ $0.0779 per therm

**Appendices:**

The following Appendices shall be applied monthly, if applicable:

- Appendix A – Gas Cost Adjustment
- Appendix B – Normal Temperature Adjustment
- Appendix G – Universal Service Fund Rider
- Appendix H – Pipeline Safety Adjustment
- Appendix I – Energy Efficiency Rider
- Appendix K – Compliance and System Improvement Adjustment
- Appendix L – Excess Deferred Tax Adjustment

**Related Charges** –

Customer shall reimburse Company for all charges incurred on Customer's behalf in connection with transportation of gas for Customer's account, including any pipeline penalty charges or cashout provisions assessed to Company.

# RATE 145
# GENERAL TRANSPORTATION SERVICE

## AVAILABILITY

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

## APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer that:

1. has an Annual Usage of greater than or equal to 50,000 therms and less than 500,000 therms,
2. has a Maximum Daily Usage of less than 15,000 therms,
3. complies with the Measurement Requirement section of this Rate Schedule, and
4. enters into a written contract with Company to receive Gas Service under this Rate Schedule.

## CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

## RATES AND CHARGES

The monthly Rates and Charges for Gas Service hereunder shall be:

**Customer Facilities Charge:**

Group 1: $22.00
Group 2: $44.00
Group 3: $88.00

**Distribution Charge:**

Applicable to all therms delivered to Customer during the billing month.
First 500 therms @ $0.1060 per therm
Over 500 therms @ $0.0779 per therm

**Appendices:**

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Rider
- Appendix H – Pipeline Safety Adjustment
- Appendix K – Compliance and System Improvement Adjustment
- Appendix L – Excess Deferred Tax Adjustment

**Riders:**

The following Riders shall be available to qualified Customers:

- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider

**Related Charges:** Customer shall reimburse Company for all charges incurred on Customer's behalf in connection with transportation of gas for Customer's account, including any pipeline penalty charges or cashout provisions assessed to Company.

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

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

# RATE 160
# LARGE VOLUME TRANSPORTATION SERVICE

## AVAILABILITY

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

## APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer whose Annual Usage is equal to or greater than 500,000 therms and less than 10,000,000 therms or whose Maximum Daily Usage is equal to or greater than 15,000 therms.

## CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Interim Supply Service, as described below, may also be provided under this Rate Schedule, at Company's sole discretion. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

## RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

**Customer Facilities Charge:**
$400.00

**Distribution Charge:**
First 50,000 therms @ $0.0612 per therm
Next 200,000 therms @ $0.0525 per therm
Over 250,000 therms @ $0.0443 per therm

**Appendices:**
The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Rider
- Appendix H – Pipeline Safety Adjustment
- Appendix K – Compliance and System Improvement Adjustment
- Appendix L – Excess Deferred Tax Adjustment

**Riders:**
The following Riders shall be available to qualified Customers:

- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider

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

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

**Related Charges**: Customer shall reimburse Company for all charges incurred in connection with interstate pipeline transportation of Customer-Delivered Gas including any gas costs, penalty charges, or Cashouts.

# RATE 170
# CONTRACT TRANSPORTATION SERVICE

## AVAILABILITY

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

## APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer whose Annual Usage equals or exceeds 10,000,000 therms.

## CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

## RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

**Customer Facilities Charge:**
$700.00

**Distribution Charge:**
First 1,750,000 therms @ $0.0154 per therm
Next 1,750,000 therms @ $0.0081 per therm
Over 3,500,000 therms @ $0.0035 per therm

**Appendices:**
The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Rider
- Appendix H – Pipeline Safety Adjustment
- Appendix K – Compliance and System Improvement Adjustment
- Appendix L – Excess Deferred Tax Adjustment

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

**Related Charges:**
Customer shall reimburse Company for all charges incurred in connection with interstate pipeline transportation of Customer-Delivered Gas including any gas costs, penalty charges, or Cashouts.

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

## CONTRACT

Customer shall enter into a written contract, which specifies the hourly and daily maximum gas requirements of Customer, and any other terms reasonably required by Company. The contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.