

VECTREN UTILITY HOLDINGS INC  
Form 10-Q  
November 09, 2007

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

**FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

**For the quarterly period ended September 30, 2007**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **1-16739**

**VECTREN UTILITY HOLDINGS, INC.**  
(Exact name of registrant as specified in its charter)

**INDIANA** **35-2104850**  
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

**One Vectren Square,  
Evansville, Indiana,  
47708**  
(Address of principal executive offices)  
(Zip Code)

**812-491-4000**  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No



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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer      Accelerated filer      Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes    No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<b><u>Common Stock- Without Par Value</u></b>	<b><u>10</u></b>	<b><u>October 31, 2007</u></b>
Class	Number of Shares	Date

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**Access to Information**

Vectren Corporation makes available all SEC filings and recent annual reports free of charge, including those of its wholly owned subsidiaries, through its website at [www.vectren.com](http://www.vectren.com), or by request, directed to Investor Relations at the mailing address, phone number, or email address that follows:

Mailing Address:	Phone Number:	Investor Relations Contact:
One Vectren Square	(812) 491-4000	Steven M. Schein
Evansville, Indiana 47708		Vice President, Investor Relations



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**Definitions**

AFUDC: allowance for funds used during construction	MMBTU: millions of British thermal units
APB: Accounting Principles Board	MW: megawatts
EITF: Emerging Issues Task Force	MWh / GWh: megawatt hours / thousands of megawatt hours (gigawatt hours)
FASB: Financial Accounting Standards Board	NOx: nitrogen oxide
FERC: Federal Energy Regulatory Commission	OCC: Ohio Office of the Consumer Counselor
IDEM: Indiana Department of Environmental Management	OUCC: Indiana Office of the Utility Consumer Counselor
IURC: Indiana Utility Regulatory Commission	PUCO: Public Utilities Commission of Ohio
MCF / BCF: thousands / billions of cubic feet	SFAS: Statement of Financial Accounting Standards
MDth / MMDth: thousands / millions of dekatherms	USEPA: United States Environmental Protection Agency
MISO: Midwest Independent System Operator	Throughput: combined gas sales and gas transportation volumes

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS**

**VECTREN UTILITY HOLDINGS, INC. AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
*(Unaudited – In millions)*

	September 30, 2007	December 31, 2006
<b><u>ASSETS</u></b>		
Current Assets		
Cash & cash equivalents	\$ 7.0	\$ 28.5
Accounts receivable - less reserves of \$3.2 & \$2.6, respectively	78.9	134.8
Receivables due from other Vectren companies	0.8	0.3
Accrued unbilled revenues	43.9	121.4
Inventories	170.2	141.9
Recoverable fuel & natural gas costs	-	1.8
Prepayments & other current assets	117.0	103.2
<b>Total current assets</b>	<b>417.8</b>	<b>531.9</b>
Utility Plant		
Original cost	3,990.8	3,820.2
Less: accumulated depreciation & amortization	1,499.1	1,434.7
<b>Net utility plant</b>	<b>2,491.7</b>	<b>2,385.5</b>
Investments in unconsolidated affiliates	0.2	0.2
Other investments	21.7	21.4
Nonutility property - net	174.7	163.1
Goodwill - net	205.0	205.0
Regulatory assets	138.1	116.8
Other assets	10.7	16.9
<b>TOTAL ASSETS</b>	<b>\$ 3,459.9</b>	<b>\$ 3,440.8</b>

The accompanying notes are an integral part of these consolidated condensed financial statements.

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**VECTREN UTILITY HOLDINGS, INC. AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
*(Unaudited – In millions)*

	September 30, 2007	December 31, 2006
<b><u>LIABILITIES &amp; SHAREHOLDER'S EQUITY</u></b>		
Current Liabilities		
Accounts payable	\$ 118.0	\$ 136.2
Accounts payable to affiliated companies	29.9	68.2
Payables to other Vectren companies	24.8	25.3
Refundable fuel & natural gas costs	26.0	35.3
Accrued liabilities	113.9	115.8
Short-term borrowings	352.2	270.1
Current maturities of long-term debt	-	6.5
Long-term debt subject to tender	20.0	20.0
<b>Total current liabilities</b>	<b>684.8</b>	<b>677.4</b>
Long-Term Debt - Net of Current Maturities & Debt Subject to Tender		
	1,025.4	1,025.3
Deferred Income Taxes & Other Liabilities		
Deferred income taxes	264.7	282.2
Regulatory liabilities	303.1	291.1
Deferred credits & other liabilities	114.3	108.1
<b>Total deferred credits &amp; other liabilities</b>	<b>682.1</b>	<b>681.4</b>
Commitments & Contingencies (Notes 8 - 10)		
Common Shareholder's Equity		
Common stock (no par value)	632.9	632.9
Retained earnings	434.2	422.9
Accumulated other comprehensive income	0.5	0.9
<b>Total common shareholder's equity</b>	<b>1,067.6</b>	<b>1,056.7</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDER'S EQUITY</b>	<b>\$ 3,459.9</b>	<b>\$ 3,440.8</b>



The accompanying notes are an integral part of these consolidated condensed financial statements.

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**VECTREN UTILITY HOLDINGS, INC. AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED CONDENSED STATEMENTS OF INCOME**  
*(Unaudited – In millions)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
<b>OPERATING REVENUES</b>				
Gas utility revenues	\$ 114.0	\$ 116.8	\$ 890.0	\$ 848.6
Electric utility revenues	143.6	123.2	361.6	324.4
Other revenues	0.4	0.5	1.3	1.4
<b>Total operating revenues</b>	<b>258.0</b>	<b>240.5</b>	<b>1,252.9</b>	<b>1,174.4</b>
<b>OPERATING EXPENSES</b>				
Cost of gas sold	52.9	59.9	592.0	577.4
Cost of fuel & purchased power	50.5	46.8	129.5	115.8
Other operating	65.6	61.6	198.4	182.8
Depreciation & amortization	40.4	38.0	119.4	112.8
Taxes other than income taxes	11.3	10.5	49.6	44.9
Total operating expenses	220.7	216.8	1,088.9	1,033.7
<b>OPERATING INCOME</b>	<b>37.3</b>	<b>23.7</b>	<b>164.0</b>	<b>140.7</b>
OTHER INCOME - NET	1.3	2.0	6.2	4.8
INTEREST EXPENSE	20.8	19.2	58.8	57.4
<b>INCOME BEFORE INCOME TAXES</b>	<b>17.8</b>	<b>6.5</b>	<b>111.4</b>	<b>88.1</b>
INCOME TAXES	7.1	-	41.8	31.1
<b>NET INCOME</b>	<b>\$ 10.7</b>	<b>\$ 6.5</b>	<b>\$ 69.6</b>	<b>\$ 57.0</b>

The accompanying notes are an integral part of these consolidated condensed financial statements.

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**VECTREN UTILITY HOLDINGS, INC. AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**  
*(Unaudited – In millions)*

	Nine Months Ended September 30,	
	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 69.6	\$ 57.0
Adjustments to reconcile net income to cash from operating activities:		
Depreciation & amortization	119.4	112.8
Deferred income taxes & investment tax credits	4.1	(0.4)
Expense portion of pension & postretirement periodic benefit cost	2.9	3.1
Provision for uncollectible accounts	11.5	11.2
Other non-cash charges - net	3.1	1.6
Changes in working capital accounts:		
Accounts receivable, including to Vectren companies		
& accrued unbilled revenue	121.4	268.2
Inventories	(28.3)	(38.9)
Recoverable/refundable fuel & natural gas costs	(7.5)	31.9
Prepayments & other current assets	(18.2)	(27.4)
Accounts payable, including to Vectren companies		
& affiliated companies	(59.9)	(145.0)
Accrued liabilities	(15.5)	(36.5)
Changes in noncurrent assets	(10.2)	(23.1)
Changes in noncurrent liabilities	(19.3)	-
<b>Net cash flows from operating activities</b>	<b>173.1</b>	<b>214.5</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Requirements for:		
Dividends to parent	(57.4)	(55.9)
Retirement of long-term debt	(6.5)	-
Net change in short-term borrowings	82.1	0.7
<b>Net cash flows from financing activities</b>	<b>18.2</b>	<b>(55.2)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from other investing activities	0.3	0.1
Requirements for: Capital expenditures, excluding AFUDC-equity	(213.1)	(168.2)
<b>Net cash flows from investing activities</b>	<b>(212.8)</b>	<b>(168.1)</b>
Net decrease in cash & cash equivalents	(21.5)	(8.8)
Cash & cash equivalents at beginning of period	28.5	11.7
Cash & cash equivalents at end of period	\$ 7.0	\$ 2.9

The accompanying notes are an integral part of these consolidated condensed financial statements.

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**VECTREN UTILITY HOLDINGS, INC. AND SUBSIDIARY COMPANIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
(UNAUDITED)**

**1. Organization and Nature of Operations**

Vectren Utility Holdings, Inc. (Utility Holdings or the Company), an Indiana corporation, serves as the intermediate holding company for Vectren Corporation's (Vectren) three operating public utilities: Indiana Gas Company, Inc. (Indiana Gas or Vectren North), Southern Indiana Gas and Electric Company (SIGECO or Vectren South), and the Ohio operations. Utility Holdings also has other assets that provide information technology and other services to the three utilities. Vectren is an energy holding company headquartered in Evansville, Indiana. Vectren and Utility Holdings are holding companies as defined by the Energy Policy Act of 2005.

Indiana Gas provides energy delivery services to approximately 565,000 natural gas customers located in central and southern Indiana. SIGECO provides energy delivery services to approximately 141,000 electric customers and approximately 112,000 gas customers located near Evansville in southwestern Indiana. SIGECO also owns and operates electric generation to serve its electric customers and optimizes those assets in the wholesale power market. Indiana Gas and SIGECO generally do business as Vectren Energy Delivery of Indiana. The Ohio operations provide energy delivery services to approximately 318,000 natural gas customers located near Dayton in west central Ohio. The Ohio operations are 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). The Ohio operations generally do business as Vectren Energy Delivery of Ohio.

**2. Basis of Presentation**

The interim consolidated condensed financial statements included in this report have been prepared by the Company, without audit, as provided in the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been omitted as provided in such rules and regulations. The Company believes that the information in this report reflects all adjustments necessary to fairly state the results of the interim periods reported. These consolidated condensed financial statements and related notes should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2006, filed with the SEC February 27, 2007 on Form 10-K. Because of the seasonal nature of the Company's utility operations, the results shown on a quarterly basis are not necessarily indicative of annual results.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**3. Subsidiary Guarantor and Consolidating Information**

The Company's three operating utility companies, SIGECO, Indiana Gas, and VEDO are guarantors of Utility Holdings' \$515 million in short-term credit facilities, of which \$352.5 million is outstanding at September 30, 2007, and Utility Holdings' \$700 million unsecured senior notes outstanding at September 30, 2007. The guarantees are full and unconditional and joint and several, and Utility Holdings has no subsidiaries other than the subsidiary guarantors. However, Utility Holdings does have operations other than those of the subsidiary guarantors. Pursuant to Article 3-10 of Regulation S-X, disclosure of the results of operations and balance sheets of the subsidiary guarantors separate from the parent company's operations is required. Following are consolidating financial

statements including information on the combined operations of the subsidiary guarantors separate from the other operations of the parent company.

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Condensed Consolidating Statement of Income for the three months ended September 30, 2007 (in millions):

	Subsidiary Guarantors	Parent Company	Eliminations & Reclassifications	Consolidated
<b>OPERATING REVENUES</b>				
Gas utility revenues	\$ 114.0	\$ -	\$ -	\$ 114.0
Electric utility revenues	143.6	-	-	143.6
Other revenues	-	10.1	(9.7)	0.4
<b>Total operating revenues</b>	<b>257.6</b>	<b>10.1</b>	<b>(9.7)</b>	<b>258.0</b>
<b>OPERATING EXPENSES</b>				
Cost of gas sold	52.9	-	-	52.9
Cost of fuel & purchased power	50.5	-	-	50.5
Other operating	74.3	-	(8.7)	65.6
Depreciation & amortization	34.5	5.8	0.1	40.4
Taxes other than income taxes	10.1	1.2	-	11.3
Total operating expenses	222.3	7.0	(8.6)	220.7
<b>OPERATING INCOME</b>	<b>35.3</b>	<b>3.1</b>	<b>(1.1)</b>	<b>37.3</b>
<b>OTHER INCOME (EXPENSE) - NET</b>				
Equity in earnings of consolidated companies	-	10.2	(10.2)	-
Other income (expense) – net	(0.2)	12.1	(10.6)	1.3
Total other income (expense) - net	(0.2)	22.3	(20.8)	1.3
Interest expense	17.7	14.8	(11.7)	20.8
<b>INCOME BEFORE INCOME TAXES</b>	<b>17.4</b>	<b>10.6</b>	<b>(10.2)</b>	<b>17.8</b>
Income taxes	7.2	(0.1)	-	7.1
<b>NET INCOME</b>	<b>\$ 10.2</b>	<b>\$ 10.7</b>	<b>\$ (10.2)</b>	<b>\$ 10.7</b>

Condensed Consolidating Statement of Income for the three months ended September 30, 2006 (in millions):

	Subsidiary Guarantors	Parent Company	Eliminations & Reclassifications	Consolidated
<b>OPERATING REVENUES</b>				
Gas utility revenues	\$ 116.8	\$ -	\$ -	\$ 116.8
Electric utility revenues	123.2	-	-	123.2
Other revenues	-	9.2	(8.7)	0.5
<b>Total operating revenues</b>	<b>240.0</b>	<b>9.2</b>	<b>(8.7)</b>	<b>240.5</b>
<b>OPERATING EXPENSES</b>				
Cost of gas sold	59.9	-	-	59.9
Cost of fuel & purchased power	46.8	-	-	46.8
Other operating	69.9	-	(8.3)	61.6
Depreciation & amortization	32.4	5.5	0.1	38.0
Taxes other than income taxes	10.2	0.3	-	10.5
Total operating expenses	219.2	5.8	(8.2)	216.8
<b>OPERATING INCOME</b>	<b>20.8</b>	<b>3.4</b>	<b>(0.5)</b>	<b>23.7</b>
<b>OTHER INCOME (EXPENSE) - NET</b>				
Equity in earnings of consolidated companies	-	4.0	(4.0)	-
Other income (expense) – net	1.3	10.6	(9.9)	2.0
Total other income (expense) - net	1.3	14.6	(13.9)	2.0
Interest expense	16.4	13.2	(10.4)	19.2
<b>INCOME BEFORE INCOME TAXES</b>	<b>5.7</b>	<b>4.8</b>	<b>(4.0)</b>	<b>6.5</b>
Income taxes	1.7	(1.7)	-	-

<b>NET INCOME</b>	<b>\$</b>	<b>4.0</b>	<b>\$</b>	<b>6.5</b>	<b>\$</b>	<b>(4.0)</b>	<b>\$</b>	<b>6.5</b>
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Condensed Consolidating Statement of Income for the nine months ended September 30, 2007 (in millions):

	Subsidiary Guarantors	Parent Company	Eliminations & Reclassifications	Consolidated
<b>OPERATING REVENUES</b>				
Gas utility revenues	\$ 890.0	\$ -	\$ -	\$ 890.0
Electric utility revenues	361.6	-	-	361.6
Other revenues	-	30.3	(29.0)	1.3
<b>Total operating revenues</b>	<b>1,251.6</b>	<b>30.3</b>	<b>(29.0)</b>	<b>1,252.9</b>
<b>OPERATING EXPENSES</b>				
Cost of gas sold	592.0	-	-	592.0
Cost of fuel & purchased power	129.5	-	-	129.5
Other operating	224.2	-	(25.8)	198.4
Depreciation & amortization	101.8	17.3	0.3	119.4
Taxes other than income taxes	47.7	1.8	0.1	49.6
Total operating expenses	1,095.2	19.1	(25.4)	1,088.9
<b>OPERATING INCOME</b>	<b>156.4</b>	<b>11.2</b>	<b>(3.6)</b>	<b>164.0</b>
<b>OTHER INCOME (EXPENSE) - NET</b>				
Equity in earnings of consolidated companies	-	65.6	(65.6)	-
Other income (expense) – net	2.5	33.5	(29.8)	6.2
Total other income (expense) - net	2.5	99.1	(95.4)	6.2
Interest expense	50.6	41.6	(33.4)	58.8
<b>INCOME BEFORE INCOME TAXES</b>	<b>108.3</b>	<b>68.7</b>	<b>(65.6)</b>	<b>111.4</b>
Income taxes	42.7	(0.9)	-	41.8
<b>NET INCOME</b>	<b>\$ 65.6</b>	<b>\$ 69.6</b>	<b>\$ (65.6)</b>	<b>\$ 69.6</b>

Condensed Consolidating Statement of Income for the nine months ended September 30, 2006 (in millions):

	Subsidiary Guarantors	Parent Company	Eliminations & Reclassifications	Consolidated
<b>OPERATING REVENUES</b>				
Gas utility revenues	\$ 848.6	\$ -	\$ -	\$ 848.6
Electric utility revenues	324.4	-	-	324.4
Other revenues	-	27.5	(26.1)	1.4
<b>Total operating revenues</b>	<b>1,173.0</b>	<b>27.5</b>	<b>(26.1)</b>	<b>1,174.4</b>
<b>OPERATING EXPENSES</b>				
Cost of gas sold	577.4	-	-	577.4
Cost of fuel & purchased power	115.8	-	-	115.8
Other operating	206.9	-	(24.1)	182.8
Depreciation & amortization	96.6	16.1	0.1	112.8
Taxes other than income taxes	44.0	0.8	0.1	44.9
Total operating expenses	1,040.7	16.9	(23.9)	1,033.7
<b>OPERATING INCOME</b>	<b>132.3</b>	<b>10.6</b>	<b>(2.2)</b>	<b>140.7</b>
<b>OTHER INCOME (EXPENSE) - NET</b>				
Equity in earnings of consolidated companies	-	52.3	(52.3)	-
Other income (expense) – net	2.2	31.1	(28.5)	4.8
Total other income (expense) - net	2.2	83.4	(80.8)	4.8
Interest expense	49.3	38.8	(30.7)	57.4
<b>INCOME BEFORE INCOME TAXES</b>	<b>85.2</b>	<b>55.2</b>	<b>(52.3)</b>	<b>88.1</b>
Income taxes	32.9	(1.8)	-	31.1

<b>NET INCOME</b>	\$	<b>52.3</b>	\$	<b>57.0</b>	\$	<b>(52.3)</b>	\$	<b>57.0</b>
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Condensed Consolidating Statement of Cash Flows for the nine months ended September 30, 2007 (in millions):

	Subsidiary Guarantors	Parent Company	Eliminations	Consolidated
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 144.3</b>	<b>\$ 28.8</b>	<b>\$ -</b>	<b>\$ 173.1</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Requirements for:				
Dividends to parent	(57.4)	(57.4)	57.4	(57.4)
Retirement of long-term debt	(6.5)	-	-	(6.5)
Net change in short-term borrowings	105.2	82.1	(105.2)	82.1
<b>Net cash flows from financing activities</b>	<b>41.3</b>	<b>24.7</b>	<b>(47.8)</b>	<b>18.2</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from:				
Consolidated subsidiary distributions	-	57.4	(57.4)	-
Other investing activities	-	0.3	-	0.3
Requirements for:				
Capital expenditures, excluding AFUDC-equity	(186.2)	(26.9)	-	(213.1)
Net change in notes receivable to other Vectren companies	-	(105.2)	105.2	-
<b>Net cash flows from investing activities</b>	<b>(186.2)</b>	<b>(74.4)</b>	<b>47.8</b>	<b>(212.8)</b>
Net decrease in cash & cash equivalents	(0.6)	(20.9)	-	(21.5)
Cash & cash equivalents at beginning of period	5.7	22.8	-	28.5
Cash & cash equivalents at end of period	\$ 5.1	\$ 1.9	\$ -	\$ 7.0

Condensed Consolidating Statement of Cash Flows for the nine months ended September 30, 2006 (in millions):

	Subsidiary Guarantors	Parent Company	Eliminations	Consolidated
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 211.7</b>	<b>\$ 2.8</b>	<b>\$ -</b>	<b>\$ 214.5</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from:				
Additional capital contribution	20.0	-	(20.0)	-
Long-term debt - net of issuance costs & hedging proceeds	150.0	-	(150.0)	-
Requirements for:				
Dividends to parent	(55.9)	(55.9)	55.9	(55.9)
Net change in short-term borrowings	(183.9)	0.7	183.9	0.7
<b>Net cash flows from financing activities</b>	<b>(69.8)</b>	<b>(55.2)</b>	<b>69.8</b>	<b>(55.2)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from:				
Consolidated subsidiary distributions	-	55.9	(55.9)	-
Other investing activities	-	0.1	-	0.1
Requirements for:				

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Capital expenditures, excluding AFUDC-equity	(150.7)	(17.5)	-	(168.2)
Consolidated affiliate and other investments	-	(170.0)	170.0	-
Net change in notes receivable to other Vectren companies	-	183.9	(183.9)	-
<b>Net cash flows from investing activities</b>	<b>(150.7)</b>	<b>52.4</b>	<b>(69.8)</b>	<b>(168.1)</b>
Net decrease in cash & cash equivalents	(8.8)	-		(8.8)
Cash & cash equivalents at beginning of period	11.0	0.7		11.7
Cash & cash equivalents at end of period	\$ 2.2	\$ 0.7	\$ -	\$ 2.9

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Condensed Consolidating Balance Sheet as of September 30, 2007 (in millions):

<b><u>ASSETS</u></b>	Subsidiary Guarantors	Parent Company	Eliminations	Consolidated
Current Assets				
Cash & cash equivalents	\$ 5.1	\$ 1.9	\$ -	\$ 7.0
Accounts receivable - less reserves	78.9	-	-	78.9
Receivables due from other Vectren companies	0.4	251.2	(250.8)	0.8
Accrued unbilled revenues	43.9	-	-	43.9
Inventories	169.3	0.9	-	170.2
Prepayments & other current assets	109.0	10.6	(2.6)	117.0
<b>Total current assets</b>	<b>406.6</b>	<b>264.6</b>	<b>(253.4)</b>	<b>417.8</b>
Utility Plant				
Original cost	3,990.8	-	-	3,990.8
Less: accumulated depreciation & amortization	1,499.1	-	-	1,499.1
<b>Net utility plant</b>	<b>2,491.7</b>	<b>-</b>	<b>-</b>	<b>2,491.7</b>
Investments in consolidated subsidiaries	-	1,137.7	(1,137.7)	-
Notes receivable from consolidated subsidiaries	-	575.4	(575.4)	-
Investments in unconsolidated affiliates	0.2	-	-	0.2
Other investments	15.9	5.8	-	21.7
Nonutility property - net	5.5	169.2	-	174.7
Goodwill - net	205.0	-	-	205.0
Regulatory assets	125.4	12.7	-	138.1
Other assets	15.0	0.3	(4.6)	10.7
<b>TOTAL ASSETS</b>	<b>\$ 3,265.3</b>	<b>\$ 2,165.7</b>	<b>\$ (1,971.1)</b>	<b>\$ 3,459.9</b>

**LIABILITIES & SHAREHOLDER'S**

<b><u>EQUITY</u></b>	Subsidiary Guarantors	Parent Company	Eliminations	Consolidated
Current Liabilities				
Accounts payable	\$ 108.8	\$ 9.2	\$ -	\$ 118.0
Accounts payable to affiliated companies	29.9	-	-	29.9
Payables to other Vectren companies	34.3	0.3	(9.8)	24.8
Refundable fuel & natural gas costs	26.0	-	-	-