

ORIGINAL

## BRUDER, GENTILE &amp; MARCOUX, L.L.P.

ATTORNEYS AT LAW

CARMEN L. GENTILE  
J. MICHEL MARCOUX  
DAVID E. GOROFF  
JAMES H. MCGREW  
THOMAS L. BLACKBURN  
ANTONIA A. FROST

1701 PENNSYLVANIA AVENUE, N.W.  
SUITE 900  
WASHINGTON, D.C. 20006-5807

202-296-1500

FACSIMILE 202-296-0627

www.brudergentile.com  
aafrost@brudergentile.com

PETER K. MATT  
OF COUNSEL

GIUSEPPE FINA  
NICOLE S. ALLEN

GEORGE F. BRUDER  
RETIRED 1997

August 29, 2008

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

FILED  
SECRETARY OF THE  
COMMISSION  
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FEDERAL ENERGY  
REGULATORY COMMISSION

**Re: Southern Indiana Gas & Electric Company;  
Single-Issue Section 205 filing to Implement Request for Order  
No. 679 Transmission Rate Incentives  
Docket No. ER08-1468-000**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, and Part 35 of the Commission's Regulations, 18 C.F.R. Part 35, Southern Indiana Gas & Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South" or the "Company") hereby submits a single-issue Section 205 filing to implement its request for two Order No. 679 transmission rate incentives for the Gibson-Brown-Reid 345 kV Project ("Project"). Specifically, this filing includes a proposed amendment to the Midwest Independent Transmission System Operator, Inc.'s ("Midwest ISO") Open Access Transmission and Energy Markets Tariff ("TEMT"), Attachment O, to add a formula rate for Vectren South to implement its request for recovery of 100% of Construction Work In Progress ("CWIP") in rate base for the Project and to include a placeholder for recovery of cancelled or abandoned plant costs for the Project.<sup>1</sup>

In a separate petition for declaratory order, filed in Docket No. EL08-82-000 on August 13, 2008, Vectren South submitted its request for the two Order No. 679 transmission rate incentives with respect to the Project, in accordance with Section 219

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As the administrator of the Midwest ISO TEMT on file with the Commission, Midwest ISO joins Vectren South in this filing of Vectren South's Attachment O formula rate in the Midwest ISO TEMT, but Midwest ISO takes no position as to the substance of this filing.

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of the Federal Power Act<sup>2</sup> and Order Nos. 679, 679-A, and 679-B ("Petition").<sup>3</sup> In this Petition, Vectren South requested that the Commission act on its Petition by October 31, 2008, which was about 80 days from the date of that the Petition was filed.<sup>4</sup> Vectren South made this request both to provide the Commission with an adequate period of time to evaluate its Petition and to provide Vectren South with a Commission response to its filings in advance of the commencement of any financing efforts with respect to the construction of the Project.

Vectren South respectfully requests that the Commission accept this Section 205 filing and make the proposed Tariff amendments effective on October 31, 2008, which is more than 60 days after the date of this filing.<sup>5</sup>

## I. INTRODUCTION

### A. Description of Vectren South

Vectren Corporation is an investor-owned energy holding company based in Evansville, Indiana. It owns three utility companies: Vectren South, Indiana Gas Company, Inc., and Vectren Energy Delivery of Ohio, Inc. These utilities provide electric transmission and distribution services to nearly 140,000 customers in seven counties in southwestern Indiana, and natural gas service to more than 900,000 customers in adjoining service territories covering two-thirds of Indiana and west central Ohio.

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<sup>2</sup> Section 1241 of the Energy Policy Act of 2005 enacted Section 219 of the FPA. Energy Policy Act of 2005, Pub. L. No. 109-58, 119 Stat. 594 (2005) ("EPAAct 2005").

<sup>3</sup> *Promoting Transmission Investment Through Pricing Reform*, Order No. 679, 71 Fed. Reg. 43,294 (July 31, 2006), FERC Stats. & Regs. ¶ 31,222 (2006), *order on reh'g*, Order No. 679-A, 72 Fed. Reg. 1,152 (January 10, 2007), FERC Stats. & Regs. ¶ 31,236 (2006), *order on reh'g*, Order No. 679-B, 119 FERC ¶ 61,062 (2007).

<sup>4</sup> Petitions for declaratory order are not subject to any statutory deadline for Commission action. In Order No. 679, the Commission stated that it would seek to process petitions for declaratory order quickly and, while it could not guarantee action on petitions within 60 days of the request, it would strive to meet that standard. Order No. 679 at P 77.

<sup>5</sup> In Order No. 679, the Commission approved a procedure in which an applicant may file its request for transmission rate incentives in a petition for declaratory order and make a rate filing to implement its request for transmission rate incentives through a separate, single-issue Section 205 filing. The Commission held that if an applicant's petition for declaratory order makes the necessary showing to qualify for transmission rate incentives, the separate, single-issue Section 205 filing will be limited to a review of the applicant's implementation of the transmission rate incentives and that it will not require the applicant to re-justify its request for transmission rate incentives. Order No. 679 at PP 76-78.

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Vectren South has approximately 1850 MW of generation with approximately 1850 MW of load in its balancing authority area. The transmission system includes about 350 miles of 138 kV lines and about 525 miles of 69 kV lines. Vectren South does not have any transmission lines above 138 kV at the present time. Vectren South's customer base is approximately 25% residential and 75% commercial, industrial and other. Its significant industrial customers include General Electric, Toyota and Whirlpool.

Vectren South is a member of the Midwest ISO, Reliability First Corporation, and the North American Electric Reliability Corporation.

#### **B. Gibson-Brown-Reid 345 kV Project and Petition for Declaratory Order**

The Project is a proposed approximately 70 mile 345 kV single-circuit transmission line that will provide additional transmission capacity between Duke Energy's Gibson Station located in Gibson County, Indiana; Vectren South's Brown Power Plant located in Posey County, Indiana; and Big Rivers Electric Corporation's ("Big Rivers") Reid Station located in Webster County, Kentucky. Approximately half of the Project is located in Indiana and half is located in Kentucky. The Project is Vectren South's first 345 kV transmission project. The Project has an estimated cost of \$68 to \$100 million, depending on the route of the Project, and a scheduled in-service date of June 2011.

In the separate Petition, Vectren South submits detailed engineering, financial and accounting testimony and exhibits, which describe the significant challenges and risks posed by the Project and support Vectren South's request for two Order No. 679 transmission rate incentives with respect to the Project. Specifically, Vectren South's Petition requests recovery of 100% of CWIP in rate base for the Project and approval of the recovery of prudently-incurred cancelled or abandoned plant costs for the Project, subject to a subsequent filing at the Commission demonstrating that the costs were prudently incurred and that the Project was cancelled or abandoned for reasons outside of Vectren's control.

## **II. THE INSTANT SINGLE-ISSUE SECTION 205 FILING**

### **A. Vectren South's Attachment O Formula Rate**

In the instant filing, Vectren South seeks to implement its request for the two Order No. 679 transmission rate incentives for the Project. In support of this filing, Vectren South submits the testimony and exhibits of William Steven Seelye, who is a senior consultant and principal for The Prime Group, LLC. Mr. Seelye's testimony and exhibits describe tariff revisions required to Attachment O of the Midwest ISO's TEMT to add a formula rate for Vectren South that will implement its request for recovery of

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100% of CWIP in rate base for the Project and the inclusion of a placeholder for recovery of cancelled or abandoned plant costs for the Project.

Exhibit No. SIG-3 consists of the tariff pages that include Vectren South's proposed Attachment O formula rate. Exhibit No. SIG-4 shows Vectren South's proposed formula rate, redlined to show the changes from the Midwest ISO's currently-effective Attachment O formula rate template that Vectren South is proposing in this proceeding. Specifically, Vectren South is proposing to add Line No. 18a – 100% CWIP recovery for Commission-accepted or Commission-approved Order No. 679 transmission incentive projects – to page 2 of the Midwest ISO's formula rate template. Under the proposal, the year-end CWIP balances for the Project from the previous calendar year are entered on this line and added to Rate Base on Line 30, page 2, of the formula rate. This modification will allow Vectren South to earn a current return on 100% of year-end CWIP balances for this Project.<sup>6</sup>

Vectren South is also proposing to add Line No. 23a – Unamortized Balance of Cancelled or Abandoned Plant – as a placeholder to page 2 of the formula rate in the event that the Project should ever be cancelled or abandoned due to circumstances outside of Vectren South's control. The unamortized plant balance associated with any such cancelled or abandoned plant would be entered on this line and added to the Total Adjustments to Rate Base shown on Line 24, page 2, of the formula rate. Vectren South is also proposing to add Line No. 9a – Cancelled or Abandoned Plant Amortization – as a placeholder to page 3 of the formula rate. Annual amortization expenses associated with the canceling or abandonment of the Project, should such cancellation or abandonment occur for reasons outside the Company's control, would be entered on this line and added to Total Depreciation expenses shown on Line 12, page 3, of the formula.<sup>7</sup> Thus, at this time, Vectren South is only seeking Commission approval to add placeholders to its Attachment O formula rate concerning recovery of cancelled or abandoned plant. Consistent with Order No. 679 and Note W in the formula rate, Vectren South would need to make a separate Section 205 filing to obtain prior Commission acceptance or approval for the specific amounts that Vectren South would propose to include in these formula rate placeholders for cancelled or abandoned plant in the event that the Project is cancelled or abandoned.<sup>8</sup>

The above-described changes to Vectren South's Attachment O formula rates are similar to the changes that the Commission recently authorized the NSP Companies to make to their Attachment O formula rate, so that the NSP Companies could earn a

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<sup>6</sup> See Exhibit No. SIG-1, page 6.

<sup>7</sup> See Exhibit No. SIG-1, page 7.

<sup>8</sup> Order No. 679 at P 166. See Exhibit No. SIG-1, page 7.

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return on 100% of the CWIP associated with their Certificate of Need Projects and could include a placeholder in the formula rate for the recovery of cancelled or abandoned project costs with respect to those projects.<sup>9</sup>

**B. No Changes Are Required to Midwest ISO's Attachment GG.**

Attachment GG of the Midwest ISO TEMA sets forth a method for calculating and collecting carrying charges associated with Network Upgrades identified in the Midwest ISO Transmission Expansion Plans ("MTEPs"), which are developed annually. As explained in Vectren South's Petition, the Project has been designated by the Midwest ISO as a Baseline Reliability Project and would thus be eligible for recovery through Attachment GG. At this time, the Midwest ISO includes the recovery of CWIP in the determination of Attachment GG charges for other transmission owners, including American Transmission Company and NSP Companies. The Commission has expressly affirmed that it is appropriate for the Midwest ISO to include the recovery of CWIP in Attachment GG on projects for which the Commission has authorized CWIP recovery. *Midwest ISO Transmission Owners v. Midwest Independent Transmission System Operator, Inc.*, 120 FERC ¶ 61,184 at PP 10-11 (August 24, 2007). Consequently, if the Commission authorizes Vectren South to recover CWIP associated with the Project in response to Vectren South's Petition, then CWIP on this Project would be recovered through Attachment GG of the Midwest ISO TEMA. No changes are required to Attachment GG to implement Vectren South's CWIP recovery.<sup>10</sup>

**C. Changes to Additional Midwest ISO TEMA Sheets**

Vectren South also submits changes to additional Midwest ISO TEMA sheets, in clean and redline versions, to conform to Vectren South's changes in this filing. Specifically, the clean and redlined sheets from the Midwest ISO TEMA update references to Vectren South in the list for Attachment O and the references in Attachments CC and GG.

**III. MATERIALS SUBMITTED WITH THIS FILING**

Vectren South submits an original and five copies of this transmittal letter and each of the following materials:

- (a) Testimony of William Steven Seelye (Exhibit No. SIG-1);

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<sup>9</sup> See *Xcel Energy Services, Inc.*, 121 FERC ¶ 61,284 (December 21, 2007) ("*Xcel*"). In *Xcel*, the NSP Companies also sought to modify their Attachment O formula rate to use projected test year cost inputs, with a true-up mechanism to reflect actual costs. In this filing, Vectren South is not proposing such a modification to its Attachment O formula rate.

<sup>10</sup> See Exhibit No. SIG-1, pages 8.

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- (b) Qualifications of William Steven Seelye (Exhibit No. SIG-2);
- (c) The proposed Attachment O – Vectren South Rate Formula Template, which is the clean, revised version that includes the tariff changes to implement the two Order No. 679 transmission incentives (Exhibit No. SIG-3);
- (d) Vectren South's Proposed Rate Formula, redlined to show the changes to the Midwest ISO's Attachment O formula rate template that Vectren South currently is using to establish its revenue requirement (Exhibit No. SIG-4);
- (e) Changes to additional Midwest ISO TEMT sheets, in clean and redline versions, to conform to Vectren South's changes in this filing (Attachment 1); and
- (f) A Corporate Attestation for this filing, in accordance with 18 C.F.R. 35.13(d)(6) (Attachment 2).

#### IV. PROPOSED EFFECTIVE DATE

As explained in the second and third paragraphs of this transmittal letter, Vectren South respectfully requests that the Commission act on this Section 205 filing by October 31, 2008, which is more than 60 days from the date of this filing. In addition, Vectren South requests that its revised tariffs sheets in Attachment O be made effective on October 31, 2008.

#### V. REQUESTED WAIVERS AND FILING REQUIREMENTS

Consistent with the Commission's recent decisions,<sup>11</sup> Vectren South respectfully requests waiver of the filing requirements in 18 C.F.R. §§ 35.13(a)(2)(iv), 35.13(c), 35.13(d) (with the exception of the corporate attestation requirement in 35.13(d)(6)), and 35.13(e) and (h) (*e.g.*, with respect to Statements AA through BM). Moreover, Vectren South's waiver request of the Commission's Period I and Period II cost data requirements is appropriate because the inclusion of CWIP in rate base simply changes

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<sup>11</sup> The Commission has granted waiver of its various filing requirements in a number of transmission incentive cases requesting recovery of CWIP in rate base. *See Commonwealth Edison Co.*, 119 FERC ¶ 61,238 (2007) (granting request for waiver of the requirements of sections 35.13 and 35.25, but requiring filing of an attestation as required by 35.13(d)(6)), *order on reh'g*, 122 FERC ¶ 61,037 (2008); *The United Illuminating Co.*, 119 FERC ¶ 61,182 (2007) (granting request for waiver of the requirements of section 35.13 of the regulations to provide full Period I and Period II data, and waivers of section 35.13(a)(2)(iv); 35.13(d)(1) and (2), 35.13(d)(6), and section 35.13(h) for good cause shown); and *Duquesne Light Co.*, 118 FERC ¶ 61,087 (2007) (granting waiver from sections 35.13(a)(2)(iv); 35.13(d)(1) and (2), 35.13(d)(6), and section 35.13(h) consistent with Commission's prior approval of formula rates).

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the timing of the recovery of a utility's recovery of its costs of new construction. Allowing CWIP recovery improves the utility's cash flow while reducing the charges to ratepayers that would apply after a project enters commercial operation, as compared with rates that include an Allowance for Funds Used During Construction ("AFUDC"). *See, e.g., Northeast Utilities Service Company*, 114 FERC ¶ 61,098 at P 18 (2006)(including a recent Commission discussion of this long-recognized policy). Vectren South also requests waiver of the requirement to file Statements AA through BM because at this time, Vectren South is only seeking Commission approval to add placeholders to its Attachment O formula rate concerning recovery of cancelled or abandoned plant. Consistent with Order No. 679 and Note W in its proposed Attachment O formula rate, Vectren South would need to make a separate Section 205 filing to obtain prior Commission acceptance or approval for the specific amounts that Vectren South would propose to include in these formula rate placeholders for cancelled or abandoned plant in the event that the Project is cancelled or abandoned. To the extent any other waivers are required in connection with this filing, Vectren South requests that the Commission grant such waivers.

In compliance with the requirement that an applicant seeking CWIP recovery in formula rates make an annual filing with the Commission, Vectren South proposes, in the Petition, to satisfy that requirement through the annual filing of the FERC-730 report, required by Order No. 679. In *The United Illuminating Company*, the Commission accepted United Illuminating's representation that it will submit an annual FERC-730 report as satisfying the Commission's requirement for an annual filing regarding CWIP recovery.<sup>12</sup>

Vectren South's Petition also makes a request for waiver of the CWIP filing requirements of 18 C.F.R. § 35.25, as well as a request for waiver of § 35.13(h)(38) (Statement BM). As noted above, this filing also makes a request for waiver of § 35.13(h)(38) (Statement BM).

## **VI. PERSONS TO WHOM CORRESPONDENCE SHOULD BE ADDRESSED**

Persons to whom correspondence and communications regarding this should be addressed are as follows. Please place these names on the Commission's official service list.

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<sup>12</sup> *The United Illuminating Co.*, 119 FERC ¶ 61,182 at P 92 (2007).

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Robert E. Heidom  
Vice President and General Counsel  
Mary-James Young  
Senior Regulatory Counsel  
Vectren Corporation  
One Vectren Square  
211 N.W. Riverside Drive  
Evansville, IN 47708  
Telephone: 812-491-4203  
Telephone: 812/491-4022  
Facsimile: 812/491-4238  
E-mail: rheigom@vectren.com  
E-Mail: mjyoung@vectren.com

and

Antonia A. Frost  
Thomas L. Blackburn  
Bruder, Gentile & Marcoux, L.L.P.  
1701 Pennsylvania Avenue, N.W.  
Suite 900  
Washington, D.C. 20006-5807  
Telephone: 202/296-1500  
Facsimile: 202/296-0627  
E-Mail: aafrost@brudergentile.com  
tlblackburn@brudergentile.com

## **XII. LIST OF PERSONS ON WHOM THIS FILING IS BEING SERVED**

Vectren will make copies of this filing available for inspection at Vectren's corporate headquarters in Evansville, Indiana. Also, the Midwest ISO has served a copy of this filing electronically, including attachments, upon all Tariff Customers under the TEMT, Midwest ISO Members, Member representatives of Transmission Owners and Non-Transmission Owners, the Midwest ISO Advisory Committee participants, as well as all state commissions within the Midwest ISO Region. In addition, the filing has been posted electronically on the Midwest ISO's website at [www.midwestmarket.org](http://www.midwestmarket.org) under the heading "Filings to FERC" for other interested parties in this matter. Vectren South requests waiver of the requirement to serve this filing by mailing paper copies. Waiver of paper service is consistent with the Commission's decision to establish



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electronic service as the default method of service on service lists maintained by the Commission Secretary.<sup>13</sup>

### **XIII. MISCELLANEOUS**

No agreement is required by contract for Vectren South to make this filing. See 18 C.F.R. § 35.13(b)(6).

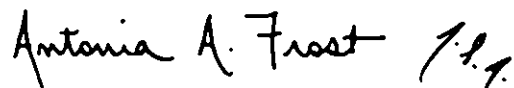
There are no costs included in this filing that have been alleged or adjudged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs, nor has any expense or cost been demonstrated to be the product of discriminatory or employment practices, within the meaning of Section 35.13(d)(3). See 18 C.F.R. § 35.13(b)(7).

### **IX. CONCLUSION**

Vectren South respectfully requests that the Commission accept the instant Section 205 filing by October 31, 2008 and make the tariff sheets effective on October 31, 2008.

We thank the Commission for its consideration of this filing. Please direct any questions regarding this filing to the undersigned counsel.

Very truly yours,



Antonia A. Frost  
Thomas L. Blackburn  
Counsel for Southern Indiana Gas &  
Electric Company d/b/a Vectren  
Energy Delivery of Indiana, Inc.

Enclosures

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<sup>13</sup> *Electronic Notification of Commission Issuances*, Order No. 653, 70 Fed. Reg. 8,720 (February 23, 2005), FERC Stats. & Regs. ¶ 31,176 (2005); *order on reh'g*, Order No. 653-A, 70 Fed. Reg. 21,330 (April 26, 2005), FERC Stats. & Regs. ¶ 31,178 (2005).

**EXHIBIT SIG – 1**  
**TESTIMONY OF WILLIAM STEVEN SEELYE**

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

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**SOUTHERN INDIANA GAS &  
ELECTRIC COMPANY**

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**DOCKET No. ER08- -000**

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**PREPARED TESTIMONY OF WILLIAM STEVEN SEELYE**

**1 INTRODUCTION**

**2 Q. Please state your name and business address.**

**3 A. My name is William Steven Seelye and my business address is The Prime Group,**  
**4 LLC, 6435 West Highway 146, Crestwood, KY 40014.**

**5 Q. By whom are you employed?**

**6 A. I am a senior consultant and principal for The Prime Group, LLC, a firm located in**  
**7 Crestwood, Kentucky, providing consulting and educational services in the areas**  
**8 of utility regulatory analysis, revenue requirement support, cost of service, rate**  
**9 design and economic analysis.**

**10 Q. On whose behalf are you submitting this testimony?**

**11 A. I am testifying on behalf of Southern Indiana Gas & Electric Company d/b/a**  
**12 Vectren Energy Delivery of Indiana, Inc. ("Vectren South" or the "Company").**

**13 Q. Please describe your educational background and prior work experience.**

**14 A. I received a Bachelor of Science degree in Mathematics from the University of**  
**15 Louisville in 1979. I have also completed 54 hours of graduate level course work**  
**16 in Industrial Engineering and Physics. From May 1979 until July 1996, I was**

1 employed by Louisville Gas and Electric Company ("LG&E"). From May 1979 until  
2 December 1990, I held various positions within the Rate Department of LG&E. In  
3 December 1990, I became Manager of Rates and Regulatory Analysis. In May  
4 1994, I was given additional responsibilities in the marketing area and was  
5 promoted to Manager of Market Management and Rates. I left LG&E in July 1996  
6 to form The Prime Group, LLC, with two other former employees of LG&E. Since  
7 leaving LG&E, I have performed cost of service and rate studies for over 130  
8 investor-owned utilities, rural electric distribution cooperatives, generation and  
9 transmission cooperatives, and municipal utilities. A more detailed description of  
10 my qualifications is included in Exhibit No. SIG-2.

11 **Q. Have you ever testified before any state or federal regulatory commissions?**

12 **A.** Yes, on many occasions. A listing of my testimony is included in Exhibit No. SIG-  
13 2.

14 **Q. Do you have any experience with developing or modifying transmission**  
15 **rates?**

16 **A.** Yes. I have developed or modified transmission rates for numerous electric  
17 utilities, including Louisville Gas and Electric Company, Vectren South, Kansas  
18 Gas and Electric Company, and Westar Energy. I have also been involved in  
19 numerous regulatory proceedings conducted by the Federal Energy Regulatory  
20 Commission ("Commission") concerning transmission rates, including transmission  
21 rate filings submitted by American Electric Power Company, XCEL Energy, and

1 Duke Energy. I also supervise the preparation of annual formula rate updates for  
2 a number of utilities.

3 **Q. Please summarize your prepared testimony.**

4 **A.** The purpose of my testimony in this Section 205 filing is to explain and sponsor  
5 Vectren South's proposed formula transmission rate, which will be included in  
6 Attachment O to the Midwest Independent Transmission System Operator, Inc.'s  
7 ("Midwest ISO") Open Access Transmission and Energy Markets Tariff ("TEMT").  
8 The filing is necessary to implement Vectren South's separate petition for  
9 declaratory order for Order No. 679 transmission rate incentives ("Petition for  
10 Declaratory Order"), filed in Docket No. EL08-82-000 on August 13, 2008. In the  
11 petition for declaratory order, Vectren South submitted its request for two Order  
12 No. 679 transmission rate incentives for the Gibson-Brown-Reid 345 kV Project  
13 ("Project"), including recovery of 100% of Construction Work In Progress ("CWIP")  
14 in rate base for the Project and a placeholder for recovery of cancelled or  
15 abandoned plant costs for the Project. Specifically, I will address the changes to  
16 the Midwest ISO's Attachment O formula transmission rate template that Vectren  
17 South will implement in its own formula transmission rate to provide recovery of  
18 100% of CWIP in rate base for the Project and to include a placeholder for  
19 recovery of cancelled or abandoned plant costs for the Project. The Gibson-  
20 Brown-Reid 345 kV Project is described in the testimony of Mr. Michael Chambliss  
21 included in the Petition for Declaratory Order.

22 **Q. Do you have any exhibits to your testimony?**

1   **A.**   Yes. I have prepared or supervised the preparation of the following exhibits to my  
2       prepared testimony:

- 3           •   Exhibit No. SIG - 2 – Qualifications of William Steven Seelye;
- 4           •   Exhibit No. SIG - 3 – Proposed Attachment O – Vectren South's Rate  
5               Formula;
- 6           •   Exhibit No. SIG - 4 – Midwest ISO's Rate Formula Template showing  
7               Vectren South's proposed changes in redlined form.

8   **Q.**   Please provide a summary of the Attachment O formula rate that is  
9       applicable to Vectren South.

10   **A.**   Because Vectren South is a member of the Midwest ISO, transmission services  
11       are provided under the Midwest ISO TEMT. Attachment O to the Midwest ISO  
12       TEMT contains templates for formula rates that calculate annual transmission  
13       revenue requirements using standard cost of service methodologies. Vectren  
14       South previously has submitted its revenue requirements using the "Rate Formula  
15       Template Using FERC Form 1 Data" that is found at Sheet Nos. 1318 through  
16       1322 of the TEMT. Under the formula rate template, net revenue requirements  
17       include a return on rate base, income taxes, depreciation expenses, operation and  
18       maintenance expenses, other taxes, less applicable revenue credits for  
19       transmission service. Rate base is the actual original cost of transmission plant  
20       and an allocated portion of general and common plant, less accumulated  
21       depreciation, plus other rate base adjustments and additions. The return  
22       component of the revenue requirement is determined by multiplying the weighted

1 average cost of capital, including the cost of debt, equity and preferred stock as  
2 applicable. Income taxes essentially represent a gross-up of the equity and  
3 preferred stock components of return to reflect the application of the company's  
4 income tax rate. Depreciation expenses, operation and maintenance expenses,  
5 and other taxes consist of expenses directly assigned or that are allocated to the  
6 transmission function. The source of the data used in the formula rate is the  
7 FERC Form No. 1. The template provides that annual transmission formula rate  
8 calculations are updated annually in May based on the FERC Form No. 1 data for  
9 the immediately preceding calendar year. The annual transmission revenue  
10 requirement is then used to develop the rates that go into effect beginning June 1  
11 of each year for service under Schedule 7 – Long-Term Firm and Short-Term  
12 Point-To-Point Service, Schedule 8 – Non-Firm Point-To-Point Transmission, and  
13 Schedule 9 – Network Integration Transmission Service of the Midwest ISO  
14 TEMT.

15 **Q. Please explain how a Midwest ISO transmission owner that does not want to**  
16 **use any of the formula rate templates that are included in Attachment O**  
17 **adopts its own formula rate.**

18 **A.** A utility that wants to utilize a formula rate template that is not included in  
19 Attachment O does so by submitting, pursuant to Section 205 of the Federal  
20 Power Act, a formula rate template that applies only to itself. Vectren is proposing  
21 such a formula rate template in this proceeding.

1 **Q. Please summarize the changes that Vectren South is proposing to make to**  
2 **the Midwest ISO's Attachment O formula rate template in this filing.**

3 **A. As described in the Petition for Declaratory Order, Vectren South is proposing to**  
4 **include 100% of CWIP in rate base for the Project. In addition, Vectren South is**  
5 **proposing to recover 100% of cancelled or abandoned transmission plant costs,**  
6 **including both a return on the unamortized balance and amortization expenses,**  
7 **through the formula rate in the event that the Project is cancelled or abandoned**  
8 **due to circumstances outside of Vectren South's control. Exhibit No. SIG-3**  
9 **includes Vectren South's Attachment O proposed rate formula, which contains**  
10 **these two proposed changes. Exhibit No. SIG-4 includes the Midwest ISO's**  
11 **formula rate template showing in redline the changes that Vectren is proposing in**  
12 **its own formula rate in this proceeding. The redlined changes to Exhibit No. SIG-4**  
13 **are highlighted by shaded boxes.**

14 **Q. What specific changes to the currently effective Attachment O formula rate**  
15 **template is Vectren South proposing to make?**

16 **A. As shown in Exhibit Nos. SIG-3 and SIG-4, Vectren South is proposing to add Line**  
17 **No. 18a – 100% CWIP recovery for Commission accepted or approved Order No.**  
18 **679 transmission incentive projects - to page 2 of the formula rate template. Year-**  
19 **end CWIP balances for the Gibson-Brown-Reid 345 kV Project from the previous**  
20 **calendar year are entered on this line and added to Rate Base on Line 30, page 2,**  
21 **of the formula. This modification will allow Vectren South to earn a current return**  
22 **on 100% of year-end CWIP balances for this Project.**



1 Vectren South is also proposing to add Line No. 23a – Unamortized Balance  
2 of Cancelled or Abandoned Plant -- as a placeholder to page 2 of the formula rate  
3 in the event that the Gibson-Brown-Reid 345 kV Project should ever be cancelled  
4 or abandoned due to circumstances outside of Vectren South's control. The  
5 unamortized plant balance associated with any such cancelled or abandoned plant  
6 would be entered on this line and added to the Total Adjustments to Rate Base  
7 shown on Line 24, page 2, of the formula. The Company is also proposing to add  
8 Line No. 9a – Cancelled or Abandoned Plant Amortization as a placeholder to  
9 page 3 of the formula rate. Annual amortization expenses associated with the  
10 canceling or abandonment of the Gibson-Brown-Reid 345 kV Project, should such  
11 canceling or abandonment occur for reasons outside the Company's control,  
12 would be entered on this line and added to Total Depreciation expenses shown on  
13 Line 12, page 3, of the formula. Consistent with Note W in the formula rate,  
14 Vectren South would need to make a separate Section 205 filing and obtain  
15 Commission acceptance or approval for the specific amounts that Vectren South  
16 would propose to include in the formula rate placeholders for cancelled or  
17 abandoned plant for the Project.

18 The above-described changes to Vectren South's Attachment O formula  
19 rates are essentially the same changes that the Commission recently authorized  
20 Northern States Power Company ("NSP") to make to its Attachment O formula rate  
21 in Docket No. ER07-1415-000, so that NSP could earn a return on 100% of the  
22 CWIP associated with its Certificate of Need Projects and could include a

placeholder in the formula rate for the recovery of cancelled or abandoned project costs with respect to those projects.

**Q. Will CWIP associated with the Gibson-Brown-Reid 345 kV Project be recovered through Attachment GG of the Midwest ISO TEMT?**

**A. Yes.** Attachment GG of the Midwest ISO TEMT sets forth a method for calculating and collecting carrying charges associated with Network Upgrades identified in the Midwest ISO Transmission Expansion Plans ("MTEPs") which are developed annually. As explained in the testimony of Michael Chambliss included in Vectren South's Petition for Declaratory Order, the Gibson-Brown-Reid 345 kV Project has been designated by the Midwest ISO as a Baseline Reliability Project and would thus be eligible for recovery through Attachment GG. The Midwest ISO includes the recovery of CWIP in the determination of Attachment GG charges for other transmission owners, including American Transmission Company and NSP. In its Order in Docket No. EL07-72-000, issued August 24, 2007, the Commission affirmed that it is appropriate for the Midwest ISO to include the recovery of CWIP in Attachment GG on projects for which the Commission has authorized CWIP recovery. (*Midwest ISO Transmission Owners v. Midwest Independent Transmission System Operator, Inc.* 120 FERC ¶ 61,184 at pp. 10-11 (2007)). Consequently, if the Commission allows Vectren South to recover CWIP associated with the Gibson-Brown-Reid 345 kV Project in its Petition for Declaratory Order, then CWIP on this project would also be recovered through Attachment GG of the Midwest ISO TEMT.

1    **Q.   Does this conclude your prepared testimony?**

2    **A.   Yes.**

3

4

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

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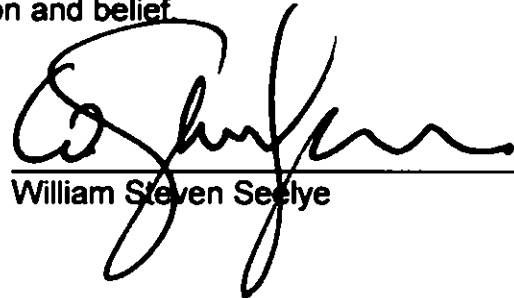
**SOUTHERN INDIANA GAS &  
ELECTRIC COMPANY**

**DOCKET No. ER08- -000**

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State of Kentucky )  
County of Oldham )

I, William Steven Seelye, a senior consultant and principal for The Prime Group, LLC, being duly sworn, depose and say that the statements contained in the testimony and exhibits of William Steven Seelye in the above-captioned proceeding are true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
William Steven Seelye

SUBSCRIBED AND SWORN to before me  
this 28<sup>th</sup> day of ~~July~~ August 2008

  
\_\_\_\_\_

Notary Public, Oldham County, Kentucky

My Commission expires: 4-25-2009

**EXHIBIT SIG – 2**  
**QUALIFICATIONS OF WILLIAM STEVEN SEELYE**

## **QUALIFICATIONS OF WILLIAM STEVEN SEELYE**

### **Summary of Qualifications**

Provides consulting services to numerous investor-owned utilities, rural electric cooperatives, and municipal utilities regarding utility rate and regulatory filings, cost of service and wholesale and retail rate designs; and develops revenue requirements for utilities in general rate cases, including the preparation of analyses supporting pro-forma adjustments and the development of rate base.

### **Employment**

*Senior Consultant and Principal*  
The Prime Group, LLC  
(July 1996 to Present)

Provides consulting services in the areas of tariff development, regulatory analysis revenue requirements, cost of service, rate design, fuel and power procurement, depreciation studies, lead-lag studies, and mathematical modeling.

Assists utilities with developing strategic marketing plans and implementation of those plans. Provides utility clients assistance regarding regulatory policy and strategy; project management support for utilities involved in complex regulatory proceedings; process audits; state and federal regulatory filing development; cost of service development and support; the development of innovative rates to achieve strategic objectives; unbundling of rates and the development of menus of rate alternatives for use with customers; performance-based rate development.

Prepared retail and wholesale rate schedules and filings submitted to the Federal Energy Regulatory Commission (FERC) and state regulatory commissions for numerous of electric and gas utilities. Performed cost of service studies and developed rates for over 100 utilities throughout North America. Prepared market power analyses in support of market-based rate filings submitted to the FERC for utilities and their marketing affiliates. Performed business practice audits for electric utilities, gas utilities, and independent transmission

organizations (ISOs), including audits of production cost modeling, retail utility tariffs, retail utility billing practices, and ISO billing processes and procedures.

*Manager of Rates and Other Positions*  
Louisville Gas & Electric Co.  
(May 1979 to July 1996)

Held various positions in the Rate Department of LG&E. In December 1990, promoted to Manager of Rates and Regulatory Analysis. In May 1994, given additional responsibilities in the marketing area and promoted to Manager of Market Management and Rates.

### **Education**

Bachelor of Science Degree in Mathematics, University of Louisville, 1979  
54 Hours of Graduate Level Course Work in Industrial Engineering and Physics.

### **Expert Witness Testimony**

Alabama: Testified in Docket 28101 on behalf of Mobile Gas Service Corporation concerning rate design and pro-forma revenue adjustments.

Colorado: Testified in Consolidated Docket Nos. 01F-530E and 01A-531E on behalf of Intermountain Rural Electric Association in a territory dispute case.

FERC: Submitted direct and rebuttal testimony in Docket No. EL02-25-000 et al. concerning Public Service of Colorado's fuel cost adjustment.

Submitted direct and responsive testimony in Case No. ER05-522-001 concerning a rate filing by Bluegrass Generation Company, LLC to charge reactive power service to LG&E Energy, LLC.

Submitted testimony in Case Nos. ER07-1383-000 and ER08-05-000 concerning Duke Energy Shared Services, Inc.'s charges for reactive power service.

Florida: Testified in Docket No. 981827 on behalf of Lee County Electric Cooperative, Inc. concerning Seminole Electric Cooperative Inc.'s wholesale rates and cost of service.

Illinois: Submitted direct, rebuttal, and surrebuttal testimony in Docket No. 01-0637 on behalf of Central Illinois Light Company ("CILCO") concerning the modification of interim supply service and the implementation of black start service in connection with providing unbundled electric service.

**Indiana:** Submitted direct testimony and testimony in support of a settlement agreement in Cause No. 42713 on behalf of Richmond Power & Light regarding revenue requirements, class cost of service studies, fuel adjustment clause and rate design.

Submitted direct and rebuttal testimony in Cause No. 43111 on behalf of Vectren Energy in support of a transmission cost recovery adjustment.

**Kansas:** Submitted direct and rebuttal testimony in Docket No. 05-WSEE-981-RTS on behalf of Westar Energy, Inc. and Kansas Gas and Electric Company regarding transmission delivery revenue requirements, energy cost adjustment clauses, fuel normalization, and class cost of service studies.

**Kentucky:** Testified in Administrative Case No. 244 regarding rates for cogenerators and small power producers, Case No. 8924 regarding marginal cost of service, and in numerous 6-month and 2-year fuel adjustment clause proceedings.

Submitted direct and rebuttal testimony in Case No. 96-161 and Case No. 96-362 regarding Prestonsburg Utilities' rates.

Submitted direct and rebuttal testimony in Case No. 99-046 on behalf of Delta Natural Gas Company, Inc. concerning its rate stabilization plan.

Submitted direct and rebuttal testimony in Case No. 99-176 on behalf of Delta Natural Gas Company, Inc. concerning cost of service, rate design and expense adjustments in connection with Delta's rate case.

Submitted direct and rebuttal testimony in Case No. 2000-080, testified on behalf of Louisville Gas and Electric Company concerning cost of service, rate design, and pro-forma adjustments to revenues and expenses.

Submitted rebuttal testimony in Case No. 2000-548 on behalf of Louisville Gas and Electric Company regarding the company's prepaid metering program.

Testified on behalf of Louisville Gas and Electric Company in Case No. 2002-00430 and on behalf of Kentucky Utilities Company in Case No. 2002-00429 regarding the calculation of merger savings.

Submitted direct and rebuttal testimony in Case No. 2003-00433 on behalf of Louisville Gas and Electric Company and in Case No. 2003-00434 on behalf of Kentucky Utilities Company regarding pro-forma revenue, expense and plant adjustments, class cost of service studies, and rate design.



Submitted direct and rebuttal testimony in Case No. 2004-00067 on behalf of Delta Natural Gas Company regarding pro-forma adjustments, depreciation rates, class cost of service studies, and rate design.

Testified on behalf of Kentucky Utilities Company in Case No. 2006-00129 and on behalf of Louisville Gas and electric Company in Case No. 2006-00130 concerning methodologies for recovering environmental costs through base electric rates.

Testified on behalf of Delta Natural Gas Company in Case No. 2007-00089 concerning cost of service, temperature normalization, year-end normalization, depreciation expenses, allocation of the rate increase, and rate design.

Submitted testimony on behalf of Big Rivers Electric Corporation and E.ON U.S. LLC in Case No 2007-00455 and Case No. 2007-00460 regarding the design and implementation of a Fuel Adjustment Clause, Environmental Surcharge, Unwind Surcredit, Rebate Adjustment, and Member Rate Stability Mechanism for Big Rivers Electric Corporation in connection with the unwind of a lease and purchase power transaction with E.ON U.S. LLC.

**Nevada:** Submitted direct and rebuttal testimony in Case No. 03-10001 on behalf of Nevada Power Company regarding cash working capital and rate base adjustments.

Submitted direct and rebuttal testimony in Case No. 03-12002 on behalf of Sierra Pacific Power Company regarding cash working capital.

Submitted direct and rebuttal testimony in Case No. 05-10003 on behalf of Nevada Power Company regarding cash working capital for an electric general rate case.

Submitted direct and rebuttal testimony in Case No. 05-10005 on behalf of Sierra Pacific Power Company regarding cash working capital for a gas general rate case.

Submitted direct and rebuttal testimony in Case Nos. 06-11022 and 06-11023 on behalf of Nevada Power Company regarding cash working capital for a gas general rate case.

Submitted direct and rebuttal testimony in Case No. 07-12001 on behalf of Sierra Pacific Power Company regarding cash working capital for an electric general rate case.

**Nova Scotia:** Testified on behalf of Nova Scotia Power Company in NSUARB – NSPI – P-887 regarding the development and implementation of a fuel adjustment mechanism.

Submitted testimony in NSUARB – NSPI – P-884 regarding Nova Scotia Power Company's application to approve a demand-side management plan and cost recovery mechanism.

Submitted testimony on behalf of Nova Scotia Power Company in the matter of the approval of backup, top-up and spill service for use in the Wholesale Open Access Market in Nova Scotia.

**EXHIBIT SIG-3**

**ATTACHMENT O**

**CLEAN**

Midwest ISO  
FERC Electric Tariff, Third Revised Volume No. 1

Original Sheet No. 13652.21

Attachment O  
page 1 of 5

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended

VBCTGEM

Line No.				Allocated Amount
1	GROSS REVENUE REQUIREMENT (page 3, line 29)			\$ -
	REVENUE CREDITS (Note T)	Total	Allocation	
2	Account No. 454 (page 4, line 34)	0	TP 0.00000	0
3	Account No. 456.1 (page 4, line 37)	0	TP 0.00000	0
4	Revenues from Grandfathered Interannual Transactions	0	TP 0.00000	0
5	Revenues from service provided by the ISO at a discount	0	TP 0.00000	0
6	TOTAL REVENUE CREDITS (sum lines 2-5)			0
7	NET REVENUE REQUIREMENT (line 1 minus line 6)			\$ -
	DIVISOR			
8	Average of 12 coincident system peaks for requirements (RQ) service		(Note A)	0
9	Plus 12 CP of firm bundled sales over one year not in line 8		(Note B)	0
10	Plus 12 CP of Network Load not in line 8		(Note C)	0
11	Less 12 CP of firm P-T-P over one year (enter negative)		(Note D)	0
12	Plus Contract Demand of firm P-T-P over one year			0
13	Less Contract Demand from Grandfathered Interannual Transactions over one year (enter negative) (Note S)			0
14	Less Contract Demand from service over one year provided by ISO at a discount (enter negative)			0
15	Divisor (sum lines 8-14)			0
16	Annual Cost (\$/kW/Yr) (line 7 / line 15)	0.000		
17	Network & P-to-P Rate (\$/kW/Mo) (line 16 / 12)	0.000		
		Peak Rate	Off-Peak Rate	
18	Point-To-Point Rate (\$/kW/Wk) (line 16 / 52; line 16 / 52)	0.000		\$0.000
19	Point-To-Point Rate (\$/kW/Day) (line 18 / 5; line 18 / 7)	0.000 Capped at weekly rate		\$0.000
20	Point-To-Point Rate (\$/MWh) (line 19 / 16; line 19 / 24 times 1.000)	0.000 Capped at weekly and daily rates		\$0.000
21	FERC Annual Charge(\$/MWh) (Note E)	\$0.000 Short Term		\$0.000 Short Term
22		\$0.000 Long Term		\$0.000 Long Term

Midwest ISO  
FERC Electric Tariff, Third Revised Volume No. 1

Original Sheet No. 1365Z.22

Attachment O  
page 2 of 5

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended

Line No.	(1) RATE BASE:	(2) Form No. 1 Page, Line, Col.	(3) VECTREN Company Total	(4) Allcoaster Allcoaster	(5) Transmission (Col 3 times Col 4)
	GROSS PLANT IN SERVICE				
1	Production	205.46.g	0	NA	
2	Transmission	207.58.g	0	TP	0.00000
3	Distribution	207.75.g	0	NA	
4	General & Intangible	205.5.g & 207.99.g	0	W/S	0.00000
5	Common	356.1	0	CE	0.00000
6	TOTAL GROSS PLANT (sum lines 1-5)		0	GP=	0.000%
	ACCUMULATED DEPRECIATION				
7	Production	219.20.24.e	0	NA	
8	Transmission	219.25.e	0	TP	0.00000
9	Distribution	219.26.e	0	NA	
10	General & Intangible	219.28.e	0	W/S	0.00000
11	Common	356.1	0	CE	0.00000
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		0		
	NET PLANT IN SERVICE				
13	Production	(line 1 - line 7)	0		
14	Transmission	(line 2 - line 8)	0		0
15	Distribution	(line 3 - line 9)	0		
16	General & Intangible	(line 4 - line 10)	0		0
17	Common	(line 5 - line 11)	0		0
18	TOTAL NET PLANT (sum lines 13-17)		0	NP=	0.000%
18a	100% C/WIP Recovery for Commission accepted or Approved Order No. 679 Transmission Incentive Project	216.b	0	1.00000	0
	ADJUSTMENTS TO RATE BASE (Note F)				
19	Account No. 281 (enter negative)	273.8.k	0	NA	zero
20	Account No. 282 (enter negative)	275.2.k	0	NP	0.00000
21	Account No. 283 (enter negative)	277.9.k	0	NP	0.00000
22	Account No. 190	254.8.e	0	NP	0.00000
23	Account No. 255 (enter negative)	267.8.h	0	NP	0.00000
23a	Unamortized Balance of Cancelled or Abandoned Plant (Note W)		0		1.00000
24	TOTAL ADJUSTMENTS (sum lines 19- 23a)		0		0
25	LAND HELD FOR FUTURE USE	214.x.4 (Note G)	0	TP	0.00000
	WORKING CAPITAL (Note H)				
26	CWC	calculated	0		0
27	Materials & Supplies (Note G)	227.8.e & .16.e	0	TE	0.00000
28	Prepayments (Account 165)	111.37.e	0	GP	0.00000
29	TOTAL WORKING CAPITAL (sum lines 26 - 28)		0		0
30	RATE BASE (sum lines 18, 18a, 24, 25, & 29)		0		0

Issued by: Stephen G. Koosy, Issuing Officer  
Issued on: August 29, 2008

Effective: October 31, 2008

Midwest ISO  
FERC Electric Tariff, Third Revised Volume No. 1

Original Sheet No. 13652.23

Attachment O  
page 3 of 5

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended

Line No.	(1)	(2) Form No. 1 Page, Line, Col.	(3) VECTREN Company Total	(4) Allocation	(5) Transmission (Col 3 times Col 4)
<b>O&amp;M</b>					
1	Transmission	321.112.b	0	TE	0.00000
1a	Less LSE Expenses included in Transmission O&M Accounts (Note V)		0		0
2	Less Account 565	321.96.b	0		0
3	A&G	323.197.b	0	W/S	0.00000
4	Less FERC Annual Fees		0	W/S	0.00000
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note I)		0	W/S	0.00000
5a	Plus Transmission Related Reg. Comm. Exp. (Note I)		0	TE	0.00000
6	Common	336.1	0	CE	0.00000
7	Transmission Lease Payments		0		0
8	TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less lines 2, 4, 5)		0		0
<b>DEPRECIATION EXPENSE</b>					
9	Transmission	336.7.b	0	TP	0.00000
9a	Abandoned or Cancelled Plant Amortization (Note W)		0		0
10	General	336.10.b	0	W/S	0.00000
11	Common	336.11.b	0	CE	0.00000
12	TOTAL DEPRECIATION (Sum lines 9 - 11)		0		0
<b>TAXES OTHER THAN INCOME TAXES (Note J)</b>					
<b>LABOR RELATED</b>					
13	Payroll	263.i	0	W/S	0.00000
14	Highway and vehicle	263.i	0	W/S	0.00000
<b>PLANT RELATED</b>					
16	Property	263.i	0	GP	0.00000
17	Gross Receipts	263.i	0	NA	zero
18	Other	263.i	0	GP	0.00000
19	Payments in lieu of taxes		0	GP	0.00000
20	TOTAL OTHER TAXES (sum lines 13 - 19)		0		0
<b>INCOME TAXES (Note K)</b>					
21	$T = 1 - [(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p) =$		0.00%		
22	$CIT = (TIT - T) * (1 - (WCLTD/R)) =$ where WCLTD = (page 4, line 27) and R = (page 4, line 30) and FIT, SIT & p are as given in footnote K.		0.00%		
23	$1 / (1 - T) =$ (from line 21)		0.0000		
24	Amortized Investment Tax Credit (266.B) (enter negative)		0		
25	Income Tax Calculation = line 22 * line 28		0	NA	0
26	ITC adjustment (line 23 * line 24)		0	NP	0.00000
27	Total Income Taxes (line 25 plus line 26)		0		0
28	RETURN (Rate Base (page 2, line 30) * Rate of Return (page 4, line 30))		0	NA	0
29	REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28)		0		0

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Midwest ISO  
FERC Electric Tariff Third Revised Volume No. 1

Original Sheet No. 1365Z.24

Attachment O  
page 4 of 5

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended

VERTICAL  
SUPPORTING CALCULATIONS AND NOTES

Line No.	TRANSMISSION PLANT INCLUDED IN ISO RATES				
1	Total transmission plant (page 2, line 2, column 3)			0	
2	Less transmission plant excluded from ISO rates (Note M)			0	
3	Less transmission plant included in OATT Ancillary Services (Note N)			0	
4	Transmission plant included in ISO rates (line 1 less lines 2 & 3)			0	
5	Percentage of transmission plant included in ISO Rates (line 4 divided by line 1)		TP=	0.00000	
TRANSMISSION EXPENSES					
6	Total transmission expenses (page 3, line 1, column 3)			0	
7	Less transmission expenses included in OATT Ancillary Services (Note L)			0	
8	Included transmission expenses (line 6 less line 7)			0	
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)			0.00000	
10	Percentage of transmission plant included in ISO Rates (line 5)		TP	0.00000	
11	Percentage of transmission expenses included in ISO Rates (line 9 times line 10)		TE=	0.00000	
WAGES & SALARY ALLOCATOR (W&S)					
		Form 1 Reference	\$	TP	Allocation
12	Production	354.20.b	0	0.00	0
13	Transmission	354.21.b	0	0.00	0
14	Distribution	354.23.b	0	0.00	0
15	Other	354.24,25,26.b	0	0.00	0
16	Total (sum lines 12-15)		0		0 = 0.00000 = WS
COMMON PLANT ALLOCATOR (CE) (Note O)					
			\$	% Electric (line 17 / line 20)	W&S Allocator (line 16)
17	Electric	200.3.c	0	0.00000	0.00000 =
18	Gas	201.3.d	0		
19	Water	201.3.e	0		
20	Total (sum lines 17 - 19)		0		0.00000 = CE
RETURN (R)					
21	Long Term Interest (117, sum of 62.e through 67.e)			\$	\$0
22	Preferred Dividends (118.29c) (positive number)			\$	-
Development of Common Stock					
23	Proprietary Capital (112.16.e)				0
24	Less Preferred Stock (line 28)				0
25	Less Account 215.1 (112.12.e) (enter negative)				0
26	Common Stock (sum lines 23-25)				0
			\$	%	Cost (Note P)
27	Long Term Debt (112, sum of 18.a through 21.e)		0	0%	0.0000
28	Preferred Stock (112.3.a)		0	0%	0.0000
29	Common Stock (line 26)		0	0%	0.0000
30	Total (sum lines 27-29)		0		0.0000 =R
REVENUE CREDITS					
ACCOUNT 447 (SALES FOR RESALE) (310-311) (Note Q)				Load	
31	a. Bundled Non-BQ Sales for Resale (311.x.j)				0
32	b. Bundled Sales for Resale included in Divisor on page 1				0
33	Total of (a)-(b)				0
34	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R)				\$0
ACCOUNT 456.1 (OTHER ELECTRIC REVENUES) (Note U) (330.x.a)					
35	a. Transmission charges for all transmission transactions				\$0
36	b. Transmission charges for all transmission transactions included in Divisor on Page 1				\$0
37	Total of (a)-(b)				\$0

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Issued on: August 29, 2008

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Midwest ISO  
FERC Electric Tariff, Third Revised Volume No. 1

Original Sheet No. 13652.25

Attachment O  
page 5 of 5

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended

# VECTREN

General Note: References to pages in this formula rate are indicated as: (page#, line#, col#)  
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note  
Letter

- A Peak as would be reported on page 401, column d of Form 1 at the time of the ISO coincident monthly peak.
- B Labeled LF, LU, IF, IU on pages 310-311 of Form 1 at the time of the ISO coincident monthly peak.
- C Labeled LF on page 328 of Form 1 at the time of the ISO coincident monthly peak.
- D Labeled LF on page 328 of Form 1 at the time of the ISO coincident monthly peak.
- R The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff.
- F The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility elects to utilize amortization of tax credits against taxable income as discussed in Note K. Account 281 is not allocated.
- G Identified in Form 1 as being only transmission related.
- H Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 8, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Page 111 line 57 in the Form 1.
- I Line 5 - EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses included at 351.h, and non-safety related advertising included in Account 930.1. Line 5e - Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting included at 351.h.
- J Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Tax as related to income are excluded. Gross receipts taxes are not included in transmission revenue requirements in the Rate Formula Template, since they are recovered elsewhere.
- K The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and  $p = \text{"the percentage of federal income tax deductible for state income taxes"}$ . If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce net base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by  $(1/(1-T))$  (page 3, line 26).
- |                  |       |                                                                     |
|------------------|-------|---------------------------------------------------------------------|
| Inputs Required: | FIT = | 0.00%                                                               |
|                  | SIT = | 0.00% (State Income Tax Rate or Composite SIT)                      |
|                  | p =   | 0.00% (percent of federal income tax deductible for state purposes) |
- L Recovers dollar amount of transmission expenses included in the OATT ancillary services rates, including Account Nos. 561.1, 561.2, 561.3, and 561.BA.
- M Recovers transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
- N Recovers dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- O Enter dollar amount
- P Debt cost rate = long-term interest (line 21) / long term debt (line 27). Preferred cost rate = preferred dividends (line 22) / preferred outstanding (line 28). ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.
- Q Line 33 must equal zero since all short-term power sales must be unbundled and the transmission component reflected in Account No. 436.1 and all other taxes are to be included in the divisor.
- R Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
- S Grandfathered agreements whose rates have been changed to eliminate or mitigate passbacking - the revenues are included in line 4 page 1 and the loads are included in line 13, page 1. Grandfathered agreements whose rates have not been changed to eliminate or mitigate passbacking - the revenues are not included in line 4, page 1 nor are the loads included in line 13, page 1.
- T The revenues credited on page 1 lines 2-5 shall include only the amounts received directly (in the case of grandfathered agreements) or from the ISO (for service under this tariff) reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, ancillary services, facilities not included in this template (e.g., direct assignment facilities and G&Us) which are not recovered under this Rate Formula Template.
- U Account 436.1 entry shall be the annual total of the quarterly values reported at Form 1, 330.x.n.
- V Account Nos. 561.A, 561.B, and 575.7 consist of RTO expenses billed to load-serving entities and are not included in Transmission Owner revenue requirements.
- W Vectren would need to make a separate Section 205 filing and obtain Commission acceptance or approval for the specific amounts that Vectren would propose to include in the formula rate placeholders for cancelled or abandoned plant for the Project. Page 2 line 23a includes any unamortized balances related to the recovery of abandoned or cancelled plant costs accepted or approved by FERC. Page 3 line 9a includes the unamortization expense of abandoned or cancelled plant costs accepted or approved by FERC.



**EXHIBIT SIG-4**

**ATTACHMENT O**

**REDLINED**

Midwest ISO  
FERC Electric Tariff, Third Revised Volume No. 1

Original Sheet No. 136SZ21

Attachment O  
page 1 of 5

Formula Rate - Non-Leveled

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended

VECTREN

Line No.				Allocated Amount
1	GROSS REVENUE REQUIREMENT (page 3, line 29)			\$ -
	REVENUE CREDITS (Note T)	Total	Allocator	
2	Account No. 454 (page 4, line 34)	0	TP 0.00000	0
3	Account No. 456.1 (page 4, line 37)	0	TP 0.00000	0
4	Revenues from Grandfathered Interannual Transactions	0	TP 0.00000	0
5	Revenues from service provided by the ISO at a discount	0	TP 0.00000	0
6	TOTAL REVENUE CREDITS (sum lines 2-5)			0
7	NET REVENUE REQUIREMENT (line 1 minus line 6)			\$ -
	DIVISOR			
8	Average of 12 coincident system peaks for requirements (RQ) service		(Note A)	0
9	Plus 12 CP of firm bundled sales over one year not in line 8		(Note B)	0
10	Plus 12 CP of Network Load not in line 8		(Note C)	0
11	Less 12 CP of firm P-T-P over one year (enter negative)		(Note D)	0
12	Plus Contract Demand of firm P-T-P over one year			0
13	Less Contract Demand from Grandfathered Interannual Transactions over one year (enter negative) (Note S)			0
14	Less Contract Demands from service over one year provided by ISO at a discount (enter negative)			0
15	Divisor (sum lines 8-14)			0
16	Annual Cost (\$/kW/Yr) (line 7 / line 15)	0.000		
17	Network & P-to-P Rate (\$/kW/Mo) (line 16 / 12)	0.000		
		Peak Rate	Off-Peak Rate	
18	Point-To-Point Rate (\$/kW/Wk) (line 16 / 52; line 16 / 52)	0.000	\$0.000	
19	Point-To-Point Rate (\$/kW/Day) (line 18 / 5; line 18 / 7)	0.000 Capped at weekly rate	\$0.000	
20	Point-To-Point Rate (\$/MWh) (line 19 / 16; line 19 / 24 times 1,000)	0.000 Capped at weekly and daily rates	\$0.000	
21	FERC Annual Charge(\$/MWh) (Note E)	\$0.000 Short Term	\$0.000 Short Term	
22		\$0.000 Long Term	\$0.000 Long Term	

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Midwest ISO  
FERC Electric Tariff, Third Revised Volume No. 1

Original Sheet No. 13652.22

Attachment O  
page 2 of 5

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended

Line No.	(1)	(2) Form No. 1 Page, Line, Col.	(3) VECTREN Company Total	(4) Allsester	(5) Transmission (Col 3 times Col 4)
	<b>RATE BASE:</b>				
	<b>GROSS PLANT IN SERVICE</b>				
1	Production	205.46.g	0	NA	
2	Transmission	207.58.g	0	TP	0.00000
3	Distribution	207.75.g	0	NA	
4	General & Intangible	205.5.g & 207.99.g	0	W/S	0.00000
5	Common	356.1	0	CE	0.00000
6	<b>TOTAL GROSS PLANT (sum lines 1-5)</b>		<u>0</u>	<b>GP=</b> 0.0000%	<u>0</u>
	<b>ACCUMULATED DEPRECIATION</b>				
7	Production	219.20-24.e	0	NA	
8	Transmission	219.25.e	0	TP	0.00000
9	Distribution	219.26.e	0	NA	
10	General & Intangible	219.28.e	0	W/S	0.00000
11	Common	356.1	0	CE	0.00000
12	<b>TOTAL ACCUM. DEPRECIATION (sum lines 7-11)</b>		<u>0</u>		<u>0</u>
	<b>NET PLANT IN SERVICE</b>				
13	Production	(line 1 - line 7)	0		
14	Transmission	(line 2 - line 8)	0		0
15	Distribution	(line 3 - line 9)	0		
16	General & Intangible	(line 4 - line 10)	0		0
17	Common	(line 5 - line 11)	0		0
18	<b>TOTAL NET PLANT (sum lines 13-17)</b>		<u>0</u>	<b>NP=</b> 0.0000%	<u>0</u>
18a	<u>100% CWP Recovery for Construction accepted or Abandoned Order No. 679 Transmission Incentive Project</u>	216.h	0	1.00000	0
	<b>ADJUSTMENTS TO RATE BASE (Note F)</b>				
19	Account No. 281 (enter negative)	273.8.h	0	NA	zero
20	Account No. 282 (enter negative)	275.2.h	0	NP	0.00000
21	Account No. 283 (enter negative)	277.9.h	0	NP	0.00000
22	Account No. 190	234.8.a	0	NP	0.00000
23	Account No. 255 (enter negative)	287.8.h	0	NP	0.00000
23a	<u>Unrecovered Balance of Cancelled or Abandoned Plans (Note W)</u>		<u>0</u>	1.00000	<u>0</u>
24	<b>TOTAL ADJUSTMENTS (sum lines 19- 23a)</b>		<u>0</u>		<u>0</u>
25	<b>LAND HELD FOR FUTURE USE</b>	214.a.d (Note G)	0	TP	0.00000
	<b>WORKING CAPITAL (Note H)</b>				
26	CWC	calculated	0		0
27	Materials & Supplies (Note G)	227.8.e & .16.a	0	TE	0.00000
28	Prepayments (Account 165)	111.57.e	0	GP	0.00000
29	<b>TOTAL WORKING CAPITAL (sum lines 26 - 28)</b>		<u>0</u>		<u>0</u>
30	<b>RATE BASE (sum lines 18, 18a, 24, 25, &amp; 29)</b>		<u>0</u>		<u>0</u>

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Midwest ISO  
FERC Electric Tariff, Third Revised Volume No. 1

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Attachment O  
page 3 of 5

Formula Rate - Non-Levelized		Rate Formula Tariffplate Utilizing FERC Form 1 Data		For the 12 months ended	
Line No.	(1) Form No. 1 Page, Line, Col.	(2) Company Total	(3) VECTRIEN Allocation	(4) Transmission (Col 3 times Col 4)	(5)
<b>O&amp;M</b>					
1	Transmission 321.112.b	0	TE	0.00000	0
1a	Less LSE Expenses Included in Transmission O&M Accounts (Note V)	0		1.00000	0
2	Less Account 565 321.96.b	0		1.00000	0
3	A&G 323.197.b	0	W/S	0.00000	0
4	Less FERC Annual Fee	0	W/S	0.00000	0
5	Less EPRU & Reg. Comm. Exp. & Non-safety Ad. (Note I)	0	W/S	0.00000	0
5a	Plus Transmission Related Reg. Comm. Exp. (Note I)	0	TE	0.00000	0
6	Common 336.1	0	CE	0.00000	0
7	Transmission Lease Payments	0		1.00000	0
8	<b>TOTAL O&amp;M</b> (sum lines 1, 3, 5a, 6, 7 line items 2, 4, 5)	0			0
<b>DEPRECIATION EXPENSE</b>					
9	Transmission 336.7.b	0	TP	0.00000	0
9a	Abandoned or Classified Plant Amortization (Note W)	0		1.00000	0
10	General 336.10.b	0	W/S	0.00000	0
11	Common 336.11.b	0	CE	0.00000	0
12	<b>TOTAL DEPRECIATION</b> (Sum lines 9 - 11)	0			0
<b>TAXES OTHER THAN INCOME TAXES (Note J)</b>					
<b>LABOR RELATED</b>					
13	Payroll 263.J	0	W/S	0.00000	0
14	Highway and vehicle 263.J	0	W/S	0.00000	0
<b>PLANT RELATED</b>					
16	Property 263.J	0	GP	0.00000	0
17	Gross Receipts 263.J	0	NA	zero	0
18	Other 263.J	0	GP	0.00000	0
19	Payments in lieu of taxes	0	GP	0.00000	0
20	<b>TOTAL OTHER TAXES</b> (sum lines 13 - 19)	0			0
<b>INCOME TAXES (Note K)</b>					
21	$T = 1 - ((1 - S/T) * (1 - F/T)) / (1 - S/T * F/T * p) =$	0.00%			
22	$CIT = (T/T - T) * (1 - W/CLTD/R) =$	0.00%			
where W/CLTD = (page 4, line 27) and R = (page 4, line 30)					
and F/T, S/T & p are as given in footnote K.					
23	$1 / (1 - T) =$ (from line 21)	0.0070			
24	Amortized Investment Tax Credit (266.8f) (enter negative)	0			
25	Income Tax Calculation = line 22 * line 26	0	NA		0
26	ITC adjustment (line 23 * line 24)	0	NP	0.00000	0
27	<b>Total Income Taxes</b> (line 25 plus line 26)	0			0
28	<b>RETURN</b> [ Rate Base (page 2, line 30) * Rate of Return (page 4, line 30) ]	0	NA		0
29	<b>REV. REQUIREMENT</b> (sum lines 8, 12, 20, 27, 28)	0			0

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Midwest ISO  
FERC Electric Tariff, Third Revised Volume No. 1

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Attachment O  
page 4 of 5

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended

## VECTREN

## SUPPORTING CALCULATIONS AND NOTES

Line No.	TRANSMISSION PLANT INCLUDED IN ISO RATES					
1	Total transmission plant (page 2, line 2, column 3)				0	
2	Less transmission plant excluded from ISO rates (Note M)				0	
3	Less transmission plant included in OATT Ancillary Services (Note N)				0	
4	Transmission plant included in ISO rates (line 1 less lines 2 & 3)				0	
5	Percentage of transmission plant included in ISO Rates (line 4 divided by line 1)			TP=	0.00000	
TRANSMISSION EXPENSES						
6	Total transmission expenses (page 3, line 1, column 3)				0	
7	Less transmission expenses included in OATT Ancillary Services (Note L)				0	
8	Included transmission expenses (line 6 less line 7)				0	
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)				0.00000	
10	Percentage of transmission plant included in ISO Rates (line 5)			TP	0.00000	
11	Percentage of transmission expenses included in ISO Rates (line 9 times line 10)			TE=	0.00000	
WAGES & SALARY ALLOCATOR (W&S)						
		Form 1 Reference	\$	TP	Allocation	
12	Production	354.20.b	0	0.00	0	
13	Transmission	354.21.b	0	0.00	0	
14	Distribution	354.23.b	0	0.00	0	
15	Other	354.24,25,26.b	0	0.00	0	
16	Total (sum lines 12-15)		0		0	W&S Allocator (\$ / Allocation) = 0.00000 = WS
COMMON PLANT ALLOCATOR (CE) (Note O)						
			\$	% Electric (line 17 / line 20)	W&S Allocator (line 16)	CE
17	Electric	200.3.e	0	0.00000	0.00000	0.00000
18	Gas	201.3.d	0			
19	Water	201.3.e	0			
20	Total (sum lines 17 - 19)		0			
RETURN (R)						
21	Long Term Interest (117, sum of 62.e through 67.e)				\$0	
22	Preferred Dividends (118.29e) (positive number)				\$	
Development of Common Stock:						
23	Proprietary Capital (112.16.e)				0	
24	Less Preferred Stock (line 28)				0	
25	Less Account 216.1 (112.12.e) (enter negative)				0	
26	Common Stock (sum lines 23-25)				0	
			\$	%	Cost (Note F)	Weighted
27	Long Term Debt (112, sum of 18.e through 21.e)		0	0%	0.0000	0.0000 =W/CLTD
28	Preferred Stock (112.3.e)		0	0%	0.0000	0.0000
29	Common Stock (line 26)		0	0%	0.0000	0.0000
30	Total (sum lines 27-29)		0			0.0000 =R
REVENUE CREDITS						
					Load	
ACCOUNT 447 (SALES FOR RESALE)						
31	a. Bundled Non-RQ Sales for Resale (311.a.b)	(310-311)	(Note Q)		0	
32	b. Bundled Sales for Resale included in Divisor on page 1				0	
33	Total of (a)-(b)				0	
ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R)						
34					\$0	
ACCOUNT 456.1 (OTHER ELECTRIC REVENUES) (Note U)						
35	a. Transmission charges for all transmission transactions	(330.a.a)			\$0	
36	b. Transmission charges for all transmission transactions included in Divisor on Page 1				\$0	
37	Total of (a)-(b)				\$0	

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Midwest ISO  
FERC Electric Tariff, Third Revised Volume No. 1

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Attachment O  
page 5 of 5

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended

VBCTREN

General Note: References to pages in this formula rate are indicated as: (page#, line#, col#)  
References to data from FERC Form 1 are indicated as: #, y, x (page, line, column)

Note  
Letter

- A Peak as would be reported on page 401, column d of Form 1 at the time of the ISO coincident monthly peaks.
- B Labeled LF, LU, IF, IU on pages 310-311 of Form 1 at the time of the ISO coincident monthly peaks.
- C Labeled LF on page 328 of Form 1 at the time of the ISO coincident monthly peaks.
- D Labeled LF on page 328 of Form 1 at the time of the ISO coincident monthly peaks.
- E The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff.
- F The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in certain accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note K. Account 281 is not allocated.
- G Identified in Form 1 as being only transmission related.
- H Cash Working Capital assigned to transmission is one-eighth of O&M allowed to transmission at page 3, line 8, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Page 111 line 57 in the Form 1. Line 5 - EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses itemized at 351.h, and non-safety related advertising included in Account 930.1. Line 5e - Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.b.
- J Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Tax on related to income are excluded. Gross receipts taxes are not included in transmission revenue requirements in the Rate Formula Template, since they are recovered elsewhere.
- K The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and  $p = \frac{\text{the percentage of federal income tax deductible for state income taxes}}{\text{the percentage of federal income tax deductible for state income taxes}}$ . If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the American Investment Tax Credit (Form 1, 266.8.f) multiplied by  $(1/(1-T))$  (page 3, line 26).
- Inputs Required:
- |       |                                                                     |
|-------|---------------------------------------------------------------------|
| FIT = | 0.00%                                                               |
| SIT = | 0.00% (State Income Tax Rate or Composite SIT)                      |
| p =   | 0.00% (percent of federal income tax deductible for state purposes) |
- L Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including Account Nos. 561.1, 561.2, 561.3, and 561.BA.
- M Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
- N Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- O Enter dollar amounts
- P Debt cost rate = long-term interest (line 21) / long term debt (line 27). Preferred cost rate = preferred dividends (line 22) / preferred outstanding (line 28). ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.
- Q Line 33 must equal zero since all short-term power sales must be unbundled and the transmission component reflected in Account No. 436.1 and all other taxes are to be included in the divisor.
- R Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
- S Grandfathered agreements whose rates have been changed to eliminate or mitigate penalizing - the revenues are included in line 4 page 1 and the loads are included in line 13, page 1. Grandfathered agreements whose rates have not been changed to eliminate or mitigate penalizing - the revenues are not included in line 4, page 1 nor are the loads included in line 13, page 1.
- T The revenues credited on page 1 lines 2-5 shall include only the amounts received directly (in the case of grandfathered agreements) or from the ISO (for service under this tariff) reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, ancillary services, facilities not included in this template (e.g., direct assignment facilities and OSUs) which are not recovered under this Rate Formula Template.
- U Account 456.1 entry shall be the annual total of the quarterly values reported at Form 1, 330.a.a.
- V Account Nos. 561.A, 561.B, and 575.7 consist of RTO expenses billed to load-serving entities and are not included in Transmission Owner revenue requirements.
- W Ypsilon would need to make a separate Section 205 filing and obtain Commission permission or approval for the specific amounts that Ypsilon would propose to include in the formula rate adjustments for cancelled or abandoned plant for the Project. Page 2 line 22a includes gas transmission balances related to the recovery of abandoned or cancelled plant costs assumed or recovered by FERC. Page 1 line 9a includes the transportation expense of abandoned or cancelled plant costs assumed or recovered by FERC.

**ATTACHMENT 1**

**CLEAN TARIFF SHEETS**



## **ATTACHMENT O RATE FORMULAE**

(See the following Attachments)

- Transmission Provider -- Formulaic Rates Description
- Formula Rate -- Non-Levelized -- Rate Formula Template Utilizing FERC Form 1 Data
- Formula Rate -- Non-Levelized -- Rate Formula Template Utilizing RUS Form 12 Data
- Formula Rate -- Non-Levelized-- Rate Formula Template Utilizing EIA Form 412 Data
- Formula Rate -- Cash Flow -- Rate Formula Template Utilizing RUS Form 12 Data
- Formula Rate -- Cash Flow -- Rate Formula Template Utilizing EIA Form 412 Data
- Formula Rate -- ATC -- American Transmission Company LLC, Rate Formula
- Formula Rate -- ATSI -- American Transmission Systems, Incorporated
- Formula Rate -- International -- International Transmission Company,  
FERC Form 1 Data
- Formula Rate -- METC -- Michigan Electric Transmission Company, LLC,  
FERC Form 1 Data
- Formula Rate -- Midwest-- ITC Midwest LLC,  
FERC Form 1 Data
- Formula Rate -- NSP -- Northern States Power Companies,  
FERC Form 1 Data
- Formula Rate -- SMMPA -- Southern Minnesota Municipal Power Agency,  
EIA Form 412 Data
- Formula Rate -- Vectren -- Vectren Energy Delivery of Indiana, Inc.,  
FERC Form 1 Data

**TABLE 1****Cross Reference to Attachment O for Completion of Attachment CC**

	<u>FERC Form 1</u>	<u>EIA Form 412 Non-Levelized</u>	<u>EIA Form 412 Cash Flow</u>
Gross Transmission Plant	page 2, line 2, col 3 & 5	page 2, line 2, col 3 & 5	page 3, line 2, col 3 & 5
Total O&M	page 3, line 8, col 5	page 3, line 8, col 5	page 2, line 8
Depreciation Expense Transmission	page 3, line 9, col 5	page 3, line 9, col 5	see Non-Levelized formula
Total Other Taxes	page 3, line 20, col 5	page 3, line 20, col 5	page 2, line 20
Total Income Taxes	page 3, line 27, col 5	page 3, line 27, col 5	N/A
Total Return on Rate Base	page 4, line 30	page 4, line 24	see Note G Attachment CC
Long Term Interest			page 3, line 29
Long Term Debt			page 3, line 27
Proprietary Capital			see Note G Attachment CC
Proprietary Capital Cost Rate			FERC approved rate

	<u>RUS Form 12 Non-Levelized</u>	<u>RUS Form 12 Cash Flow</u>	<u>Vectren FERC Form 1</u>
Gross Transmission Plant	page 2, line 2, col 3 & 5	page 3, line 2, col 3 & 5	page 2, lines 2 & 18a, col 3 & 5
Total O&M	page 3, line 8, col 5	page 2, line 8	page 3, line 8, col 5
Depreciation Expense Transmission	page 3, line 9, col 5	see Non-Levelized formula	page 3, line 8 & 9a, col 5
Total Other Taxes	page 3, line 20, col 5	page 2, line 20	page 3, line 20, col 5
Total Income Taxes	page 3, line 27, col 5	N/A	page 3, line 27, col 5
Total Return on Rate Base	page 4, line 24	see Note G Attachment CC	page 4, line 30
Long Term Interest		page 3, line 29	
Long Term Debt		page 3, line 27	
Proprietary Capital		see Note G Attachment CC	
Proprietary Capital Cost Rate		FERC approved rate	

	<u>ATCLC FERC Form 1</u>	<u>ITC FERC Form 1</u>	<u>ATSI FERC Form 1</u>
Gross Transmission Plant	page 2, lines 2a & 2b, col 3 & 5	page 2, line 2, col 3 & 7	page 2, line 2, col 3 & 7
Total O&M	page 3, line 8, col 5	page 3, line 8, col 7	page 3, line 8, col 7
Depreciation Expense Transmission	page 3, line 9, col 5	page 3, line 9, col 7	page 3, line 9, col 7
Total Other Taxes	page 3, line 20, col 5	page 3, line 20, col 7	page 3, line 20, col 7
Total Income Taxes	page 3, line 27, col 5	page 3, line 27, col 7	page 3, line 27, col 7
Total Return on Rate Base	page 4, line 30	page 4, line 30	page 4, line 30
Long Term Interest			
Long Term Debt			
Proprietary Capital			
Proprietary Capital Cost Rate			

Table 1

## Cross Reference to Attachment O for Completion of Attachment GG

	<u>FERC Form 1</u>	<u>EIA Form 412 Non-Levelized</u>	<u>EIA Form 412 Cash Flow</u>
Gross Transmission Plant	page 2, line 2, col 3 & 5	page 2, line 2, col 3 & 5	page 3, line 2, col 3 & 5
Total O&M	page 3, line 6, col 5	page 3, line 8, col 5	page 2, line 8
Depreciation Expense Transmission	page 3, line 9, col 5	page 3, line 9, col 5	see Non-Levelized formula
Total Other Taxes	page 3, line 20, col 5	page 3, line 20, col 5	page 2, line 20
Total Income Taxes	page 3, line 27, col 5	page 3, line 27, col 5	N/A
Total Return on Rate Base	page 4, line 30	page 4, line 24	see Note F Attachment GG
Long Term Interest			page 3, line 29
Long Term Debt			page 3, line 27
Proprietary Capital			see Note F Attachment GG
Proprietary Capital Cost Rate			FERC approved rate
	<u>RUS Form 12 Non-Levelized</u>	<u>RUS Form 12 Cash Flow</u>	<u>Vestron FERC Form 1</u>
Gross Transmission Plant	page 2, line 2, col 3 & 5	page 3, line 2, col 3 & 5	page 2, lines 2 & 18a, col 3 & 5
Total O&M	page 3, line 6, col 5	page 2, line 8	page 3, line 8, col 5
Depreciation Expense Transmission	page 3, line 9, col 5	see Non-Levelized formula	page 3, line 9 & 9a, col 5
Total Other Taxes	page 3, line 20, col 5	page 2, line 20	page 3, line 20, col 5
Total Income Taxes	page 3, line 27, col 5	N/A	page 3, line 27, col 5
Total Return on Rate Base	page 4, line 24	see Note F Attachment GG	page 4, line 30
Long Term Interest		page 3, line 29	
Long Term Debt		page 3, line 27	
Proprietary Capital		see Note F Attachment GG	
Proprietary Capital Cost Rate		FERC approved rate	
	<u>ATCLC FERC Form 1</u>	<u>ITC FERC Form 1</u>	<u>ATSI FERC Form 1</u>
Gross Transmission Plant	page 2, lines 2a & 2b, col 3 & 5	page 2, line 2, col 3 & 7	page 2, line 2, col 3 & 5
Total O&M	page 3, line 6, col 5	page 3, line 8, col 7	page 3, line 8, col 5
Depreciation Expense Transmission	page 3, line 9, col 5	page 3, line 9, col 7	page 3, line 9, col 5
Total Other Taxes	page 3, line 20, col 5	page 3, line 20, col 7	page 3, line 20, col 5
Total Income Taxes	page 3, line 27, col 5	page 3, line 27, col 7	page 3, line 27, col 5
Total Return on Rate Base	page 4, line 30	page 4, line 30	page 4, line 30
Long Term Interest			
Long Term Debt			
Proprietary Capital			
Proprietary Capital Cost Rate			

**REDLINE TARIFF SHEETS**

**ATTACHMENT O  
RATE FORMULAE**

(See the following Attachments)

- Transmission Provider -- Formulaic Rates Description
- Formula Rate – Non-Levelized – Rate Formula Template Utilizing FERC Form 1 Data
- Formula Rate – Non-Levelized – Rate Formula Template Utilizing RUS Form 12 Data
- Formula Rate – Non-Levelized– Rate Formula Template Utilizing EIA Form 412 Data
- Formula Rate – Cash Flow – Rate Formula Template Utilizing RUS Form 12 Data
- Formula Rate – Cash Flow – Rate Formula Template Utilizing EIA Form 412 Data
- Formula Rate – ATC – American Transmission Company LLC, Rate Formula
- Formula Rate – ATSI – American Transmission Systems, Incorporated
- Formula Rate – International – International Transmission Company,  
FERC Form 1 Data
- Formula Rate – METC – Michigan Electric Transmission Company, LLC,  
FERC Form 1 Data
- Formula Rate – Midwest– ITC Midwest LLC,  
FERC Form 1 Data
- Formula Rate – NSP – Northern States Power Companies,  
FERC Form 1 Data
- Formula Rate – SMMPA – Southern Minnesota Municipal Power Agency,  
EIA Form 412 Data
- Formula Rate – Vectren – Vectren Energy Delivery of Indiana, Inc.,  
FERC Form 1 Data

TABLE 1

## Cross Reference to Attachment O for Completion of Attachment CC

	<u>FERC Form 1</u>	<u>EIA Form 412 Non-Levelized</u>	<u>EIA Form 412 Cash Flow</u>
Gross Transmission Plant	page 2, line 2, col 3 & 5	page 2, line 2, col 3 & 5	page 3, line 2, col 3 & 5
Total O&M	page 3, line 8, col 5	page 3, line 8, col 5	page 2, line 8
Depreciation Expense Transmission	page 3, line 9, col 5	page 3, line 9, col 5	see Non-Levelized formula
Total Other Taxes	page 3, line 20, col 5	page 3, line 20, col 5	page 2, line 20
Total Income Taxes	page 3, line 27, col 5	page 3, line 27, col 5	N/A
Total Return on Rate Base	page 4, line 30	page 4, line 24	see Note G Attachment CC
Long Term Interest			page 3, line 29
Long Term Debt			page 3, line 27
Proprietary Capital			see Note G Attachment CC
Proprietary Capital Cost Rate			FERC approved rate

	<u>RUS Form 12 Non-Levelized</u>	<u>RUS Form 12 Cash Flow</u>	<u>Vestron FERC Form 1</u>
Gross Transmission Plant	page 2, line 2, col 3 & 5	page 3, line 2, col 3 & 5	page 2, lines 2 & 18a, col 3 & 5
Total O&M	page 3, line 8, col 5	page 2, line 8	page 3, line 8, col 5
Depreciation Expense Transmission	page 3, line 9, col 5	see Non-Levelized formula	page 3, line 9 & 9a, col 5
Total Other Taxes	page 3, line 20, col 5	page 2, line 20	page 3, line 20, col 5
Total Income Taxes	page 3, line 27, col 5	N/A	page 3, line 27, col 5
Total Return on Rate Base	page 4, line 24	see Note G Attachment CC	page 4, line 30
Long Term Interest		page 3, line 29	
Long Term Debt		page 3, line 27	
Proprietary Capital		see Note G Attachment CC	
Proprietary Capital Cost Rate		FERC approved rate	

	<u>ATCLC FERC Form 1</u>	<u>ITC FERC Form 1</u>	<u>ATSI FERC Form 1</u>
Gross Transmission Plant	page 2, lines 2a & 2b, col 3 & 5	page 2, line 2, col 3 & 7	page 2, line 2, col 3 & 7
Total O&M	page 3, line 8, col 5	page 3, line 8, col 7	page 3, line 8, col 7
Depreciation Expense Transmission	page 3, line 9, col 5	page 3, line 9, col 7	page 3, line 9, col 7
Total Other Taxes	page 3, line 20, col 5	page 3, line 20, col 7	page 3, line 20, col 7
Total Income Taxes	page 3, line 27, col 5	page 3, line 27, col 7	page 3, line 27, col 7
Total Return on Rate Base	page 4, line 30	page 4, line 30	page 4, line 30
Long Term Interest			
Long Term Debt			
Proprietary Capital			
Proprietary Capital Cost Rate			

Issued by: Ronald R. McNamara/Stephen G. Kozey, Issuing Officer

Effective: June 4, 2005/October 31, 2008

Issued on: May 17, 2005/August 29, 2008

Filed to comply with the Commission's November 18, 2004 Order Midwest Independent Transmission System Operator, Inc. (Docket No. 04-1684-2004).

Table 1

## Cross Reference to Attachment O for Completion of Attachment GG

	<u>FERC Form 1</u>	<u>EIA Form 412 Non-Levelized</u>	<u>EIA Form 412 Cash Flow</u>
Gross Transmission Plant	page 2, line 2, col 3 & 5	page 2, line 2, col 3 & 5	page 3, line 2, col 3 & 5
Total O&M	page 3, line 8, col 5	page 3, line 8, col 5	page 2, line 8
Depreciation Expense Transmission	page 3, line 9, col 5	page 3, line 9, col 5	see Non-Levelized formula
Total Other Taxes	page 3, line 20, col 5	page 3, line 20, col 5	page 2, line 20
Total Income Taxes	page 3, line 27, col 5	page 3, line 27, col 5	N/A
Total Return on Rate Base	page 4, line 30	page 4, line 24	see Note F Attachment GG
Long Term Interest			page 3, line 29
Long Term Debt			page 3, line 27
Proprietary Capital			see Note F Attachment GG
Proprietary Capital Cost Rate			FERC approved rate
	<u>RUS Form 12 Non-Levelized</u>	<u>RUS Form 12 Cash Flow</u>	<u>Yesirex FERC Form 1</u>
Gross Transmission Plant	page 2, line 2, col 3 & 5	page 3, line 2, col 3 & 5	page 2, lines 2 & 18a, col 3 & 5
Total O&M	page 3, line 8, col 5	page 2, line 8	page 3, line 8, col 5
Depreciation Expense Transmission	page 3, line 9, col 5	see Non-Levelized formula	page 3, line 8 & 9a, col 5
Total Other Taxes	page 3, line 20, col 5	page 2, line 20	page 3, line 20, col 5
Total Income Taxes	page 3, line 27, col 5	N/A	page 3, line 27, col 5
Total Return on Rate Base	page 4, line 24	see Note F Attachment GG	page 4, line 30
Long Term Interest		page 3, line 29	
Long Term Debt		page 3, line 27	
Proprietary Capital		see Note F Attachment GG	
Proprietary Capital Cost Rate		FERC approved rate	
	<u>ATCLC FERC Form 1</u>	<u>ITC FERC Form 1</u>	<u>ATSI FERC Form 1</u>
Gross Transmission Plant	page 2, lines 2a & 2b, col 3 & 5	page 2, line 2, col 3 & 7	page 2, line 2, col 3 & 5
Total O&M	page 3, line 8, col 5	page 3, line 8, col 7	page 3, line 8, col 5
Depreciation Expense Transmission	page 3, line 9, col 5	page 3, line 9, col 7	page 3, line 9, col 5
Total Other Taxes	page 3, line 20, col 5	page 3, line 20, col 7	page 3, line 20, col 5
Total Income Taxes	page 3, line 27, col 5	page 3, line 27, col 7	page 3, line 27, col 5
Total Return on Rate Base	page 4, line 30	page 4, line 30	page 4, line 30
Long Term Interest			
Long Term Debt			
Proprietary Capital			
Proprietary Capital Cost Rate			

## **ATTACHMENT 2**



**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

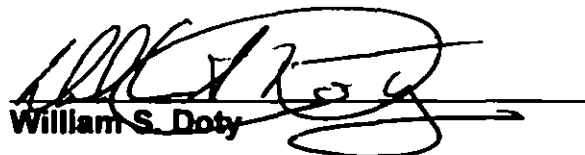
**SOUTHERN INDIANA GAS &  
ELECTRIC COMPANY**

|

**DOCKET NO. ER08- -000**

State of Indiana )  
City of Evansville )

I, **William S. Doty, President** of Southern Indiana Gas & Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc., being duly sworn, depose and say that to the best of my knowledge, information, and belief, the statements and supporting data submitted in this Section 205 Filing in the above-captioned proceeding are true, accurate, and current representations of the utility's books, budgets, or other corporate documents.

  
William S. Doty

SUBSCRIBED AND SWORN to before me  
this 6 day of August 2008

  
\_\_\_\_\_  
Notary Public, City of Evansville, Indiana

My Commission expires: July 4, 2014



**MARY ETTA SMITH**  
Notary Public, State of Indiana  
County of Vanderburgh  
My Commission Expires July 4, 2014