



Vectren Energy Delivery of Ohio Notice of New Natural Gas Base Rates

On November 20, 2007, Vectren Energy Delivery of Ohio (VEDO) filed with the Public Utilities Commission of Ohio (PUCO) an application for an increase in distribution rates. On January 7, 2009, the PUCO authorized an increase of \$14.8 million or about a 3.34% increase in base rate revenues. This increase, which is only for rates applicable to the delivery of natural gas, will be effective February 2009.

The PUCO authorized VEDO to implement a new rate design that recovers most of the company's fixed distribution costs through the monthly customer charge, since these costs do not fluctuate with usage. This rate design will replace the current design of a \$7.00 per month customer charge plus a two-block volumetric rate and will be implemented over a two-year period.

In the first year, the customer charge for residential customers will be \$13.37 per month, and the volumetric charge will be \$0.07451 for all usage. The combination of the \$13.37 customer charge and the applicable volumetric charge will be reflected in the "Distribution and Service Charges" line item on the bill.

In the second year, the customer charge will be \$18.37 and the volumetric charge portion will be eliminated. This future change is not a rate increase from the first year rates and will not change the total amount the average customer would otherwise pay for the delivery of natural gas had the volumetric charge continued.

The actual impact to your bill will depend on how much natural gas you use. The chart featured here (right) shows the impact to a residential customer's bill.

1 Ccf = One Hundred Cubic Feet;
Cfh = Cubic Feet per Hour

HOW TO CONTACT VECTREN

Phone: 1-800-227-1376

Web site: www.vectren.com

Rate Category	Ccf	Current Bill	Bill at New Rates	Difference
Residential	50	\$75.49	\$79.79	\$4.30
Residential	100	\$142.82	\$145.56	\$2.73
Residential	150	\$210.16	\$211.32	\$1.17
Residential	200	\$277.49	\$277.09	(\$0.40)

Note: A gas supply charge or the Standard Sales Offer (SSO) of \$1.14709 per Ccf is included in this comparison.

Non-residential Rates

Non-residential General Service (Rate Schedule 320/325) Group One category (less than 150,000 Ccf per year usage and a meter with a rated capacity of 450 Cfh or less) will have a monthly customer charge of \$20.00 (up from \$10.00). A General Service Group Two customer (less than 150,000 Ccf usage per year and a meter with a rated capacity greater than 450 Cfh and less than or equal to 1,100 Cfh) will now have a monthly customer charge of \$40.00 (up from \$25.00). A General Service Group Three customer (less than 150,000 Ccf usage per year and a meter with a rated capacity greater than 1,100 Cfh) will now have a monthly customer charge of \$80.00 (up from \$25.00). General Service (non-residential) customers will have a monthly per Ccf charge of \$0.07873 for all consumption.

Other Fees and Charges

Distribution Replacement Rider (DRR): The DRR recovers the associated costs of an accelerated program to replace antiquated service mains, maintenance, installation and replacement of all service lines. This program will address applicable pipeline safety requirements and reduce future maintenance costs.

Sales Reconciliation Rider (SRR-A): The SRR-A recovers the variations in authorized revenues that occurred from October 1, 2006, until the effective date of the new base rates.

Miscellaneous Charges

Reconnection charge: The charge for reconnection service performed at the meter is \$60.00.

Trip and Labor charge: A charge to investigate low-pressure circumstances related to problems not found in the company's system, is \$35.00 during normal business hours and \$57.00 outside of normal business hours.

Responsibility for gas piping

Starting in February 2009, VEDO will be responsible for maintenance of all service lines (including the customer-owned portion from the property line to the meter), including the installation of new and the replacement of existing service lines. VEDO will assume ownership of the service line once it is installed or replaced. The customer remains responsible for the maintenance of all gas piping from the gas meter to all gas appliances.

Buried gas piping which is not maintained is subject to potential hazards of corrosion and leakage. For your safety, all buried gas piping should be periodically inspected for leaks. If the buried piping is metallic, it should also be periodically inspected for corrosion. If an unsafe condition is found, the gas piping will need to be promptly repaired. When digging near buried gas piping, the piping must be located in advance and digging should be done by hand. Plumbing and heating contractors can assist in locating, inspecting and repairing customers' buried pipelines.

**Call Before-You-Dig at 811, or 1-800-362-2764,
24 hours a day, seven days a week!**

Choice opt-out

VEDO is required to include your name, address and usage information on a list of eligible customers that is made available to other retail natural gas suppliers or governmental aggregators. If you do not wish to be included on this list, you can inform us online at Vectren.com and select "Ohio Choice" under the Residential Customers or Business Customers drop-down menus, or you can send a written request to:

**Vectren Energy Delivery
Choice Program Administration
P.O. Box 209
Evansville, IN 47702-0209**

Also, you can call Vectren at 1-800-227-1376 and use the automated phone system to complete the process. Even if you remove your name from the list, you can still participate in Ohio Choice. If you have previously notified Vectren that you wish to have your name removed from the supplier list, it is not necessary for you to take any action.

For more information and rate schedules, contact Vectren at:

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