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VECTREN UTILITY HOLDINGS INC

Form U-3A-2

August 17, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM U-3A-2

Statement by Holding Company  
Claiming Exemption Under Rule U-3A-2  
From the Provisions of the  
Public Utility Holding Company Act of 1935

To Be Filed Annually Prior to March 1

VECTREN CORPORATION  
VECTREN UTILITY HOLDINGS, INC.

-----  
(Name of Company)

hereby file with the Securities and Exchange Commission, pursuant to Rule 2, their statement claiming exemption as holding companies from the provisions of the Public Utility Holding Company Act of 1935, and submit the following information:

ITEM 1. Name, State of organization, location, and nature of business of Claimant and every subsidiary thereof, other than any exempt wholesale generator (EWG) or foreign utility company in which Claimant directly or indirectly holds an interest.

Vectren Corporation (Vectren or Claimant), an Indiana corporation, is an energy and applied technology holding company headquartered in Evansville, Indiana. Vectren was organized on June 10, 1999, solely for the purpose of effecting the merger of Indiana Energy, Inc. (Indiana Energy) and SIGCORP, Inc. (SIGCORP). On March 31, 2000, the merger of Indiana Energy with SIGCORP and into Vectren was consummated with a tax-free exchange of shares and has been accounted for as a pooling-of-interests in accordance with Accounting Principles Board Opinion No. 16 "Business Combinations." Vectren is a "holding company," as such term is defined by the Public Utility Holding Company Act of 1935 (the Act).

Utility Group Operations

Vectren Utility Holdings, Inc. (VUHI), an Indiana corporation, is a "subsidiary company" of Vectren and a "holding company" (as such terms are defined by the Act). VUHI is the intermediate holding company for Vectren's three operating public utilities: Indiana Gas Company, Inc. (Indiana Gas), formerly a wholly owned subsidiary of Indiana Energy, Southern Indiana Gas and Electric Company (SIGECO), formerly a wholly owned subsidiary of SIGCORP, and the Ohio operations (defined hereafter). VUHI's regulated subsidiaries serve approximately one million customers in Indiana and Ohio. VUHI also holds a 33% ownership interest

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in Community Natural Gas Company, Inc. (Community) and a preferred equity and convertible subordinated debt interest in Babb International, Inc, and has other assets that provide information technology and other services to the three utilities

Indiana Gas, an Indiana and Ohio corporation, is a "subsidiary company" of VUHI and is also a "gas utility company" and a "public utility company" (as such terms are defined by the Act). Indiana Gas provides natural gas distribution and transportation services to a diversified customer base in 49 of Indiana's 92 counties. Indiana Gas also holds a 47% undivided ownership interest in the assets of the Ohio operations (see below).

SIGECO, an Indiana corporation, is a "subsidiary company" of VUHI and is also an "electric utility company," a "gas utility company," and a "public utility company" (as such terms are defined by the Act). SIGECO provides electric generation, transmission and distribution services to eight counties in southwestern Indiana, including Evansville, and participates in the wholesale power market. SIGECO also provides natural gas distribution and transportation services to ten counties in southwestern Indiana, including Evansville.

Both Indiana Gas and SIGECO do business as Vectren Energy Delivery of Indiana, Inc.

The Ohio operations, owned as a tenancy in common by Vectren Energy Delivery of Ohio, Inc. (VEDO), a wholly owned subsidiary, (53% ownership) and Indiana Gas (47% ownership), provide natural gas distribution and transportation services to 17 counties in west central Ohio, including counties surrounding Dayton. VEDO, an Ohio corporation, is a "subsidiary company" of VUHI (as such term is defined by the Act) and is the operator of the assets. VEDO is therefore a "gas utility company" and "public utility company," as such terms are defined in the Act.

Community, an Indiana corporation, is an unconsolidated affiliate of VUHI, but is a "subsidiary company" of VUHI as defined by the Act. Community is also a "gas utility company" and a "public utility company" (as such terms are defined by the Act). Community is an Indiana gas distribution company with offices in Mt. Carmel, Illinois.

Babb International, Inc. is a nonregulated unconsolidated affiliate that manufactures autoclaved aerated concrete from fly ash, a by-product of burning coal.

### Nonregulated Group Operations

Vectren is involved in nonregulated activities in four primary business areas: Energy Marketing and Services, Coal Mining, Utility Infrastructure Services, and Broadband. Energy Marketing and Services markets natural gas and provides energy management services, including energy performance contracting services. Coal Mining mines and sells coal and generates IRS Code Section 29 investment tax credits relating to the production of coal-based synthetic fuels. Utility Infrastructure Services provides underground construction and repair, facilities locating, and meter reading services. Broadband invests in broadband communication services such as analog and digital cable television, high-speed Internet and data services, and advanced local and long distance phone services. In addition, the nonregulated group has other businesses that provide utility

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services, municipal broadband consulting, and retail products and services and that invest in energy-related opportunities, real estate and leveraged leases. The Nonregulated Group supports the Company's regulated utilities pursuant to service contracts by providing natural gas supply services, coal, utility infrastructure services, and other services.

Vectren Enterprises, Inc. is an intermediate holding company for the Company's nonregulated businesses: Vectren Energy Services, Inc., Vectren Utility Services, Inc., Vectren Communications, Inc., Vectren Ventures, Inc., and Vectren Financial Group, Inc.

Vectren Energy Services, Inc. is an intermediate holding company for Vectren Energy Marketing and Services, Inc. and Vectren Energy Retail, Inc.

Vectren Energy Marketing and Services, Inc. holds a 100% interest in Energy Systems Group, Inc., a 61% ownership interest in ProLiance Energy, LLC, a 100% interest in Indiana Energy Services, Inc. (dormant) and Vectren Power Marketing, Inc. (dormant).

Energy Systems Group, Inc. holds a 100% ownership interest in Energy Systems Group, LLC (ESG) due to Vectren's purchase of the remaining one third interest in April 2003. ESG provides energy-related performance contracting and facility upgrades through its design and installation of energy -efficient equipment to industrial, commercial, and governmental customers.

ProLiance Energy, LLC is a 61% unconsolidated energy marketing affiliate that provides natural gas and related services to the Company's utility subsidiaries, Vectren Retail, LLC, and other unrelated parties. ProLiance's primary businesses include gas marketing, gas portfolio optimization, and other portfolio and energy management services. ProLiance's primary customers are utilities and other large end use customers. Governance and voting rights remain at 50% for each of ProLiance's members. Since governance of ProLiance remains equal between its members, Vectren continues to account for its investment in ProLiance using the equity method of accounting.

Vectren Energy Retail, Inc. holds a 99% interest in Vectren Retail, LLC (d.b.a. Vectren Source), which provides natural gas and other related products and services primarily in Ohio serving customers opting for choice among energy providers.

Vectren Utility Services, Inc. is an intermediate holding company for Vectren Environmental Services, Inc., Vectren Fuels, Inc., Reliant Services, LLC, and Utility Debt Collectors, Inc. (dormant).

Vectren Environmental Services, Inc. holds a 51% ownership interest in Air Quality Services, LLC, a company created to provide air quality monitoring and testing services to industrial companies and utilities.

Vectren Fuels, Inc. owns and operates coal mining properties, including a 100% ownership interest in Cypress Creek Mine, Inc. and a 99% ownership interest in SFI Coal Sales, LLC. SFI Coals Sales, LLC holds a 100% ownership interest in Prosperity Mine, LLC and Cypress Creek Mine, LLC.

Reliant Services, LLC (Reliant) is a 50% owned unconsolidated affiliate that provides underground facility locating, contract meter reading, and installation of telecommunications and electric facilities to the Company's utility subsidiaries and others. Reliant holds a 100% ownership interest in Miller Pipeline Corporation, which

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provides underground pipeline construction, replacement, and repair services to the Company's utility subsidiaries and others.

Vectren Communications, Inc. holds investments in nonregulated subsidiaries, which conduct communications-related strategic initiatives and include Vectren Broadband, Inc. and Vectren Communications Services, Inc.

Vectren Broadband, Inc. holds Vectren's 18.9% investment in SIGECOM Holdings, Inc. and a minority interest and convertible subordinated debt investment in Utilicom Networks, LLC (Utilicom). SIGECOM Holdings, Inc. holds a 74% interest in SIGECOM, LLC. SIGECOM, LLC provides broadband services to the greater Evansville, Indiana, area. Utilicom is a provider of bundled communication services through high capacity broadband networks, including cable television, high-speed Internet, and advanced local and long distance telephone services. Utilicom is the majority member of SIGECOM, LLC and plans to provide broadband services to the greater Indianapolis, Indiana, and Dayton, Ohio, markets.

Vectren Communications Services, Inc. assists municipal utilities and businesses in the implementation of broadband strategy.

Vectren Ventures, Inc. invests in energy-related companies and projects. Vectren Ventures, Inc. holds the remaining 1% interests in SFI Coal Sales, LLC and Vectren Retail, LLC. In addition, Vectren Ventures maintains a 36.7% ownership in Haddington Energy Partners, LP, a 42.1% ownership in Haddington Energy Partners II, LP, a 7% ownership in Monument Capital Partnership Fund I, LP, a 4.5% ownership in Cambridge Ventures, LP, and a 4% ownership in Gazelle TechVentures, Inc.

Haddington Energy Partners, LP, Haddington Energy Partners II, LP, and Monument Capital Partnership Fund I, LP are investment companies that invest in energy-related projects.

Cambridge Ventures, LP is an investment company that invests in small businesses.

Gazelle TechVentures, Inc. is a venture capital company focusing on venture capital activity in Indiana.

Vectren Financial Group, Inc. is an intermediate holding company for the following entities: Southern Indiana Properties, Inc. (SIPI), Vectren Synfuels, Inc., and Energy Realty, Inc.

SIPI holds a 100% ownership interest in SIPI Holding Company, Inc., SIP-GT I, Inc., and Southwest Lease Capital, Inc. These companies invest in and loan capital to other partnerships and corporations. These investments are primarily housing investments that generate tax credits or are venture capital funds. SIPI's companies also invest in real estate and leveraged lease transactions.

Vectren Synfuels, Inc. owns a limited partnership interest of 8.3% in Pace Carbon Synfuels Investors, LP, which produces and sells coal-based synthetic fuel that qualifies for IRS Code Section 29 investment tax credits.

Energy Realty, Inc. invests in partnerships and corporations that invest in real estate and affordable housing projects.

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Vectren's corporate and other activities provide general and administrative support to Vectren's other operating groups. The companies comprising Vectren's corporate and other group include Vectren Capital Corp. and Vectren Aero, LLC.

Vectren Capital Corp., and its direct subsidiary, IEI Capital Corp, are financing vehicles for Vectren's nonregulated and corporate operations.

Vectren Aero, LLC provides transportation services to the Company's employees.

ITEM 2. A brief description of the properties of Claimant and each of its subsidiary public utility companies used for the generation, transmission, and distribution of electric energy for sale, or for the production, transmission, and distribution of natural or manufactured gas, indicating the location of principal generating plants, transmission lines, producing fields, gas manufacturing plants, electric and gas distribution facilities, including all such properties which are outside the state in which Claimant and its subsidiaries are organized and all transmission or pipelines which deliver or receive electric energy or gas at the borders of such state.

Vectren and VUHI

At the date of the filing of this Statement, Vectren and VUHI have no significant real properties and are solely holding companies owning all of the issued and outstanding shares of common stock of their subsidiary companies.

Gas Utility Operations

Indiana Gas

Specific to its Indiana operations, Indiana Gas owns and operates four active gas storage fields located in Indiana covering 58,290 acres of land with an estimated ready delivery from storage capability of 5.2 BCF of gas with maximum peak day delivery capabilities of 119,160 MCF per day. Indiana Gas also owns and operates three liquefied petroleum (propane) air-gas manufacturing plants located in Indiana with the ability to store 1.5 million gallons of propane and manufacture for delivery 33,000 MCF of manufactured gas per day. In addition to its company owned storage and propane capabilities, Indiana Gas has contracted for 17.2 BCF of storage with a maximum peak day delivery capability of 404,614 MCF per day. Indiana Gas has the ability to meet a total annual demand, utilizing all of its assets across various pipelines, of 131.1 BCF with a maximum peak day delivery capability of 1,068,740 MCF per day. Indiana Gas' gas delivery system includes 11,771 miles of distribution and transmission mains, all of which are in Indiana except for pipeline facilities extending from points in northern Kentucky to points in southern Indiana so that gas may be transported to Indiana and sold or transported by Indiana Gas to ultimate customers in Indiana. These properties are used by Indiana Gas in its gas delivery operations in which gas is supplied to 546,914 consumers in 49 of Indiana's 92 counties. The largest Indiana communities served are Muncie, Anderson, Lafayette-West Lafayette, Bloomington, Terre Haute, Marion, New Albany, Columbus, Jeffersonville, New Castle, and Richmond.

Indiana Gas purchases all of its natural gas from ProLiance Energy LLC, a 61% owned, nonregulated gas marketing affiliate of Vectren. Gas is transported to Indiana Gas' system by interstate pipeline suppliers under Federal Energy Regulatory Commission approved rate schedules.

SIGECO

SIGECO owns and operates three underground gas storage fields located in Indiana covering 6,070 acres of land with an estimated ready delivery from storage capability of 6.3 BCF of gas with maximum peak day delivery capabilities of 124,748 MCF per day. In addition to its company owned storage delivery capabilities, SIGECO has contracted for 0.5 BCF of storage with a maximum peak

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day delivery capability of 18,699 MCF per day. SIGECO has the ability to meet a total annual demand, utilizing all of its assets across various pipelines, of 28.4 BCF with a maximum peak day delivery capability of 228,943 MCF per day. SIGECO's gas delivery system includes 3,026 miles of distribution and transmission mains, all of which are located in Indiana. These properties are used by SIGECO in its gas operations in which gas is supplied to 111,478 consumers in ten counties in southwestern Indiana, including counties surrounding Evansville.

SIGECO purchases all of its natural gas from ProLiance Energy LLC, a 61% owned, nonregulated gas marketing affiliate of Vectren. Gas is transported to SIGECO's system by interstate pipeline suppliers under Federal Energy Regulatory Commission approved rate schedules.

### Ohio Operations

The Ohio operations own and operate three liquefied petroleum (propane) air-gas manufacturing plants and a cavern for propane storage, all of which are located in Ohio. The plants and cavern can store 7.5 million gallons of propane, and the plants can manufacture for delivery 51,047 MCF of manufactured gas per day. In addition to its propane delivery capabilities, the Ohio operations have contracted for 13.1 BCF of storage with a maximum peak day delivery capability of 280,667 MCF per day. The Ohio operations have the ability to meet a total annual demand, utilizing all of its assets across various pipelines, of 57.9 BCF with a maximum peak day delivery capability of 477,974 MCF per day. The Ohio operations' gas delivery system includes 5,216 miles of distribution and transmission mains, all of which are located in Ohio. The properties are used by the Ohio operations in its gas operations in which gas is supplied to 313,838 customers in 17 counties in west central Ohio, including counties surrounding Dayton.

The Ohio operations purchases all of its natural gas from ProLiance Energy LLC, a 61% owned nonregulated gas marketing affiliate of Vectren. Gas is transported to the Ohio operations' system by interstate pipeline suppliers under Federal Energy Regulatory Commission approved rate schedules.

### Community

Community is a small gas utility that has several noncontiguous service territories in southwestern Indiana. Much of its service territory is adjacent to or near the gas service territory of SIGECO. Community has no underground gas storage facilities or manufacturing facilities. Community's gas delivery system includes approximately 506 miles of distribution mains, all of which are located in Indiana. Community uses the properties in its gas operations in which gas is supplied to approximately 7,100 customers in southwestern Indiana.

Community purchases its natural gas from various suppliers. Gas is transported to Community's system by interstate pipeline suppliers under Federal Energy Regulatory Commission approved rate schedules.

### SIGECO's Electric Utility Operations

SIGECO's installed generating capacity as of December 31, 2003, was rated at 1,351 MW. SIGECO's coal-fired generating facilities are: the Brown Station with 500 MW of capacity, located in Posey County approximately eight miles east of Mt. Vernon, Indiana; the Culley Station with 406 MW of capacity, and Warrick Unit 4 with 150 MW of capacity. Both the Culley and Warrick Stations are located in Warrick County near Yankeetown, Indiana. SIGECO's gas-fired turbine peaking units are: the 80 MW Brown 3 Gas Turbine located at the Brown Station; two Broadway Avenue Gas Turbines located in Evansville, Indiana with a combined capacity of 115 MW (Broadway Avenue Unit 1, 50 MW and Broadway Avenue Unit 2, 65 MW); two Northeast Gas Turbines located northeast of Evansville in Vanderburgh County, Indiana with a combined capacity of 20 MW; and a new 80 MW turbine also located at the Brown station (Brown Unit 4) placed into service in 2002. The

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Brown Unit 3 and Broadway Avenue Unit 2 turbines are also equipped to burn oil. Total capacity of SIGECO's six gas turbines is 295 MW, and they are generally used only for reserve, peaking, or emergency purposes due to the higher per unit cost of generation.

SIGECO's transmission system consists of 830 circuit miles of 138,000 and 69,000 volt lines. The transmission system also includes 27 substations with an installed capacity of 4,235.9 megavolt amperes (Mva). The electric distribution system includes 3,224 pole miles of lower voltage overhead lines and 289 trench miles of conduit containing 1,622 miles of underground distribution cable. The distribution system also includes 92 distribution substations with an installed capacity of 1,901.7 Mva and 51,417 distribution transformers with an installed capacity of 2,368.6 Mva.

SIGECO owns utility property outside of Indiana approximating eight miles of 138,000 volt electric transmission line which is located in Kentucky and which interconnects with Louisville Gas and Electric Company's transmission system at Cloverport, Kentucky.

These properties are used by SIGECO in its electric operations in which electricity is supplied to 135,098 consumers in eight counties in southwestern Indiana, including counties surrounding Evansville.

Item 3. The following information for the last calendar year with respect to Claimant and each of its subsidiary public utility companies:

A. Number of dekatherms in thousands (MDth) of gas distributed at retail and number of megawatt hours (MWh) of electric energy sold at retail or wholesale:

1. Gas distributed:

	MDth of Gas	Dollar Revenues From Sales ( in millions)
	-----	-----
a. Indiana Gas:		
Retail	119,606	\$ 668.2
Wholesale	-	-
Totals	----- 119,606	----- \$ 668.2
b. SIGECO:		
Retail	31,547	\$ 102.7
Wholesale	-	-
Totals	----- 31,547	----- \$ 102.7
c. The Ohio operations:		
Retail	58,190	\$ 341.4
Wholesale	-	-
Totals	----- 58,190	----- \$ 341.4

d. VUHI and Vectren:

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Retail	209,343	\$ 1,112.3
Wholesale	-	-
	-----	-----
Totals	209,343	\$ 1,112.3
	-----	-----
e. Community:		
Retail	878	\$ 7.0
Wholesale	-	-
	-----	-----
Totals	878	\$ 7.0
	-----	-----

2. Electric energy sold:

	MWh of Electric Energy	Dollar Revenues From Sales (in millions)
	-----	-----
a. SIGECO, VUHI, and Vectren:		
Retail	5,297,928	\$ 287.7
Firm Wholesale	600,924	21.5
Non-Firm Wholesale	4,305,190	152.8
	-----	-----
Totals	10,204,042	\$ 462.0
	-----	-----

B. Number of MDth of gas and MWh of electric energy distributed at retail outside the state in which each such company is organized:

1. Gas distributed at retail outside the state:

	MDth of Gas	Dollar Revenues From Sales
	-----	-----
a. Indiana Gas:	None	None
b. SIGECO:	None	None
c. The Ohio operations:	None	None
d. VUHI and Vectren:	None	None
e. Community:	None	None

2. Electric energy distributed at retail outside the state:

	MWh of Electric Energy	Dollar Revenues From Sales
	-----	-----
a. SIGECO, VUHI, and Vectren:	None	None

C. Number of MDth of gas sold and MWh of electric energy sold at wholesale outside the state in which each such company is organized, or at the state line:

1. Gas sold outside the state

	MDth of Gas	Dollar Revenues From Sales
	-----	-----



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a.	Indiana Gas:	None	None
b.	SIGECO:	None	None
c.	The Ohio operations:	None	None
d.	VUHI and Vectren:	None	None
e.	Community:	None	None

2. Electric energy sold at wholesale (non-firm) outside the state

	MWh of Electric Energy	Dollar Revenues From Sales (in millions)
a. SIGECO, VUHI, and Vectren:		
Michigan	727,017	\$ 26.5
Texas	694,834	23.3
Ohio	581,128	20.5
Maryland	526,400	19.0
Kentucky	241,341	8.4
Tennessee	257,455	5.7
All others	744,638	22.8
	3,772,813	\$ 126.2

D. Number of MDth of gas and MWh of electric energy purchased outside the state in which each such company is organized or at the state line:

1. Gas purchased outside the state:

	MDth of Gas	Dollar Cost of Purchases (in millions)
a. Indiana Gas:	None*	None
b. SIGECO:	None*	None
c. The Ohio operations:	None*	None
d. VUHI and Vectren:	None*	None
e. Community:	None	None
Louisiana	879	\$ 5.6

\*These subsidiaries use a portfolio administrator; therefore purchases are made at their respective city gates.

2. Electric energy purchased outside the state:

	MWh of Electric Energy	Dollar Cost of Purchases (in millions)
a. SIGECO, VUHI, and Vectren:		
Ohio	1,093,821	\$ 35.9
Michigan	666,452	25.3
Texas	563,547	17.7
Tennessee	409,146	11.9
Maryland	288,382	10.8
Pennsylvania	263,545	6.7
All others	735,881	25.0
	4,020,774	\$ 133.3

Item 4. The following information for the reporting period with respect to Claimant and each interest it holds directly or indirectly in a EWG or a foreign utility company.

Not applicable to Claimant or any of Claimant's subsidiaries.

Exhibit A

A consolidating statement of income and surplus of Vectren and subsidiary companies for the year ended December 31, 2003, together with a consolidating balance sheet of Vectren and subsidiary companies, as of December 31, 2003, are attached as Exhibit A.

Exhibit B

An organizational chart showing the relationship of each EWG or foreign utility company to associate companies in the holding company system.

Not applicable to Claimant or any of Claimant's subsidiaries.

SIGNATURES

The above-named Claimant has caused this statement to be duly executed on its behalf by its authorized officer on this 27th day of February 2004.

VECTREN CORPORATION  
VECTREN UTILITY HOLDINGS, INC.  
(Name of Claimant)

By /s/ Ronald E. Christian  
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Ronald E. Christian  
Executive Vice President, General Counsel  
and Secretary of  
Vectren Corporation  
Executive Vice President and Secretary of  
Vectren Utility Holdings, Inc.

Name, title and address of officer to whom notices and correspondence concerning this statement should be addressed:

Ronald E. Christian  
Senior Vice President, General Counsel  
and Secretary  
Vectren Corporation  
Post Office Box 209  
Evansville, Indiana 47702-0209

Vectren Corporation and Subsidiary Companies  
Consolidating Statement of Income  
For the Year Ended December 31, 2003  
(In millions)

	VUHI Consolidated	Nonreg. Oper.	Vectren Capital	Vectren Corp.	Adjustments & Eliminations	Co
<b>OPERATING REVENUES</b>						
Gas utility	\$ 1,112.3	\$ -	\$ -	\$ -	\$ -	\$
Electric utility	335.7	-	-	-	-	
Energy services & other	0.8	219.2	-	1.0	(81.3)	
<b>Total operating revenues</b>	<b>1,448.8</b>	<b>219.2</b>	<b>-</b>	<b>1.0</b>	<b>(81.3)</b>	
<b>OPERATING EXPENSES</b>						
Cost of gas sold	762.5	-	-	-	-	
Fuel for electric generation	86.5	-	-	-	-	
Purchased electric energy	16.2	-	-	-	-	
Cost of energy services & other	-	180.7	-	-	(77.0)	
Other operating	210.1	26.3	-	1.7	(4.4)	
Depreciation & amortization	117.9	10.5	-	0.3	-	
Taxes other than income taxes	56.6	0.4	-	-	-	
<b>Total operating expenses</b>	<b>1,249.8</b>	<b>217.9</b>	<b>-</b>	<b>2.0</b>	<b>(81.4)</b>	
<b>OPERATING INCOME</b>	<b>199.0</b>	<b>1.3</b>	<b>-</b>	<b>(1.0)</b>	<b>0.1</b>	
<b>OTHER INCOME</b>						
Equity in earnings of consolidated affiliates	-	-	-	113.2	(113.2)	
Equity in earnings of unconsolidated affiliates	(0.5)	12.7	-	-	-	
Other - net	4.8	10.2	10.4	(1.5)	(10.9)	
<b>Total other income</b>	<b>4.3</b>	<b>22.9</b>	<b>10.4</b>	<b>111.7</b>	<b>(124.1)</b>	
<b>Interest expense</b>	<b>66.1</b>	<b>9.7</b>	<b>10.4</b>	<b>0.2</b>	<b>(10.8)</b>	
<b>INCOME BEFORE INCOME TAXES</b>	<b>137.2</b>	<b>14.5</b>	<b>-</b>	<b>110.5</b>	<b>(113.2)</b>	
<b>Income taxes</b>	<b>51.6</b>	<b>(13.2)</b>	<b>-</b>	<b>(0.7)</b>	<b>-</b>	
<b>Minority interest in &amp; preferred dividend requirements of subsidiaries</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>NET INCOME</b>	<b>\$ 85.6</b>	<b>\$ 27.6</b>	<b>\$ -</b>	<b>\$111.2</b>	<b>\$ (113.2)</b>	
<b>Retained Earnings Beginning of Year</b>	<b>\$ 382.4</b>	<b>\$ 39.9</b>	<b>\$ -</b>	<b>\$530.4</b>		
<b>Net Income</b>	<b>85.6</b>	<b>27.6</b>	<b>-</b>	<b>111.2</b>		
<b>Dividends Paid</b>	<b>(78.0)</b>	<b>(36.9)</b>	<b>-</b>	<b>(79.2)</b>		

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Retained Earnings End of Year           \$ 390.0   \$ 30.6       \$ -       \$562.4

Exhibit A  
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Vectren Corporation and Subsidiary Companies  
Consolidating Statement of Income, Continued  
For the Year Ended December 31, 2003  
(In millions)

	SIGECO	Indiana Gas	VEDO	VUHI, Inc.	Adjustments Eliminations	VUH Consolid
<b>OPERATING REVENUES</b>						
Gas utility	\$ 102.7	\$ 668.2	\$ 341.4	\$ -	\$ -	\$ 1,111.3
Electric utility	335.7	-	-	-	-	335.7
Energy services & other	-	-	-	26.5	(25.7)	-
<b>Total operating revenues</b>	<b>438.4</b>	<b>668.2</b>	<b>341.4</b>	<b>26.5</b>	<b>(25.7)</b>	<b>1,444.7</b>
<b>OPERATING EXPENSES</b>						
Cost of gas sold	73.4	450.7	238.4	-	-	762.5
Fuel for electric generation	86.5	-	-	-	-	86.5
Purchased electric energy	16.2	-	-	-	-	16.2
Cost of energy services & other	-	-	-	-	-	-
Other operating	103.1	85.7	46.4	0.5	(25.6)	210.1
Depreciation & amortization	47.6	43.3	12.8	14.2	-	117.9
Taxes other than income taxes	12.4	16.9	26.6	0.7	-	56.6
<b>Total operating expenses</b>	<b>339.2</b>	<b>596.6</b>	<b>324.2</b>	<b>15.4</b>	<b>(25.6)</b>	<b>1,241.0</b>
<b>OPERATING INCOME</b>	<b>99.2</b>	<b>71.6</b>	<b>17.2</b>	<b>11.1</b>	<b>(0.1)</b>	<b>193.7</b>
<b>OTHER INCOME</b>						
Equity in earnings of consolidated affiliates	-	5.8	-	81.7	(87.5)	-
Equity in earnings of unconsolidated affiliates	-	-	-	(0.5)	-	-
Other - net	5.0	(0.7)	0.7	27.9	(28.1)	5.0
<b>Total other income</b>	<b>5.0</b>	<b>5.1</b>	<b>0.7</b>	<b>109.1</b>	<b>(115.6)</b>	<b>5.0</b>
<b>Interest expense</b>	<b>24.8</b>	<b>29.1</b>	<b>8.1</b>	<b>32.3</b>	<b>(28.2)</b>	<b>64.9</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>79.4</b>	<b>47.6</b>	<b>9.8</b>	<b>87.9</b>	<b>(87.5)</b>	<b>139.2</b>
<b>Income taxes</b>	<b>30.6</b>	<b>16.1</b>	<b>2.6</b>	<b>2.3</b>	<b>-</b>	<b>51.6</b>
<b>Minority interest in &amp; preferred dividend requirements of subsidiaries</b>	<b>-</b>	<b>-</b>	<b>5.8</b>	<b>-</b>	<b>(5.8)</b>	<b>-</b>
<b>NET INCOME</b>	<b>\$ 48.8</b>	<b>\$ 31.5</b>	<b>\$ 1.4</b>	<b>\$ 85.6</b>	<b>\$ (81.7)</b>	<b>\$ 80.0</b>

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Retained Earnings Beginning of Year	\$ 270.2	\$ 79.1	\$ (8.1)	\$ 382.4	\$ 38
Net Income	48.8	31.5	1.4	85.6	8
Dividends Paid	(52.1)	(21.9)	(4.0)	(78.0)	(7)
-----					
Retained Earnings End of Year	\$ 266.9	\$ 88.7	\$ (10.7)	\$ 390.0	\$ 39
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Page

Vectren Corporation and Subsidiary Companies  
Consolidating Balance Sheet  
As of December 31, 2003  
(In millions)

ASSETS	VUHI Consol.	Nonreg. Oper.	Vectren Capital	Vectren Corp.	Adjustments & Eliminations	C
-----						
Current Assets						
Cash & cash equivalents	\$ 8.1	\$ 6.0	\$ -	\$ 1.2	\$ -	
Accounts receivable-less reserves	114.0	22.7	0.1	0.5	-	
Receivables from other Vectren companies	1.7	34.2	128.3	19.9	(184.1)	
Accrued unbilled revenues	128.7	9.1	-	-	-	
Inventories	55.1	15.3	-	-	-	
Recoverable fuel & natural gas costs	20.3	-	-	-	-	
Prepayments & other current assets	131.3	4.6	0.2	3.6	(8.6)	
-----						
Total current assets	459.2	91.9	128.6	25.2	(192.7)	
-----						
Utility Plant						
Original cost	3,250.7	-	-	-	-	
Less: accumulated depreciation & amortization	1,247.0	-	-	-	-	
-----						
Net utility plant	2,003.7	-	-	-	-	
-----						
Investments in consolidated affiliates	-	-	-	1,103.9	(1,103.9)	
Investments in unconsolidated affiliates	1.8	174.3	-	-	-	
Other investments	20.6	101.8	-	0.5	-	
Notes receivable from other Vectren companies	-	0.2	113.0	-	(113.2)	
Non-utility property-net	141.3	79.8	-	1.2	-	
Goodwill-net	205.0	-	-	-	-	
Regulatory assets	89.6	-	-	-	-	
Other assets	3.9	6.0	0.3	19.1	(7.7)	
-----						
TOTAL ASSETS	\$2,925.1	\$ 454.0	\$ 241.9	\$1,149.9	\$ (1,417.5)	

Vectren Corporation and Subsidiary Companies  
Consolidating Balance Sheet  
As of December 31, 2003  
(In millions)

ASSETS	SIGECO	Indiana Gas	VEDO	VUHI Inc	Adjustments & Eliminations
Current Assets					
Cash & cash equivalents	\$ 3.6	\$ 2.9	\$ 0.9	\$ 0.7	\$ -
Accounts receivable-less reserves	38.8	45.1	29.7	0.4	-
Receivables from other Vectren companies	0.1	-	-	190.8	(189.2)
Accrued unbilled revenues	28.1	63.6	37.0	-	-
Inventories	37.3	15.6	2.2	-	-
Recoverable fuel & natural gas costs	3.9	16.2	0.2	-	-
Prepayments & other current assets	4.8	70.1	63.4	0.9	(7.9)
<b>Total current assets</b>	<b>116.6</b>	<b>213.5</b>	<b>133.4</b>	<b>192.8</b>	<b>(197.1)</b>
Utility Plant					
Original cost	1,659.5	1,200.7	390.5	-	-
Less: accumulated depreciation & amortization	719.8	404.7	122.5	-	-
<b>Net utility plant</b>	<b>939.7</b>	<b>796.0</b>	<b>268.0</b>	<b>-</b>	<b>-</b>
Investments in consolidated affiliates					
	-	222.0	-	956.2	(1,178.2)
Investments in unconsolidated affiliates					
	0.2	-	-	1.6	-
Other investments	10.5	2.9	0.9	6.3	-
Notes receivable from other Vectren companies					
	-	-	-	443.1	(443.1)
Non-utility property-net	3.8	0.2	1.6	135.7	-
Goodwill-net	5.5	-	199.5	-	-
Regulatory assets	54.7	21.2	7.5	6.2	-
Other assets	0.7	3.2	-	-	-
<b>TOTAL ASSETS</b>	<b>\$1,131.7</b>	<b>\$1,259.0</b>	<b>\$ 610.9</b>	<b>\$1,741.9</b>	<b>\$(1,818.4)</b>

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Vectren Corporation and Subsidiary Companies  
 Consolidating Balance Sheet, Continued  
 As of December 31, 2003  
 (In millions)

	VUHI Consol.	Nonreg. Oper.	Vectren Capital	Vectren Corp.	Adjustme & Eliminat
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 63.0	\$ 20.8	\$ -	\$ 1.5	\$
Accounts payable to affiliated companies	80.3	6.1	-	-	
Payables to other Vectren companies	13.3	0.4	-	1.6	(1)
Accrued liabilities	93.9	9.2	0.8	14.8	(
Short-term borrowings	185.2	2.1	87.6	-	
Short-term borrowings to other Vectren companies	0.1	127.1	40.4	0.3	(16
Current maturities of long-term debt	15.0	-	-	-	
Long-term debt subject to tender	13.5	-	-	-	
<b>Total current liabilities</b>	<b>464.3</b>	<b>165.7</b>	<b>128.8</b>	<b>18.2</b>	<b>(19</b>
<b>Long-term Debt-Net of Current Maturities &amp; Debt Subject to Tender</b>	<b>960.1</b>	<b>-</b>	<b>112.7</b>	<b>-</b>	
<b>Long-term Debt-Net of Current Maturities to Other Vectren Companies</b>	<b>0.3</b>	<b>113.0</b>	<b>-</b>	<b>-</b>	<b>(11</b>
<b>Deferred Income Taxes &amp; Other Liabilities</b>					
Deferred income taxes	201.5	45.3	0.1	(11.5)	
Regulatory liabilities	235.0	-	-	-	
Deferred credits & other liabilities	83.9	5.7	0.2	71.5	(
<b>Total deferred credits &amp; other liabilities</b>	<b>520.4</b>	<b>51.0</b>	<b>0.3</b>	<b>60.0</b>	<b>(</b>
<b>Minority Interest in Subsidiary</b>	<b>-</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	
<b>Cumulative, Redeemable Preferred Stock of a Subsidiary</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Common Shareholders' Equity</b>					
Common stock	589.8	87.1	0.1	520.4	(67
Retained earnings	390.0	30.6	-	562.4	(42
Accumulated other comprehensive income	-	6.3	-	(11.1)	(
<b>Total common shareholders' equity</b>	<b>979.8</b>	<b>124.0</b>	<b>0.1</b>	<b>1,071.7</b>	<b>(1,10</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$2,925.1</b>	<b>\$ 454.0</b>	<b>\$ 241.9</b>	<b>\$1,149.9</b>	<b>\$ (1,41</b>

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Vectren Corporation and Subsidiary Companies  
 Consolidating Balance Sheet, Continued  
 As of December 31, 2003  
 (In millions)

	SIGECO	Indiana Gas	VEDO	VUHI, Inc.	Adju & Elim
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 18.4	\$ 23.0	\$ 16.1	\$ 5.5	\$
Accounts payable to affiliated companies	8.3	51.0	20.9	0.1	
Payables to other Vectren companies	11.5	5.4	5.4	-	
Accrued liabilities	38.6	36.5	20.6	8.8	
Short-term borrowings	0.8	-	-	184.4	
Short-term borrowings to other Vectren companies	82.9	64.0	30.8	-	
Current maturities of long-term debt	-	15.0	-	-	
Long-term debt subject to tender	10.0	3.5	-	-	
<b>Total current liabilities</b>	<b>170.5</b>	<b>198.4</b>	<b>93.8</b>	<b>198.8</b>	
Long-term Debt-Net of Current Maturities & Debt Subject to Tender	216.1	196.4	-	547.6	
Long-term Debt-Net of Current Maturities to Other Vectren Companies	148.7	184.4	110.2	-	
<b>Deferred Income Taxes &amp; Other Liabilities</b>					
Deferred income taxes	110.0	63.9	20.9	6.7	
Regulatory liabilities	48.2	123.6	57.0	6.2	
Deferred credits & other liabilities	42.8	35.6	2.7	2.8	
<b>Total deferred credits &amp; other liabilities</b>	<b>201.0</b>	<b>223.1</b>	<b>80.6</b>	<b>15.7</b>	
Minority Interest in Subsidiary	-	-	222.0	-	
Cumulative, Redeemable Preferred Stock of a Subsidiary	0.2	-	-	-	
<b>Common Shareholders' Equity</b>					
Common stock	128.3	368.0	115.0	589.8	
Retained earnings	266.9	88.7	(10.7)	390.0	
Accumulated other comprehensive income	-	-	-	-	
<b>Total common shareholders' equity</b>	<b>395.2</b>	<b>456.7</b>	<b>104.3</b>	<b>979.8</b>	
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$ 1,131.7</b>	<b>\$ 1,259.0</b>	<b>\$ 610.9</b>	<b>\$ 1,741.9</b>	<b>\$</b>