

McBRAYER, MCGINNIS, LESLIE & KIRKLAND, PLLC
ATTORNEYS-AT-LAW

Jason R. Bentley
jbentley@mmlk.com

305 Ann Street, Suite 308
Frankfort, KY 40601
(502) 875-1176
FAX (502) 226-6234

February 20, 2012

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
KY State Board on Electric Generation & Transmission Siting
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40601

RE: Application of Southern Indiana Gas & Electric Co. d/b/a Vectren Energy Delivery of Indiana, Inc. for a Certificate to Construct an Electric Transmission Line from its AB Brown Plant to the Big Rivers Reid EHV Station, Case No. 2010-00223

Dear Mr. Derouen:

Southern Indiana Gas & Electric Co. d/b/a Vectren Energy Delivery of Indiana, Inc. (hereafter, Vectren), is currently finalizing the permitting and easement acquisition phases of the south portion of its 345kV Interstate Electric Transmission Line. Vectren applied for and received from the Kentucky State Board on Electric Generation and Transmission Siting (hereafter, Siting Board), a Certificate to Construct the approximately fifteen miles of the line running within the Commonwealth of Kentucky, in an Order entered December 21, 2010.

Vectren has studied carefully the provisions and requirements of the Order, and for that reason, Vectren requests an opportunity to meet with you at your earliest convenience to discuss a clarification of the following:

Vectren shall file with the Siting Board a survey of the final location of the line and its appurtenances after all such moves are completed and before construction begins. (Order at pages 20-21).

Given the length of the line (approximately fifteen miles of which is within the Commonwealth of Kentucky and therefore within the jurisdiction of the Siting Board) and the special construction challenges posed not only by the interstate nature of the project but also by the crossing of a major navigable waterway (the Ohio River) and the

interconnection to the Big Rivers Reid EHV Station, Vectren seeks to perform its construction in phases, and to file the required survey as each phase becomes available for construction. Vectren is compelled to propose this approach, for the following reasons:

First, as noted in Vectren's initial and supplemental applications and in the Siting Board's Order, this project requires a crossing of the Ohio River at Henderson, Kentucky. The crossing includes the construction of a tower on Henderson Island, located in the Ohio River. The Ohio River is subject to flooding, both seasonally and based on certain kinds of rain events which tend to occur in the eastern half of the United States and affect the Ohio River. Either kind of flooding can (and has, as recently as 2011) cause Henderson Island to become submerged, and unavailable for construction. Additionally, in order to perform construction on the Island, Vectren has had to secure the services of a special heavy-duty construction helicopter (which service has an approximately 8 month queue, and for which Vectren is currently in queue for late May 2012 construction). If Vectren is unable to avail itself of the helicopter service as scheduled, Vectren must either re-enter the queue, resulting in additional delays of a year or more in construction or it must find another means to accomplish construction on Henderson Island, resulting in additional delays and additional expenses for the project. Vectren has secured the necessary easements and permits and would propose to begin its construction of the tower on the island as Phase 1 of its Kentucky construction.

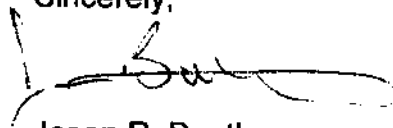
Secondly, as noted in Vectren's applications and in the Siting Board's Order, this project also requires an interconnection with Big Rivers at its Reid EHV Station, which interconnection includes construction of enhancements to certain substation and transmission facilities at Reid. Construction in and around substations is particularly challenging, and the management of equipment outages can be difficult, particularly in peak load season (which is typically considered to be the summer months). Coordination of all outages will require communication not only between Vectren and Big Rivers, but also among Vectren, Big Rivers and the Midwest Independent Transmission System Operator (MISO) and perhaps even neighboring balancing authorities. Queues and scheduling for planned outages require long lead times, and, once established, can be very difficult to reschedule. (Given the announced EPA MATS regulations, Vectren anticipates that scheduling outages will become particularly challenging this year and in the next couple of years.) Again, Vectren has secured the necessary permissions and permits, and would propose to begin its construction in and around the substation at Reid as Phase 2 of its Kentucky construction.

Lastly, Vectren has established certain other phases for the remainder of the construction, and, as rights of entry and permits are secured, Vectren would proposed to handle each such phase in this same manner, providing all necessary documentation including the required pre-construction survey, prior to initiating construction on each such phase.

With this approach, Vectren expects to stay on schedule with its construction and Vectren also expects to be able to complete its construction in a timely manner, thereby bringing the reliability benefits of the project to the region of northwest Kentucky and southwest Indiana, as described in Vectren's applications.

Thank you in advance for your consideration of this request. Please contact me at your earliest convenience to arrange a time when we might meet with appropriate Siting Board staff. We have set aside the afternoon of March 6th and all day March 7th and 8th to discuss with you the pathway forward with the construction of this important project.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason R. Bentley", written over a horizontal line.

Jason R. Bentley
Attorney for Vectren Energy Delivery of Indiana
McBrayer, McGinnis, Leslie & Kirkland, PLLC
305 Ann Street, Suite 308
Frankfort, KY 40601
(502) 875-1176