

VECTREN CORP  
Form 10-Q  
May 01, 2009

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 March 31, 2009

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: 1-15467

VECTREN CORPORATION  
(Exact name of registrant as specified in its charter)

INDIANA  
(State or other jurisdiction of incorporation or  
organization)

35-2086905  
(IRS Employer Identification No.)

One Vectren  
Square,  
Evansville, IN  
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. x Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

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company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)  
company

Smaller reporting

-1-

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
 Yes    x No

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

Common Stock- Without Par Value	81,041,060	April 30, 2009
Class	Number of Shares	Date

Access to Information

Vectren Corporation makes available all SEC filings and recent annual reports free of charge through its website at [www.vectren.com](http://www.vectren.com) as soon as reasonably practicable after electronically filing or furnishing the reports to the SEC, 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
		<a href="mailto:sschein@vectren.com">sschein@vectren.com</a>

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	OCC: Ohio Office of the Consumer Counselor
FERC: Federal Energy Regulatory Commission	OUCC: Indiana Office of the Utility Consumer Counselor
IDEM: Indiana Department of Environmental Management	PUCO: Public Utilities Commission of Ohio
IURC: Indiana Utility Regulatory Commission	SFAS: Statement of Financial Accounting Standards
MCF / BCF: thousands / billions of cubic feet	USEPA: United States Environmental Protection Agency
MDth / MMDth: thousands / millions of dekatherms	Throughput: combined gas sales and gas transportation volumes
MISO: Midwest Independent System Operator	



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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

VECTREN CORPORATION AND SUBSIDIARY COMPANIES  
 CONSOLIDATED CONDENSED BALANCE SHEETS  
 (Unaudited – In millions)

	March 31, 2009	December 31, 2008
<b>ASSETS</b>		
Current Assets		
Cash & cash equivalents	\$ 19.4	\$ 93.2
Accounts receivable - less reserves of \$6.1 & \$5.6, respectively	214.9	226.7
Accrued unbilled revenues	83.0	197.0
Inventories	92.7	131.0
Recoverable fuel & natural gas costs	-	3.1
Prepayments & other current assets	40.8	124.6
Total current assets	450.8	775.6
Utility Plant		
Original cost	4,411.2	4,335.3
Less: accumulated depreciation & amortization	1,642.7	1,615.0
Net utility plant	2,768.5	2,720.3
Investments in unconsolidated affiliates	164.9	179.1
Other utility & corporate investments	26.6	25.7
Other nonutility investments	46.0	45.9
Nonutility property - net	410.3	390.2
Goodwill - net	240.3	240.2
Regulatory assets	203.1	216.7
Other assets	35.1	39.2
<b>TOTAL ASSETS</b>	<b>\$ 4,345.6</b>	<b>\$ 4,632.9</b>

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



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VECTREN CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(Unaudited – In millions)

	March 31, 2009	December 31, 2008
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 131.3	\$ 266.1
Accounts payable to affiliated companies	38.0	75.2
Refundable fuel & natural gas costs	25.6	4.1
Accrued liabilities	217.8	175.0
Short-term borrowings	113.6	519.5
Current maturities of long-term debt	0.4	0.4
Long-term debt subject to tender	80.0	80.0
<b>Total current liabilities</b>	<b>606.7</b>	<b>1,120.3</b>
<b>Long-term Debt - Net of Current Maturities &amp; Debt Subject to Tender</b>		
	<b>1,438.6</b>	<b>1,247.9</b>
<b>Deferred Income Taxes &amp; Other Liabilities</b>		
Deferred income taxes	357.0	353.4
Regulatory liabilities	318.2	315.1
Deferred credits & other liabilities	239.2	244.6
<b>Total deferred credits &amp; other liabilities</b>	<b>914.4</b>	<b>913.1</b>
<b>Commitments &amp; Contingencies (Notes 7, 9-11)</b>		
<b>Common Shareholders' Equity</b>		
Common stock (no par value) – issued & outstanding		
81.0 & 81.0, respectively	660.8	659.1
Retained earnings	758.5	712.8
Accumulated other comprehensive income (loss)	(33.4)	(20.3)
<b>Total common shareholders' equity</b>	<b>1,385.9</b>	<b>1,351.6</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$ 4,345.6</b>	<b>\$ 4,632.9</b>

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





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VECTREN CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED CONDENSED STATEMENTS OF INCOME  
(Unaudited – In millions, except per share data)

	Three Months Ended March 31,	
	2009	2008
<b>OPERATING REVENUES</b>		
Gas utility	\$ 527.4	\$ 633.6
Electric utility	125.0	127.2
Nonutility revenues	142.8	141.3
Total operating revenues	795.2	902.1
<b>OPERATING EXPENSES</b>		
Cost of gas sold	354.6	462.0
Cost of fuel & purchased power	47.0	46.0
Cost of nonutility revenues	74.2	95.3
Other operating	122.7	115.8
Depreciation & amortization	51.4	47.4
Taxes other than income taxes	23.5	26.8
Total operating expenses	673.4	793.3
<b>OPERATING INCOME</b>	<b>121.8</b>	<b>108.8</b>
<b>OTHER INCOME</b>		
Equity in earnings of unconsolidated affiliates	12.6	14.0
Other income – net	2.4	3.0
Total other income	15.0	17.0
<b>INTEREST EXPENSE</b>	<b>22.7</b>	<b>25.3</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>114.1</b>	<b>100.5</b>
<b>INCOME TAXES</b>	<b>41.3</b>	<b>36.5</b>
<b>NET INCOME</b>	<b>\$ 72.8</b>	<b>\$ 64.0</b>
<b>AVERAGE COMMON SHARES OUTSTANDING</b>	<b>80.6</b>	<b>76.0</b>
<b>DILUTED COMMON SHARES OUTSTANDING</b>	<b>80.7</b>	<b>76.1</b>
<b>EARNINGS PER SHARE OF COMMON STOCK:</b>		
<b>BASIC</b>	<b>\$ 0.90</b>	<b>\$ 0.84</b>
<b>DILUTED</b>	<b>\$ 0.90</b>	<b>\$ 0.84</b>
<b>DIVIDENDS DECLARED PER SHARE OF COMMON STOCK</b>		
	<b>\$ 0.34</b>	<b>\$ 0.33</b>

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

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VECTREN CORPORATION AND SUBSIDIARY COMPANIES  
 CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
 (Unaudited – In millions)

	Three Months Ended March 31,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 72.8	\$ 64.0
Adjustments to reconcile net income to cash from operating activities:		
Depreciation & amortization	51.4	47.4
Deferred income taxes & investment tax credits	11.3	12.7
Equity in earnings of unconsolidated affiliates	(12.6)	(14.0)
Provision for uncollectible accounts	4.3	5.3
Expense portion of pension & postretirement periodic benefit cost	2.6	1.9
Other non-cash charges - net	1.0	2.0
Changes in working capital accounts:		
Accounts receivable & accrued unbilled revenues	120.7	(26.8)