

VECTREN UTILITY HOLDINGS INC
Form 10-Q
November 14, 2013

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, 2013
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
(State or other jurisdiction of incorporation or
organization)

35-2104850
(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. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Edgar Filing: VECTREN UTILITY HOLDINGS INC - Form 10-Q

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 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) Smaller reporting company

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.

Common Stock- Without Par Value Class	10 Number of Shares	October 31, 2013 Date
---------------------------------------	------------------------	--------------------------

Access to Information

Vectren Corporation makes available all SEC filings and recent annual reports, including those of its wholly owned subsidiaries, free of charge through its website at 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:
One Vectren Square
Evansville, Indiana 47708

Phone Number:
(812) 491-4000

Investor Relations Contact:
Robert L. Goocher
Treasurer and Vice President, Investor Relations
rgoocher@vectren.com

Definitions

AFUDC: allowance for funds used during construction	MISO: Midcontinent Independent System Operator (formerly Midwest Independent System Operator)
DOT: Department of Transportation	MMBTU: millions of British thermal units
EPA: Environmental Protection Agency	MW: megawatts
FAC: Fuel Adjustment Clause	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	OUC: Indiana Office of the Utility Consumer Counselor
IDEM: Indiana Department of Environmental Management	PUCO: Public Utilities Commission of Ohio
IURC: Indiana Utility Regulatory Commission	Throughput: combined gas sales and gas transportation volumes
MCF / BCF: thousands / billions of cubic feet	XBRL: eXtensible Business Reporting Language
MDth / MMDth: thousands / millions of dekatherms	

Table of Contents

Item Number		Page Number
	PART I. FINANCIAL INFORMATION	
1	<u>Financial Statements (Unaudited)</u> Vectren Utility Holdings, Inc. and Subsidiary Companies <u>Condensed Consolidated Balance Sheets</u> <u>Condensed Consolidated Statements of Income</u> <u>Condensed Consolidated Statements of Cash Flows</u> <u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	<u>3- 4</u> <u>5</u> <u>6</u> <u>7</u>
2	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>23</u>
3	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>37</u>
4	<u>Controls and Procedures</u>	<u>37</u>
	PART II. OTHER INFORMATION	
1	<u>Legal Proceedings</u>	<u>37</u>
1A	<u>Risk Factors</u>	<u>38</u>
2	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>38</u>
3	<u>Defaults Upon Senior Securities</u>	<u>38</u>
4	<u>Mine Safety Disclosures</u>	<u>38</u>
5	<u>Other Information</u>	<u>38</u>
6	<u>Exhibits</u> <u>Signatures</u>	<u>39</u> <u>40</u>

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash & cash equivalents	\$6.2	\$13.3
Accounts receivable - less reserves of \$4.3 & \$5.0, respectively	69.9	81.8
Accrued unbilled revenues	33.1	93.6
Inventories	98.5	114.0
Recoverable fuel & natural gas costs	19.5	25.3
Prepayments & other current assets	54.1	52.3
Total current assets	281.3	380.3
Utility Plant		
Original cost	5,326.9	5,176.8
Less: accumulated depreciation & amortization	2,136.3	2,057.2
Net utility plant	3,190.6	3,119.6
Investments in unconsolidated affiliates	0.2	0.2
Other investments	32.6	32.6
Nonutility plant - net	143.5	146.9
Goodwill - net	205.0	205.0
Regulatory assets	135.4	126.5
Other assets	27.4	35.7
TOTAL ASSETS	\$4,016.0	\$4,046.8

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

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

	September 30, 2013	December 31, 2012
LIABILITIES & SHAREHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	\$96.2	\$121.0
Accounts payable to affiliated companies	—	29.7
Payables to other Vectren companies	23.1	25.1
Accrued liabilities	103.2	139.3
Short-term borrowings	176.1	116.7
Current maturities of long-term debt	—	105.0
Total current liabilities	398.6	536.8
Long-Term Debt - Net of Current Maturities	1,107.0	1,103.4
Deferred Income Taxes & Other Liabilities		
Deferred income taxes	627.2	578.5
Regulatory liabilities	381.9	364.2
Deferred credits & other liabilities	81.0	73.9
Total deferred credits & other liabilities	1,090.1	1,016.6
Commitments & Contingencies (Notes 8 - 10)		
Common Shareholder's Equity		
Common stock (no par value)	786.1	781.6
Retained earnings	634.2	608.4
Total common shareholder's equity	1,420.3	1,390.0
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	\$4,016.0	\$4,046.8

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

4

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

Three Months Ended
September 30,
2013

Nine Months Ended
September 30,