

VECTREN UTILITY HOLDINGS INC
Form 10-Q
November 13, 2015

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, 2015
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

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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

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	10	October 30, 2015
Class	Number of Shares	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:

M. Naveed Mughal
Treasurer and Vice President, Investor Relations
vvcir@vectren.com

Definitions

AFUDC: allowance for funds used during construction	MDth / MMDth: thousands / millions of dekatherms
DOT: Department of Transportation	MISO: Midcontinent Independent System Operator
EPA: Environmental Protection Agency	BTU / MMBTU: British thermal units/ millions of BTU
FAC: Fuel Adjustment Clause	MW: megawatts
FASB: Financial Accounting Standards Board	MWh / GWh: megawatt hours / thousands of megawatt hours (gigawatt hours)
FERC: Federal Energy Regulatory Commission	ASC: Accounting Standards Codification
IDEM: Indiana Department of Environmental Management	ASU: Accounting Standards Update
GCA: Gas Cost Adjustment	OUC: Indiana Office of the Utility Consumer Counselor
IURC: Indiana Utility Regulatory Commission	XBRL: eXtensible Business Reporting Language
kV: Kilovolt	PUCO: Public Utilities Commission of Ohio

MCF / BCF: thousands / billions of cubic feet

GAAP: Generally Accepted Accounting Principles

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VECTREN UTILITY HOLDINGS, INC. AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited – In millions)

	September 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash & cash equivalents	\$3.9	\$19.3
Accounts receivable - less reserves of \$2.8 & \$3.9, respectively	68.9	113.0
Accrued unbilled revenues	49.1	122.4
Inventories	119.7	113.2
Recoverable fuel & natural gas costs	—	9.8
Prepayments & other current assets	47.3	83.5
Total current assets	288.9	461.2
Utility Plant		
Original cost	6,001.4	5,718.7
Less: accumulated depreciation & amortization	2,385.3	2,279.7
Net utility plant	3,616.1	3,439.0
Investments in unconsolidated affiliates	0.2	0.2
Other investments	21.3	25.6
Nonutility plant - net	145.4	149.2
Goodwill - net	205.0	205.0
Regulatory assets	151.4	128.3
Other assets	35.1	19.6
TOTAL ASSETS	\$4,463.4	\$4,428.1

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, 2015	December 31, 2014
LIABILITIES & SHAREHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	\$127.5	\$180.4
Payables to other Vectren companies	28.7	28.6
Refundable fuel & natural gas costs	19.8	—
Accrued liabilities	123.4	122.3
Short-term borrowings	70.2	156.4
Current maturities of long-term debt	88.0	95.0
Total current liabilities	457.6	582.7
Long-Term Debt - Net of Current Maturities	1,202.7	1,162.3
Deferred Credits & Other Liabilities		
Deferred income taxes	719.1	685.1
Regulatory liabilities	430.5	410.3
Deferred credits & other liabilities	138.9	109.2
Total deferred credits & other liabilities	1,288.5	1,204.6
Commitments & Contingencies (Notes 8 - 11)		
Common Shareholder's Equity		
Common stock (no par value)	798.3	793.7
Retained earnings	716.3	684.8
Total common shareholder's equity	1,514.6	1,478.5
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	\$4,463.4	\$4,428.1

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

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VECTREN UTILITY HOLDINGS, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited – In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
OPERATING REVENUES				
Gas utility	\$ 108.5	\$ 105.1	\$ 590.1	\$ 681.1
Electric utility	164.4	165.9	466.0	480.9
Other	0.1	0.1	0.2	0.2
Total operating revenues	273.0	271.1	1,056.3	1,162.2
OPERATING EXPENSES				
Cost of gas sold	27.3	28.8	235.8	343.4
Cost of fuel & purchased power	47.9	50.3	144.9	155.4
Other operating	79.5	79.9	260.8	259.7
Depreciation & amortization	52.4	51.0	156.6	151.5
Taxes other than income taxes	11.8	11.7	43.0	44.3
Total operating expenses	218.9	221.7	841.1	954.3
OPERATING INCOME	54.1	49.4	215.2	207.9
Other income - net	4.0	4.8	13.3	12.4
Interest expense	16.6	16.6	49.5	50.0
INCOME BEFORE INCOME TAXES	41.5	37.6	179.0	170.3
Income taxes	14.6	13.3	64.7	61.8
NET INCOME	\$ 26.9	\$ 24.3	\$ 114.3	\$ 108.5

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

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

	Nine Months Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 114.3	\$ 108.5
Adjustments to reconcile net income to cash from operating activities:		
Depreciation & amortization	156.6	151.5
Deferred income taxes & investment tax credits	39.7	19.8
Expense portion of pension & postretirement periodic benefit cost	3.5	3.5
Provision for uncollectible accounts	5.1	3.7
Other non-cash items - net	4.1	2.3
Changes in working capital accounts:		
Accounts receivable & accrued unbilled revenue	112.3	111.3
Inventories	(6.5)	(19.8)
Recoverable/refundable fuel & natural gas costs	27.1	(22.6)
Prepayments & other current assets	40.3	(9.6)
Accounts payable, including to Vectren companies & affiliated companies	(58.8)	(42.2)
Accrued liabilities	3.6	(15.8)
Changes in noncurrent assets	(34.5)	0.9
Changes in noncurrent liabilities	(4.4)	(9.1)
Net cash provided by operating activities	402.4	282.4
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Long-term debt - net of issuance costs	37.5	63.0
Additional capital contribution	4.7	4.6
Requirements for:		
Dividends to parent	(82.8)	(81.4)
Retirement of long-term debt	(5.0)	(63.6)
Net change in short-term borrowings	(86.2)	31.5
Net cash used in financing activities	(131.8)	(45.9)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from other investing activities	3.1	0.3
Requirements for capital expenditures, excluding AFUDC equity	(279.4)	(240.0)
Changes in restricted cash	(9.7)	—
Net cash used in investing activities	(286.0)	(239.7)
Net change in cash & cash equivalents	(15.4)	(3.2)
Cash & cash equivalents at beginning of period	19.3	8.6
Cash & cash equivalents at end of period	\$3.9	\$5.4

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

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

1. Organization and Nature of Operations

Vectren Utility Holdings, Inc. (the Company, Utility Holdings or VUHI), an Indiana corporation, was formed on March 31, 2000 to serve as the intermediate holding company for Vectren Corporation's (Vectren) three operating public utilities: Indiana Gas Company, Inc. (Indiana Gas or Vectren Energy Delivery of Indiana - North), Southern Indiana Gas and Electric Company (SIGECO or Vectren Energy Delivery of Indiana - South), and Vectren Energy Delivery of Ohio, Inc. (VEDO). Utility Holdings also has other assets that provide information technology and other services to the three utilities. Vectren, an Indiana corporation, is an energy holding company headquartered in Evansville, Indiana and was organized on June 10, 1999. Both Vectren and Utility Holdings are holding companies as defined by the Energy Policy Act of 2005 (Energy Act).

Indiana Gas provides energy delivery services to approximately 579,000 natural gas customers located in central and southern Indiana. SIGECO provides energy delivery services to approximately 144,000 electric customers and over 111,000 gas customers located near Evansville in southwestern Indiana. SIGECO also owns and operates electric generation assets 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. VEDO provides energy delivery services to approximately 314,000 natural gas customers located near Dayton in west central Ohio.

2. Basis of Presentation

The interim condensed consolidated 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 and include a review of subsequent events through the date the financial statements were issued. 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 information in this report reflects all adjustments which are, in the opinion of management, necessary to fairly state the interim periods presented, inclusive of adjustments that are normal and recurring in nature. These interim condensed consolidated 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, 2014, filed with the Securities and Exchange Commission on March 5, 2015, 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' \$350 million in short-term credit facilities, of which approximately \$70 million was outstanding at September 30, 2015. The operating utility companies are also guarantors of Utility Holdings' unsecured senior notes with a par value of \$875 million outstanding at September 30, 2015. The guarantees are full and unconditional and joint and several, and Utility Holdings has no direct subsidiaries other than the subsidiary guarantors. However,

Utility Holdings does have operations other than those of the subsidiary guarantors. Pursuant to Item 3-10 of Regulation S-X, disclosure of the results of operations and balance sheets of the subsidiary guarantors, which are 100 percent owned, separate from the parent company's operations is required. Following are condensed consolidating financial statements including information on the combined operations of the subsidiary guarantors separate from the other operations of the parent company. Pursuant to a tax sharing agreement, consolidating tax effects, which are calculated on a separate return basis, are reflected at the parent level.

Condensed Consolidating Balance Sheet as of September 30, 2015 (in millions):

ASSETS	Subsidiary Guarantors	Parent Company	Eliminations & Reclassifications	Consolidated
Current Assets				
Cash & cash equivalents	\$3.1	\$0.8	\$—	\$3.9
Accounts receivable - less reserves	68.9	—	—	68.9
Intercompany receivables	46.4	183.9	(230.3)	—
Accrued unbilled revenues	49.1	—	—	49.1
Inventories	119.7	—	—	119.7
Prepayments & other current assets	52.7	12.4	(17.8)	47.3
Total current assets	339.9	197.1	(248.1)	288.9
Utility Plant				
Original cost	6,001.4	—	—	6,001.4
Less: accumulated depreciation & amortization	2,385.3	—	—	2,385.3
Net utility plant	3,616.1	—	—	3,616.1
Investments in consolidated subsidiaries	—	1,451.7	(1,451.7)	—
Notes receivable from consolidated subsidiaries	—	746.5	(746.5)	—
Investments in unconsolidated affiliates	0.2	—	—	0.2
Other investments	20.2	1.1	—	21.3
Nonutility plant - net	1.6	143.8	—	145.4
Goodwill - net	205.0	—	—	205.0
Regulatory assets	130.7	20.7	—	151.4
Other assets	42.1	1.4	(8.4)	35.1
TOTAL ASSETS	\$4,355.8	\$2,562.3	\$(2,454.7)	\$4,463.4
LIABILITIES & SHAREHOLDER'S EQUITY				
	Subsidiary Guarantors	Parent Company	Eliminations & Reclassifications	Consolidated
Current Liabilities				
Accounts payable	\$122.2	\$5.3	\$—	\$127.5
Intercompany payables	11.1	—	(11.1)	—
Payables to other Vectren companies	28.7	—	—	28.7
Refundable fuel & natural gas costs	19.8	—	—	19.8
Accrued liabilities	120.5	20.7	(17.8)	123.4
Short-term borrowings	—	70.2	—	70.2
Intercompany short-term borrowings	98.6	46.5	(145.1)	—
Current maturities of long-term debt	13.0	75.0	—	88.0
Current maturities of long-term debt due to VUHI	74.1	—	(74.1)	—
Total current liabilities	488.0	217.7	(248.1)	457.6
Long-Term Debt				
Long-term debt	402.9	799.8	—	1,202.7
Long-term debt due to VUHI	746.5	—	(746.5)	—
Total long-term debt - net	1,149.4	799.8	(746.5)	1,202.7
Deferred Credits & Other Liabilities				
Deferred income taxes	694.5	24.6	—	719.1
Regulatory liabilities	429.1	1.4	—	430.5
Deferred credits & other liabilities	143.1	4.2	(8.4)	138.9
Total deferred credits & other liabilities	1,266.7	30.2	(8.4)	1,288.5
Common Shareholder's Equity				

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Common stock (no par value)	811.6	798.3	(811.6) 798.3
Retained earnings	640.1	716.3	(640.1) 716.3
Total common shareholder's equity	1,451.7	1,514.6	(1,451.7) 1,514.6
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	\$4,355.8	\$2,562.3	\$(2,454.7) \$4,463.4

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Condensed Consolidating Balance Sheet as of December 31, 2014 (in millions):

ASSETS	Subsidiary Guarantors	Parent Company	Eliminations & Reclassifications	Consolidated
Current Assets				
Cash & cash equivalents	\$6.9	\$12.4	\$—	\$19.3
Accounts receivable - less reserves	113.0	—	—	113.0
Intercompany receivables	0.8	186.7	(187.5)	—
Accrued unbilled revenues	122.4	—	—	122.4
Inventories	113.2	—	—	113.2
Recoverable fuel & natural gas costs	9.8	—	—	9.8
Prepayments & other current assets	94.8	38.1	(49.4)	83.5
Total current assets	460.9	237.2	(236.9)	461.2
Utility Plant				
Original cost	5,718.7	—	—	5,718.7
Less: accumulated depreciation & amortization	2,279.7	—	—	2,279.7
Net utility plant	3,439.0	—	—	3,439.0
Investments in consolidated subsidiaries	—	1,416.9	(1,416.9)	—
Notes receivable from consolidated subsidiaries	—	746.5	(746.5)	—
Investments in unconsolidated affiliates	0.2	—	—	0.2
Other investments	21.3	4.3	—	25.6
Nonutility plant - net	1.8	147.4	—	149.2
Goodwill - net	205.0	—	—	205.0
Regulatory assets	106.7	21.6	—	128.3
Other assets	29.4	1.7	(11.5)	19.6
TOTAL ASSETS	\$4,264.3	\$2,575.6	\$(2,411.8)	\$4,428.1
LIABILITIES & SHAREHOLDER'S EQUITY				
	Subsidiary Guarantors	Parent Company	Eliminations & Reclassifications	Consolidated
Current Liabilities				
Accounts payable	\$176.2	\$4.2	\$—	\$180.4
Intercompany payables	15.6	0.8	(16.4)	—
Payables to other Vectren companies	28.6	—	—	28.6
Accrued liabilities	136.7	35.0	(49.4)	122.3
Short-term borrowings	—	156.4	—	156.4
Intercompany short-term borrowings	97.0	—	(97.0)	—
Current maturities of long-term debt	20.0	75.0	—	95.0
Current maturities of long-term debt due to VUHI	74.1	—	(74.1)	—
Total current liabilities	548.2	271.4	(236.9)	582.7
Long-Term Debt				
Long-term debt - net of current maturities & debt subject to tender	362.6	799.7	—	1,162.3
Long-term debt due to VUHI	746.5	—	(746.5)	—
Total long-term debt - net	1,109.1	799.7	(746.5)	1,162.3
Deferred Credits & Other Liabilities				
Deferred income taxes	665.8	19.3	—	685.1
Regulatory liabilities	408.8	1.5	—	410.3
Deferred credits & other liabilities	115.5	5.2	(11.5)	109.2
Total deferred credits & other liabilities	1,190.1	26.0	(11.5)	1,204.6

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Common Shareholder's Equity				
Common stock (no par value)	806.9	793.7	(806.9) 793.7
Retained earnings	610.0	684.8	(610.0	) 684.8
Total common shareholder's equity	1,416.9	1,478.5	(1,416.9) 1,478.5
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	\$4,264.3	\$2,575.6	\$(2,411.8) \$4,428.1

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Condensed Consolidating Statement of Income for the three months ended September 30, 2015 (in millions):

	Subsidiary Guarantors	Parent Company	Eliminations & Reclassifications	Consolidated
OPERATING REVENUES				
Gas utility	\$108.5	\$—	\$—	\$108.5
Electric utility	164.4	—	—	164.4
Other	—	10.2	(10.1	) 0.1
Total operating revenues	272.9	10.2	(10.1	) 273.0
OPERATING EXPENSES				
Cost of gas sold	27.3	—	—	27.3
Cost of fuel & purchased power	47.9	—	—	47.9
Other operating	89.1	—	(9.6	) 79.5
Depreciation & amortization	46.2	6.2	—	52.4
Taxes other than income taxes	11.4	0.4	—	11.8
Total operating expenses	221.9	6.6	(9.6	) 218.9
OPERATING INCOME	51.0	3.6	(0.5	) 54.1
Other income - net	3.3	10.8	(10.1	) 4.0
Interest expense	15.9	11.3	(10.6	) 16.6
INCOME BEFORE INCOME TAXES	38.4	3.1	—	41.5
Income taxes	13.5	1.1	—	14.6
Equity in earnings of consolidated companies, net of tax	—	24.9	(24.9) —
NET INCOME	\$24.9	\$26.9	\$(24.9	) \$26.9

Condensed Consolidating Statement of Income for the three months ended September 30, 2014 (in millions):

	Subsidiary Guarantors	Parent Company	Eliminations & Reclassifications	Consolidated
OPERATING REVENUES				
Gas utility	\$105.1	\$—	\$—	\$105.1
Electric utility	165.9	—	—	165.9
Other	—	9.6	(9.5	) 0.1
Total operating revenues	271.0	9.6	(9.5	) 271.1
OPERATING EXPENSES				
Cost of gas sold	28.8	—	—	28.8
Cost of fuel & purchased power	50.3	—	—	50.3
Other operating	88.6	—	(8.7	) 79.9
Depreciation & amortization	44.8	6.1	0.1	51.0
Taxes other than income taxes	11.2	0.5	—	11.7
Total operating expenses	223.7	6.6	(8.6	) 221.7
OPERATING INCOME	47.3	3.0	(0.9	) 49.4
Other income - net	3.9	10.8	(9.9	) 4.8
Interest expense	16.1	11.3	(10.8	) 16.6
INCOME BEFORE INCOME TAXES	35.1	2.5	—	37.6
Income taxes	13.5	(0.2	) —	13.3
Equity in earnings of consolidated companies, net of tax	—	21.6	(21.6) —

NET INCOME	\$21.6	\$24.3	\$(21.6) \$24.3
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Condensed Consolidating Statement of Income for the nine months ended September 30, 2015 (in millions):

	Subsidiary Guarantors	Parent Company	Eliminations & Reclassifications	Consolidated
OPERATING REVENUES				
Gas utility	\$590.1	\$—	\$—	\$590.1
Electric utility	466.0	—	—	466.0
Other	—	30.6	(30.4)	) 0.2
Total operating revenues	1,056.1	30.6	(30.4)	) 1,056.3
OPERATING EXPENSES				
Cost of gas sold	235.8	—	—	235.8
Cost of fuel & purchased power	144.9	—	—	144.9
Other operating	289.4	—	(28.6)	) 260.8
Depreciation & amortization	137.4	19.0	0.2	156.6
Taxes other than income taxes	41.6	1.4	—	43.0
Total operating expenses	849.1	20.4	(28.4)	) 841.1
OPERATING INCOME	207.0	10.2	(2.0)	) 215.2
Other income - net	11.7	31.7	(30.1)	) 13.3
Interest expense	47.6	34.0	(32.1)	) 49.5
INCOME BEFORE INCOME TAXES	171.1	7.9	—	179.0
Income taxes	63.6	1.1	—	64.7
Equity in earnings of consolidated companies, net of tax	—	107.5	(107.5)) —
NET INCOME	\$107.5	\$114.3	\$(107.5)	) \$114.3

Condensed Consolidating Statement of Income for the nine months ended September 30, 2014 (in millions):

	Subsidiary Guarantors	Parent Company	Eliminations & Reclassifications	Consolidated
OPERATING REVENUES				
Gas utility	\$681.1	\$—	\$—	\$681.1
Electric utility	480.9	—	—	480.9
Other	—	28.7	(28.5)	) 0.2
Total operating revenues	1,162.0	28.7	(28.5)	) 1,162.2
OPERATING EXPENSES				
Cost of gas sold	343.4	—	—	343.4
Cost of fuel & purchased power	155.4	—	—	155.4
Other operating	286.4	—	(26.7)	) 259.7
Depreciation & amortization	133.8	17.4	0.3	151.5
Taxes other than income taxes	42.9	1.3	0.1	44.3
Total operating expenses	961.9	18.7	(26.3)	) 954.3
OPERATING INCOME	200.1	10.0	(2.2)	) 207.9
Other income - net	9.7	32.4	(29.7)	) 12.4
Interest expense	48.0	33.9	(31.9)	) 50.0
INCOME BEFORE INCOME TAXES	161.8	8.5	—	170.3
Income taxes	62.0	(0.2)	) —	61.8
Equity in earnings of consolidated companies, net of tax	—	99.8	(99.8)) —

NET INCOME	\$99.8	\$108.5	\$(99.8)
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