

Vectren Energy Delivery

Carl Chapman

Chairman, President and CEO



Vectren Leadership Team in Attendance



Carl Chapman

Chairman, President & CEO

Ron Christian

Executive Vice President, Chief Legal & External Affairs Officer

Bob Heidorn

Senior Vice President, General Counsel, Chief Compliance Officer & Assistant Secretary

Rick Schach

Senior Vice President, Utility Operations & President, Vectren Utility Holdings Inc.

Chase Kelley

Vice President, Marketing and Communications

Scott Albertson

Vice President, Regulatory Affairs & Gas Supply

Mike Roeder

Vice President, Government Affairs & President, Vectren North

Jim Francis

Vice President, Safety and System Integrity

Natalie Hedde

Director, Corporate Communications

Laurie Thornton

Director, State Government Affairs

Perry Pergola

Director, Gas Supply

Cas Swiz

Director, Rates & Regulatory Analysis

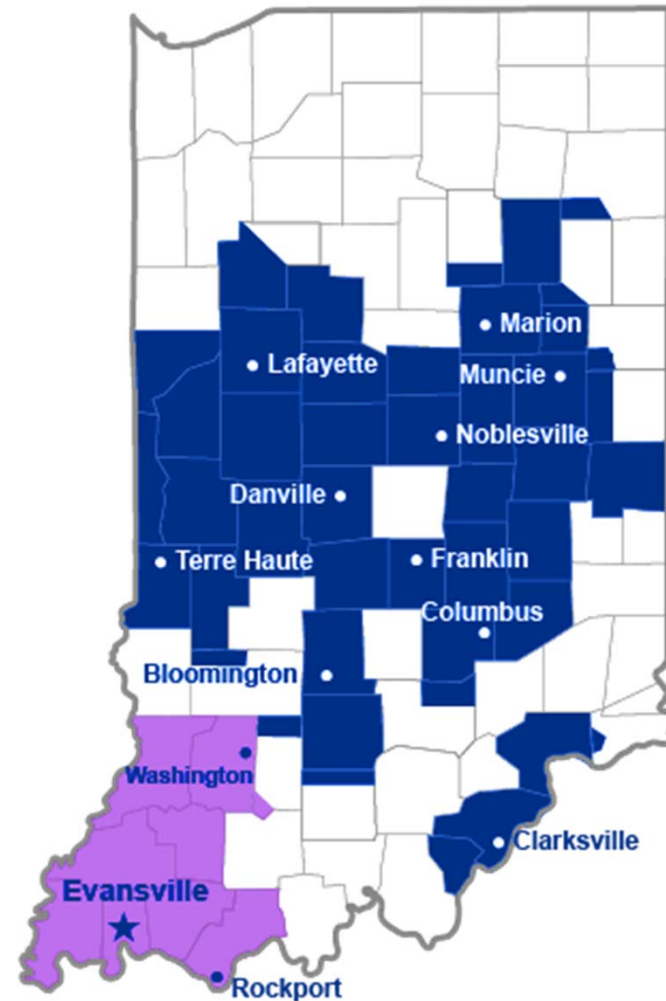
Vectren's Gas Footprint

Vectren Energy Delivery of Indiana – South

- 110,000 gas customers
- 9 counties

Vectren Energy Delivery of Indiana – North

- 578,000 gas customers
- 48 counties



Agenda

- Summary of Last Winter
- Winter Bill Projections
- Payment Assistance
- Pipeline Safety, Infrastructure Modernization & Communication



Winter of 2014-2015



- Colder than normal weather conditions
 - Colder than normal November-February: 7% colder in Vectren South, 11% colder in Vectren North
 - Weather was slightly warmer than 2013-2014 over this time period: 2% in Vectren North, 3% in Vectren South
 - Arctic air causing up to 30 inches of snow in lake effect areas of Northern Indiana for the month of February
- Many high throughput days
 - 2 of the top 3 historic throughput days and 8 of the top 21 occurred during this winter season
- Both North and South systems performed very well
 - Pipeline delivery systems, storage fields and propane assets performed well during these high throughput periods
 - Adequate supplies and system deliverability with no curtailments

Underground Storage and Liquid Propane Plants

Winter of 2014-2015 - Results



- Underground storage and LP Plants provided gas supply for peak day conditions January 7, 2015: 23% for South and 15% for North
- Storage Statistics- November-February
 - Over 6.5 bcf in withdrawals
- Record supplemental gas produced from 3 LP plants
 - Over 925,000 gallons of propane used to make nearly 85,000 Dth of natural gas, a 21% increase over 2014's then record total of nearly 729,000 gallons
- 24/7 operations in coldest days
 - Daily conference calls with gas control, storage and field operations to discuss issues and future plans
 - Storage operators worked many extra hours to keep plants operating, some reported to their locations ahead of the snow storms and were snowed in for 2 days to maintain plant operation
 - Fields and LP Plants operated as designed, minimal operational issues – excellent reliability over the 4 month period

Winter Bill Projections – Significant Decrease Expected (Normal to Normal)

North	Nov	Dec	Jan	Feb	Mar	Total
This Winter	\$75	\$95	\$110	\$90	\$75	\$445
Last Winter	\$85	\$125	\$140	\$110	\$90	\$550
Projected Therm Usage	93	142	178	137	108	658

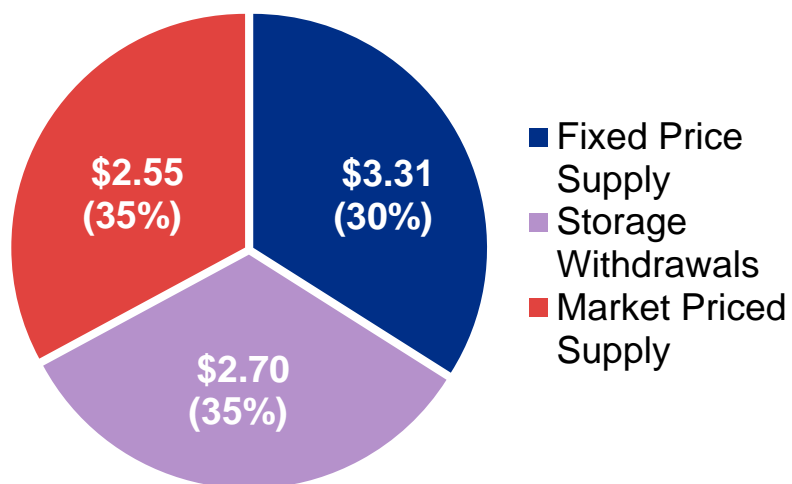
South	Nov	Dec	Jan	Feb	Mar	Total
This Winter	\$50	\$70	\$95	\$75	\$60	\$350
Last Winter	\$65	\$100	\$125	\$90	\$70	\$450
Projected Therm Usage	76	125	169	125	87	582

Preparing For This Winter

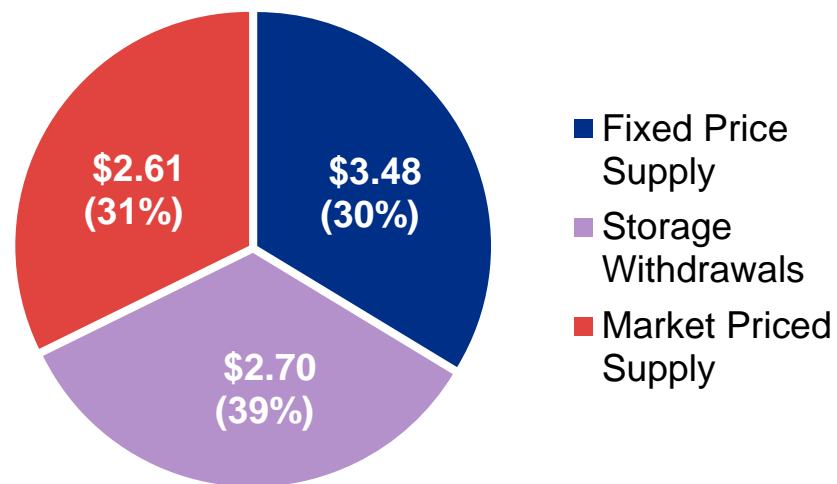


- Based on Hedges in Place and NYMEX Prices as of 10/1/2014
- Both Pipeline and Company Storage are Full

Vectren North Winter 2015-2016



Vectren South Winter 2015-2016



Helping Those Challenged to Pay



LIHEAP

- Customers receiving LIHEAP are offered reduced deposits
- Provided the opportunity to pay defaulted payment arrangement amounts to avoid disconnection
- Extended payment arrangements that extend the balance through September 2016

Universal Service Program (USP) (at or below 150% of the Federal poverty level)

- Provided \$1.8M (exclusive of the crisis hardship fund) to 20,000 customers in 2014/2015

USP Crisis/Hardship Fund (at or below 200% of the Federal poverty level)

- Assistance for customers with past due balances
- Distributed \$674,000 assistance to 3,600 customers in 2014/2015
- Program extended through September 30, 2020

Share The Warmth (public foundation to assist income-eligible households with energy conservation)

- Indiana community action agencies received \$243,000 in 2014/2015
 - 119 homes weatherized
 - 2015 fund raising campaign should yield nearly \$300,000 for weatherization in 2016.

Pipeline Safety – Pipeline Infrastructure Facts

- **768 miles of transmission pipelines**
 - 43 miles reside in high consequence area
 - 167 miles reside in a class 3 or 4 location
 - 159 miles can be inspected by in-line inspection methods

- **15,448 miles of distribution pipelines**
 - 840 miles of bare steel and cast iron
 - 745,000 service lines
 - 120,000 excess flow valves



Pipeline Safety – Infrastructure Modernization

- Multi-year plan, driven by Transmission and Distribution Integrity Management Programs enhance pipeline system integrity and modernize pipeline system assets
- Distribution Infrastructure
 - Bare Steel and Cast Iron
 - Vintage Plastic
 - Ineffectively Coated Steel
 - Obsolete Equipment
- Transmission Infrastructure
 - In-line Inspection Modifications
 - Pressure Testing
 - Remote Control Valve Operation
 - Obsolete Equipment



Pipeline Safety – Pipeline Modernization

- 355 miles of Bare Steel and Cast Iron main has been retired since 2008
- Will retire approximately 85 additional miles of bare steel and cast iron infrastructure and approximately 6,000 service lines annually
- Additional distribution replacements include approximately 7 miles of pre-1970 coated steel pipe, 1 mile of vintage plastic and the replacement of other obsolete or aged equipment
- Gas transmission system enhancements will include pressure testing 28 miles, retrofitting 18 miles for inline inspection, upgrading 3 valves for remote controlled operation and the replacement of other obsolete or aged equipment
- Similar investments in Vectren's pipeline system will be made over the next 9 years

Pipeline Safety – Regulations

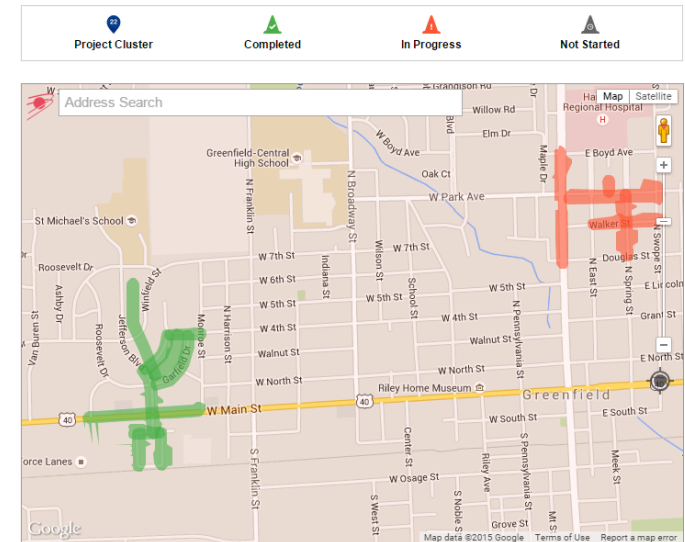
- 2015 has seen an increase in publishing of pipeline safety regulations and notices of proposed rulemaking
- The Pipeline Safety Act's reauthorization expires at the end of this year
 - Reauthorization occurs every four years and provides an opportunity for the Pipeline Hazardous Materials Administration (PHMSA) to reauthorize and add any proposed changes
- Pipeline safety rules published in 2015 will increase requirements associated with pipeline inspection, qualification of personnel performing plastic pipe joining and the adoption of updates to technical standards referenced by code
- Proposed rules regarding additional requirements for operator qualification and national mapping standards have been issued for comment
- Still awaiting proposed rules on the Safety of Gas Transmission & Gathering Lines
- Vectren has named Jim Francis as Vice President of Safety & System Integrity

Public Awareness Infrastructure Modernization

- **Public Outreach continues in both North and South territories**
 - Focuses on ongoing projects and construction work
 - Emphasis on public safety around our crews
- **New interactive project map added to Vectren.com**
 - Search by location to see active, planned and completed projects
- **Installation of Automated Meter Reading highlighted in Fall TV/digital outreach in Vectren North**
- **Additional digital marketing channels**
 - Pandora, Weather.com, Hulu, Twitter, Facebook, YouTube

Active Projects Map

Explore the interactive map below to learn more about our current pipeline replacement projects. Type your address into the address field to find projects near you and click on the highlighted streets to reveal details about the work. Please continue to check back for new construction projects, as well as updates on existing projects.



In Summary

- Prepared to serve customers
- Forecasting lower bills this winter
- Offering customer assistance
- Committed to Pipeline Safety and Infrastructure Modernization; While Improving Customer Experience





Questions?