

VECTREN POWER SUPPLY

Evansville, IN

REQUEST FOR PROPOSALS

FOR

Up to 100 MW of CAPACITY

BEGINNING January 1, 2013

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1.0 Purpose of Request for Proposals

Vectren Corporation is an energy and applied technology holding company headquartered in Evansville, Indiana. Vectren's energy delivery subsidiaries provide gas and/or electricity to over one million customers in adjoining service territories in Indiana and Ohio. Southern Indiana Gas and Electric Company, Inc. d/b/a Vectren Power Supply, Inc., an Indiana corporation ("Vectren Power Supply"), serves over 136,000 electric customers in southwest Indiana. Vectren Power Supply is a member of the Midwest ISO.

Vectren Power Supply seeks up to 100 MW of firm capacity beginning on January 1, 2013. Terms should be for a minimum of 1 year with a preference for a 3 to 5 year term. Proposals may be for a standard offering of capacity only or may be structured in the form of a tolling arrangement. It is necessary that any capacity proposed under this RFP satisfy Midwest ISO capacity resource requirements for obtaining Network Integration Transmission Service (NITS) under the applicable Transmission and Energy Market Tariff (TEMT

VECTREN POWER SUPPLY has retained Burns & McDonnell to administer this request for proposal (RFP).

2.0 Instructions to Bidders

2.1 General

- 2.1.1 Nothing contained in this Request for Proposals (RFP) shall be construed to require or obligate VECTREN POWER SUPPLY to select any proposals or limit the ability of VECTREN POWER SUPPLY to reject all proposals in its sole and exclusive discretion. VECTREN POWER SUPPLY further reserves the right to withdraw and terminate this RFP at any time prior to the execution of a contract.
- 2.1.2 The submission of a proposal to VECTREN POWER SUPPLY shall constitute a Bidder's acknowledgment and acceptance of all the terms, conditions and requirements of this RFP, including Exhibits.
- 2.1.3 Subject to 2.1.4, all proposals submitted to VECTREN POWER SUPPLY pursuant to this RFP shall become the exclusive property of VECTREN POWER SUPPLY and may be used for any reasonable purpose by VECTREN POWER SUPPLY.
- 2.1.4 VECTREN POWER SUPPLY and Burns & McDonnell shall consider materials provided by Bidder in response to this RFP to be confidential only if such materials are clearly designated as "Confidential". Bidders should be aware that their proposal, even if marked "Confidential", may be subject to discovery and disclosure in regulatory or judicial proceedings that may or may not be initiated by VECTREN POWER SUPPLY. Bidders may be required to justify the

requested confidential treatment under the provisions of a protective order issued in such proceedings. If required by an order of an agency or court of competent jurisdiction, VECTREN POWER SUPPLY may produce the material in response to such order without prior consultation with the bidder.

2.1.6 Bidders shall be responsible for all costs and issues associated with bids; contract negotiations; completion of the contract; all taxes, duties, fees and other charges associated with the delivery of capacity and energy under the contract; and compliance with all local, state and federal laws that may affect the contract.

2.1.7 VECTREN POWER SUPPLY requires that capacity be deliverable to the Midwest ISO market. All costs and coordination required for any Transmission Service Requests for delivery to this market are the responsibility of the Bidder.

2.2 Overview of Process

2.2.1 VECTREN POWER SUPPLY has set-up an e-mail address to collect all internet communication from potential bidders as well as a web site to provide uniform communication including updates and specific detail as may be provided from time to time through this bidding process. The e-mail address is VECTRENRF@burnsmcd.com. The web site is www.vectrenrfp.com

2.2.2 The bid process will include the activities and events as indicated in the schedule on Exhibit A. Bid opening will be performed in private by Burns & McDonnell. Proposals will be screened and offers that do not include the information requirements of this RFP will be notified and allowed five business days to conform. The evaluation of the bids will be performed by VECTREN POWER SUPPLY with assistance provided by Burns & McDonnell. Bidders on any short list developed may be invited to begin negotiations of final details of the offers. Final evaluation of the offers, considering contract terms, will then be performed.

2.3 Notice of Intent to Bid

2.3.1 Each potential Bidder is requested to confirm receipt of the RFP and to advise VECTREN POWER SUPPLY by the date shown on Exhibit A of its intent to submit a proposal by indicating a notice of intent to bid. Return of a Notice of Intent to Bid is not a prerequisite to submitting a bid.

2.3.2 The Notice of Intent to Bid form may be faxed or e-mailed, to the following address:

Kiah Harris

Burns & McDonnell
Fax: (816) 822-3027
Email: VECTRENRF@burnsmcd.com

2.4 Deadline and Method for Submitting Proposals

- 2.4.1 Proposals must be submitted in the complete name of the party expecting to execute any resulting contract with VECTREN POWER SUPPLY. The proposal must be executed by a person who is duly authorized to bind the Bidder to a contract.
- 2.4.2 All proposals submitted in response to this RFP must be received by VECTREN POWER SUPPLY no later than 4:00 PM CPT on the date shown in Exhibit A.
- 2.4.3 **VECTREN POWER SUPPLY reserves the right to reject any proposals received after the specified date and time set forth in Section 2.4.2.**
- 2.4.4 Bidders shall provide three (3) bound copies and one (1) electronic copy of all documents, including exhibits, as part of its proposal. It is further requested that multiple proposals submitted by each Bidder be identified separately. Proposals must be delivered to the following address:
- Vectren Peaking Power Supply RFP c/o
Kiah Harris
Burns & McDonnell
9400 Ward Parkway
Kansas City, MO 64114
- 2.4.5 Emailed proposals will be acceptable and must be received by VECTREN POWER SUPPLY no later than 4:00 PM CST on the date shown in Exhibit A. Email proposals must be followed up within three business days with hardcopy proposals that conform in full to the requirements of Sections 2.4.1 and 2.4.4 and all other requirements stated in this RFP.

2.5 Questions and Interpretation of RFP

VECTREN POWER SUPPLY requires that all questions concerning this RFP be submitted in writing to Burns & McDonnell at the e-mail address indicated in Section 2.2.1. Answers will be posted as available to the web site. Bidders are encouraged to check the web site for updates. VECTREN POWER SUPPLY will not be responsible for other explanations or interpretations of the RFP than those included on the web site.

It shall be the obligation of the bidder to identify to VECTREN POWER SUPPLY any conflicting statements, need for clarification, or omissions of pertinent data

from the RFP before bids are due. Any questions not resolved by the bid date shall be identified in the proposal and a statement made as to the basis of the proposal.

2.6 Requirements of the Proposals

- 2.6.1 Proposals are requested to be provided in the format outlined in Section 3.0. The content of proposal(s) shall be subject to the requirements of this RFP. VECTREN POWER SUPPLY requests that all exhibits, documents, schedules, etc. submitted as a part of a proposal be clearly labeled and organized in a fashion that facilitates easy location and review.
- 2.6.2 Capacity provided shall meet the requirements of the Midwest ISO's Module E (Designated Network Resource) for use by VECTREN POWER SUPPLY in meeting its capacity obligations. During periods of unit outage, Bidder shall cause the replacement Capacity for the Capacity to comply with the obligations of a Network Resource under the MISO Agreements.
- 2.6.3 If provided as an option, associated energy shall be scheduled by VECTREN POWER SUPPLY as needed with the maximum flexibility allowed by the Midwest ISO for the effective period of the associated contract.
- 2.6.4 All such capacity must be determined by the Midwest ISO to be deliverable to the Midwest ISO market. Deliverability to the MISO Market shall be as evidenced in the latest MISO market deliverability test.
- 2.6.5 The pricing, as set forth in Section 3.5, contained in each proposal shall include all costs, fees and charges for delivery to MISO.
- 2.6.6 Bidder's proposed generating source(s) must satisfy Reliability First/NERC Guides and Midwest ISO capacity resource requirements for obtaining Network Integration Transmission Service (NITS) under the applicable Transmission and Energy Markets Tariff (TEMT) for designation by VECTREN POWER SUPPLY as a Designated Network Resource (DNR).
- 2.6.7 Proposals must be for purchase of Firm (LD) capacity. VECTREN POWER SUPPLY will also consider a tolling arrangement structure, as well as other structured arrangements. All offers must identify the accredited resource(s) by which the offer will be made firm for the purchase period.
- 2.6.8 The minimum amount of capacity from any proposal shall be 25 MW for a minimum term of one year. It is preferred that any capacity be proposed in blocks divisible by 25 MW.

- 2.6.9 Bidder may submit more than one proposal. Only proposals for provision of capacity, covering as a minimum the entire one year term will be considered. Terms of 3 to 5 years are preferred.
- 2.6.10 The pricing, as set forth in Section 3.5, contained in each proposal shall reflect all present and future applicable state and federal environmental regulations and requirements, including, but not limited to, sulfur dioxide allowances and any other emissions fees.
- 2.6.11 Proposals that rely upon generation resources or contracts located outside of the Midwest ISO's system must provide for the delivery of unit output to the Midwest ISO's transmission system. Transmission service which the Bidder acquires for the purpose of delivering said capacity shall be Firm Point-to-Point. Bidder shall be responsible for providing firm transmission throughout the term of the contract. Said transmission service shall be continuously reserved for the duration of the capacity transaction. Deliverability to the MISO market of this outside resource shall be verified in the latest MISO market deliverability test.
- 2.6.12 The Bidder shall be responsible for providing and/or contracting of all transmission related services up to the SIGE.SIGW load zone (delivery into is MISO is adequate)(Delivery Point), including requisite reactive power and voltage control, and loss compensation.
- 2.6.13 At some point during the evaluation process, VECTREN POWER SUPPLY may deem it necessary to require a Bidder(s) to demonstrate the ability to deliver the proposed capacity to the Midwest ISO market if such deliverability is not already verified in the Midwest ISO's deliverability tests. Furthermore, VECTREN POWER SUPPLY may require the Bidder to demonstrate the deliverability of source fuels, e.g. natural gas or oil. If the Bidder is unable or fails to demonstrate such ability to obtain delivery services, VECTREN POWER SUPPLY may terminate further consideration of the Bidder's proposal.
- 2.6.14 Prior to VECTREN POWER SUPPLY signing a power supply agreement, the Bidder will be required to provide substantial evidence of credit assurance as detailed in Section 3.7 of this RFP. All forms of credit assurance will be approved by VECTREN POWER SUPPLY before entering into an agreement. The form and quality of credit assurance shall be approved by VECTREN POWER SUPPLY prior to further negotiations. Credit requirements are listed in Exhibit D.
- 2.6.15 VECTREN POWER SUPPLY has previously contracted for capacity and energy using either the EEI or ISDA format contracts, and will accept either model as the basis for any contract negotiations resulting from this RFP.

3.0 Proposal Organization

The Bidder understands that VECTREN POWER SUPPLY will rely on the representations contained in the Proposal and this Agreement in its evaluation and consideration of proposals submitted pursuant to the RFP. The Bidder further understands that its inability to substantiate and verify any such representation may result in the termination of further consideration and/or evaluation of the Proposal. All such representations made in the Proposal are true and accurate to the best of the Bidder's knowledge and belief.

All Proposals must include the following minimum components and are requested to provide the information in the order provided:

3.1 Summary

3.2 Statements

3.2.1 A statement from the Bidder clearly indicating the time period during which the proposal will remain effective. VECTREN POWER SUPPLY requires that the structure of the proposals remain effective at least through June 30, 2009.

3.2.2 All documentation and signatures required depending on the nature of the proposal.

3.3 Contract Terms

A comprehensive listing and description, including a rationale if warranted, of all contract terms and conditions that the Bidder would seek during contract negotiations that are different from those included in a standard power purchase agreement based on the EEI or ISDA format. Bidders are directed to Exhibit D for EEI terms in use between Vectren Power Supply and counterparties.

3.4 Proposal Limitations

A listing of any economic, operational or system conditions (including sensitivities to anticipated dispatch levels) that might affect the Bidder's ability to deliver capacity as offered.

3.5 Term Sheet

Information on the product, cost of the capacity and other information shall be provided as per the sample Term Sheet contained in Exhibit C. Proposals shall provide a fixed, lump sum, or indexed price for the capacity and energy for their proposed term including the cost for all losses, congestion costs, ancillary services, transmission delivery fees, MISO or other associated fees, taxes, duties, and any other costs associated with the furnishing of the capacity and

associated energy to the proposed VECTREN POWER SUPPLY Delivery Point. Indexed energy offers shall be adjusted based on the following pricing points:

Gas: Chicago City Gate
Electric: Cinergy Hub

3.6 Company Financial Data

Information on the makeup of the company and its parent organization shall be provided along with the most current annual financial reports and SEC Form 10-k (if applicable to the Bidder).

3.7 Security and Reliability of Physical Delivery

VECTREN POWER SUPPLY requires secure and reliable physical delivery of the capacity corresponding to all power supply offers. Security and reliability of physical delivery will be guaranteed by either (1) evidence of contractual credit assurance by a third party, (2) parent corporation commitment accompanied by an investment level credit rating from a major rating agency, or (3) various combinations of 1 and 2. All forms of credit assurance will be approved by VECTREN POWER SUPPLY before entering into a power supply agreement.

4.0 Proposal Content

For consideration in the evaluation process, all proposals must include a Term Sheet with the information listed in Exhibit C.

Proposals for tolling arrangements and longer term offers are requested to provide the information outlined in the following paragraphs for the respective proposal type.

4.1 Technical Proposal

The proposal shall contain sufficient technical information to fully describe the resource(s) and allow a determination of the status and condition of proposed sources of capacity.

4.2 Deliverability

All proposals shall provide the results of the deliverability tests of the Midwest ISO for assurance that the stated capacity is deliverable to the Midwest ISO system. If the generating facility(ies) are located outside the Midwest ISO, Bidder shall identify the type of firm transmission service being provided for delivery to the Midwest ISO as outlined in Section 2.6.12.

5.0 Proposal Evaluation and Contract Negotiations

5.1 Screening

- 5.1.1 After the proposal submittal deadline, Burns & McDonnell will privately open all proposals and begin reviewing proposals for completeness and responsiveness. Those proposals which do not include all information identified in Paragraphs 3 and 4 shall be notified and provided one week to cure the deficiency. Those proposals not cured within the time allotted will not be evaluated further.
 - 5.1.2 An initial screening will be performed to identify those proposals that meet the minimum criteria established by VECTREN POWER SUPPLY in Paragraph 2.6 for evaluation. Those proposals considered to not meet the required threshold of product quality, credit assurance, and other factors will be rejected.
 - 5.1.3 VECTREN POWER SUPPLY may request that Bidder provide additional information or clarification to its original proposal. VECTREN POWER SUPPLY shall make such requests in writing and will also specify a deadline for compliance. Failure to provide the requested information or clarification by the deadline will result in the disqualification of the proposal.
 - 5.1.4 VECTREN POWER SUPPLY may select any number of proposals, or reject all proposals or at any time withdraw and terminate this RFP pursuant to Section 2.1.1, as it, in its sole and exclusive judgment deems appropriate.
- 5.2 Short List Development
- 5.2.1 After the initial screening, VECTREN POWER SUPPLY will evaluate the remaining proposals based on price using present value economic analysis and levelized cost to develop a short list. Evaluation of the reserve capacity will be based primarily on the fixed cost obligation of VECTREN POWER SUPPLY in the proposal. VECTREN POWER SUPPLY will reserve the right to be a price taker at the Delivery Point for the energy for any proposal submitted. Proposals using a tolling arrangement will be evaluated using the NYMEX gas future adjusted for delivery at the Chicago City Gate hub and the proposed heat rate.
 - 5.2.2 During the evaluation process, VECTREN POWER SUPPLY may choose to initiate discussions with one or more Bidders. For purposes of this RFP, discussions shall simply indicate VECTREN POWER SUPPLY's interest in a particular proposal and its desire to obtain from the Bidder additional detailed information that may not necessarily be contained in the proposal. Discussions with a Bidder shall in no way be construed as commencing "negotiations" with a Bidder. VECTREN POWER SUPPLY intends to use such discussions as a method of reducing the number of proposals to

those, if any, that VECTREN POWER SUPPLY determines warrant further evaluation and, possibly, contract negotiations. If VECTREN POWER SUPPLY intends to initiate discussions, it will notify the Bidder of such intention and require the Bidder of such proposal to confirm, in writing, the offer and representations contained in its original proposal.

5.2.3 If VECTREN POWER SUPPLY is not interested in a particular proposal, it will notify the Bidder as soon as practical after such determination is made.

5.2.4 VECTREN POWER SUPPLY will assess the benefits of the proposals primarily through the delivered prices for the capacity. However, consideration of contractual options or other subjective factors will be included where more than one proposal provides similar benefits.

5.3 Contract Negotiations

5.3.1 VECTREN POWER SUPPLY will notify a Bidder of its interest in commencing contract negotiations with that Bidder. VECTREN POWER SUPPLY's commencement of and active participation in such negotiations shall not be construed as a commitment from VECTREN POWER SUPPLY to execute a contract. If, however, a contract is successfully negotiated, it shall not be effective unless and until fully executed by VECTREN POWER SUPPLY in accordance with its procedures and any and all required regulatory approvals have been received.

5.3.2 Prior to contract negotiations, Bidders selected for the short list will have the opportunity to refresh their pricing. Any short listed Bidder that provides a refreshed price above that of the next best bid not on the short list may be disqualified from the short list at VECTREN POWER SUPPLY'S sole discretion and replaced with the next best bid not on the short list.

5.3.3 During the contract negotiation phase, price will continue to be the primary evaluation factor. VECTREN POWER SUPPLY will also be considering contract terms at this point in the evaluation to determine the most attractive offer or set of offers.

5.3.4 VECTREN POWER SUPPLY reserves the right at any time, during contract negotiations, at its sole discretion, to terminate or, once terminated, to resume negotiations with a Bidder.

5.3.5 VECTREN POWER SUPPLY will require that certain provisions be included in its contracts. Such provisions may include, but are not limited to, insurance, indemnification, performance guarantees, liquidated damages for non-performance, firm security (depending on the financial means and historical performance of the Bidder), ability

of VECTREN POWER SUPPLY to reassign its entire rights, or a portion thereof, to the contract to another party, and a "regulatory out" provision.

- 5.3.6 This RFP contains general guidelines and requirements for developing and submitting proposals. Nothing herein shall be construed to bind VECTREN POWER SUPPLY unless and until a contract with a Bidder has been successfully negotiated, executed, and is effective. Once effective, the contract will govern the relationship between and responsibilities of the parties. The costs for responding to the RFP and any subsequent contract negotiations are the responsibility of the Bidder.

Exhibit A
Schedule

The schedule as outlined below and referred to throughout this document is based on VECTREN POWER SUPPLY's expectations as of the release date of this RFP.

Release of RFP	March 27, 2009
Notice of Intent to Bid	April 10, 2009
Proposal Submittal Deadline	May 1, 2009

VECTREN POWER SUPPLY reserves the right to extend or otherwise modify any portion of the schedule or terminate the RFP process at its sole discretion.

Exhibit B
NOTICE OF INTENT TO BID
Due by April 10, 2009

1. Upon reviewing the RFP, we: Plan ___ Do not plan ___ to submit a proposal in response to the VECTREN POWER SUPPLY RFP.

2. Bidder: _____

3. Contact: _____

4. Mailing Address: _____

email address: _____

5. Tel Number: (___) _____ Fax Number: (___) _____

6. Signature of respondent: _____

Title: _____

Date: _____

Fax to: 816.822.3027 Burns & McDonnell
Attn: Kiah Harris

E-Mail to: VECTRENRF@burnsmcd.com

Exhibit C
Sample Term Sheet
Due by May 1, 2009

(Please provide a separate term sheet for each different term or capacity offering)

Product Firm (LD) capacity and as scheduled energy

Seller _____

Purchaser VECTREN POWER SUPPLY

Delivery Point _____

Generation Resource _____

CP node in MISO _____
Market Deliverability
Test

Term _____ . *Must be for 1 year as a minimum.*

Capacity _____ MW Minimum of 25 MW up to a maximum of 100 MW
*Bidder to provide proposed quantity and indicate if VECTREN POWER
SUPPLY can evaluate any amount from minimum to 100 MW in
increments of 25 MW or if proposal is for a fixed block only.*

Energy As Scheduled

Scheduling Per MISO Agreement

Price Capacity shall be priced at \$_____ per MW per month over the
term

Pricing to include all ancillary service costs, Midwest ISO charges, taxes
and other fees necessary for delivery to the Delivery Point.

Guaranteed Heat _____ Btu per kWh (HHV)
Rate

Exhibit D

MASTER POWER PURCHASE AND SALE AGREEMENT

COVER SHEET

This *Master Power Purchase and Sale Agreement* ("*Master Agreement*") is made as of the following date: _____ ("*Effective Date*"). The *Master Agreement*, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any confirmations accepted in accordance with Section 2.3 hereto) shall be referred to as the "*Agreement*." The Parties to this *Master Agreement* are the following:

Name "**Southern Indiana Gas and Electric Company d/b/a Vectren Power Supply, Inc.**" or "Party A"

Name ("Counterparty" or "Party B")

All Notices:

All Notices:

Street: One Vectren Square

Street: _____

City: Evansville, IN

City: _____ Zip: _____

Zip: 47708

Attn:

Attn: Contract Administration

Phone:

Phone: _____

Facsimile:

Facsimile: _____

Duns: 00-693-7015

Duns: _____

Federal Tax ID Number: 35-0672570

Federal Tax ID Number: _____

Confirmations:

Confirmations:

Attn: Risk Management - Power Confirmations

Attn: _____

Phone:

Phone: _____

Facsimile:

Facsimile: _____

-

Invoices:

Invoices:

Attn: Wholesale Power Billing Analyst

Attn: _____

Phone:

Phone: _____

Facsimile:

Facsimile: _____

Scheduling:

Scheduling:

Attn: Scheduler

Attn: _____

Phone:

Phone: _____

Facsimile:

Facsimile: _____

Payments:

Payments:

Attn: Accounts Payable

Attn: _____

Phone:

Phone: _____

Facsimile:

Facsimile: _____

Wire Transfer:

BNK: Fifth Third Bank, Cincinnati,
OH
ABA: 042000314
ACCT: 0101916483

Wire Transfer:

BNK: _____
ABA: _____
ACCT: _____

Credit and Collections:

Attn: Treasurer
Phone:
Facsimile:

Credit and Collections:

Attn: _____
Phone: _____
Facsimile: _____

With additional Notices of an Event of Default or Potential Event of Default to:

Attn: Legal Department
Phone:
Facsimile:

With additional Notices of an Event of Default or Potential Event of Default to:

Attn: _____
Phone: _____
Facsimile: _____

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Party A Tariff Tariff: Wholesale Power Sales Tariff Dated: 10/15/96 Docket Number: ER96-2734-000
Party B Tariff Tariff _____ Dated _____ Docket Number _____

Article Two

Transaction Terms and Conditions Optional provision in Section 2.4. If not checked, inapplicable.

Article Four

Remedies for Failure to Deliver or Receive Accelerated Payment of Damages. If not checked, inapplicable.

Article Five

Events of Default; Remedies Cross Default for Party A:
 Party A: _____ Cross Default Amount \$25,000,000
 Other Entity: _____ Cross Default Amount _____
 Cross Default for Party B:
 Party B: _____ Cross Default Amount \$25,000,000
 Other Entity: [INSERT PARENT COMPANY] Cross Default Amount \$25,000,000

5.6 Closeout Setoff

Option A (Applicable if no other selection is made.)

Option B - Affiliates shall have the meaning

Option C (No Setoff)

Article 8

Credit and Collateral
 Requirements

8.1 Party A Credit Protection:

(a) Financial Information:

Option A
 Option B Specify: Party B and [INSERT PARENT COMPANY]
 Option C Specify: _____

(b) Credit Assurances:

Not Applicable
 Applicable

(c) Collateral Threshold:

Not Applicable
 Applicable

If applicable, complete the following:

Party B Collateral Threshold: The amount set forth below opposite the credit rating for Party B and Party B's Guarantor on the relevant date of determination. If the credit ratings of Party B and Party B's Guarantor are not equivalent, the lowest Credit Rating shall govern. Notwithstanding the foregoing, Party B's Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to Party B has occurred and is continuing.

<u>Party B's Collateral Threshold</u>	<u>S & P Credit Rating</u>	<u>Moody's Credit Rating</u>
\$30,000,000	AA and above	Aa2 and above
\$25,000,000	AA-	Aa3
\$20,000,000	A+	A1
\$15,000,000	A	A2
\$10,000,000	A-	A3
\$ 7,500,000	BBB+	Baa1
\$ 5,000,000	BBB	Baa2
\$ 2,500,000	BBB-	Baa3

\$ 0.00 BB+ and below or Bal and below or
 not rated not rated

Party B Independent Amount: \$ 0

Party B Rounding Amount: \$100,000

(d) Downgrade Event:

Not Applicable
 Applicable

If applicable, complete the following:

It shall be a Downgrade Event for Party B if Party B's or Party B's Guarantor's Credit Rating falls below BBB- from S&P or Baa3 from Moody's or if Party B or Party B's Guarantor is not rated by either S&P or Moody's

Other:
Specify: _____

(e) Guarantor for Party B: [INSERT PARENT COMPANY]
Guarantee Amount: Unlimited

8.2 Party B Credit Protection:

(a) Financial Information:

Option A
 Option B Specify: _____
 Option C Specify: _____

(b) Credit Assurances:

Not Applicable
 Applicable

(c) Collateral Threshold:

Not Applicable
 Applicable

If applicable, complete the following:

Party A Collateral Threshold: The amount set forth below opposite the credit rating for Party A on the relevant date of determination. If the credit ratings of Party A are not equivalent, the lowest Credit Rating shall govern. Notwithstanding the foregoing, Party A's Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to Party A has occurred and is continuing.

Party A's
Collateral

S & P
Credit

Moody's
Credit

<u>Threshold</u>	<u>Rating</u>	<u>Rating</u>
\$30,000,000	AA and above	Aa2 and above
\$25,000,000	AA-	Aa3
\$20,000,000	A+	A1
\$15,000,000	A	A2
\$10,000,000	A-	A3
\$ 7,500,000	BBB+	Baa1
\$ 5,000,000	BBB	Baa2
\$ 2,500,000	BBB-	Baa3
\$ 0.00	BB+ and below or not rated	Ba1 and below or not rated

Party A Independent Amount: \$ 0

Party A Rounding Amount: \$ 100,000

(d) Downgrade Event:

- Not Applicable
 Applicable

If applicable, complete the following:

- It shall be a Downgrade Event for Party A if Party A's Credit Rating falls below BBB- from S&P or Baa3 from Moody's or if Party A is not rated by either S&P or Moody's

Other:
Specify: _____

(e) Guarantor for Party A: _____

Guarantee Amount: _____

Article 10

Confidentiality

Confidentiality Applicable If not checked, inapplicable.

Schedule M

Party A is a Governmental Entity or Public Power System
 Party B is a Governmental Entity or Public Power System
 Add Section 3.6. If not checked, inapplicable
 Add Section 8.6. If not checked,

inapplicable

Other Changes: _____ Specify, if any: _____

1. Section 1.50, "Recording" is amended by deleting the reference to "Section 2.4" and substituting "Section 2.5."
2. Section 1.51, "Replacement Price" is amended by deleting the words "at Buyer's option" on the fifth line and inserting the words "absent a purchase."
3. Section 1.53, "Sales Price" is amended by deleting the words "at Seller's option" on the fifth line and inserting the words "absent a sale."
4. Section 2.2, "Governing Terms" is amended by adding the following two sentences at the end of the Section: "This Master Agreement shall supercede and replace all prior agreements between Party A and Party B for the purchase and sale of electric capacity or electric energy. Any uncompleted transactions between Party A and Party B under any such prior agreement as of the Effective Date shall be governed by this Master Agreement and are part of the single integrated agreement between the Parties, consistent with this Section 2.2."
5. Section 2.4, "Additional Confirmation Terms" is amended by adding the words "and confirmed in writing" following the word "orally" in line seven.
6. Section 5.1, "Event of Default," subsection (f) is amended by adding after the words "to the other Party" on the seventh line the following: "or the resulting, surviving or transferee entity does not satisfy the creditworthiness/collateral requirements under Article Eight hereof."
7. Section 5.1, "Event of Default," subsection (g)(ii) is amended by adding the words "under such agreements or instruments (after giving effect to any applicable notice or grace period)" after the words "(as specified in the Cover Sheet)" and before ";" on the last line.
8. Section 5.2, "Declaration of an Early Termination Date and Calculation of Settlement Amount" is amended by deleting the following phrase from the last two lines: "under applicable law on the Early Termination Date, as soon thereafter as is reasonably practicable".

The following shall be added to the end of Section 5.2: "under applicable law on the Early Termination Date, then each such Transaction (individually, an "Excluded Transaction" and collectively, the "Excluded Transactions") shall be terminated as soon thereafter as reasonably practicable, and upon termination shall be deemed to be a Terminated Transaction and the Termination Payment payable in connection with all such Transactions shall be calculated in accordance with Section 5.3 below. The Gains and Losses for each Terminated Transaction shall be determined by calculating the amount that would be incurred or realized to replace or to provide the economic equivalent of the remaining payments or deliveries in respect of that Terminated Transaction. The Non-Defaulting Party may determine its Gains and Losses by reference to information either available to it internally or supplied by one or more third parties including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets. Third parties supplying such information may include, without limitation, dealers in the relevant markets, end-users of the relevant

product, information vendors and other sources of market information."

9. Section 5.5, "Disputes With Respect to Termination Payment" is amended by deleting the text of this paragraph and inserting the following in its place: "Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within two (2) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute. Upon the request of the Non-Defaulting Party, the Defaulting Party shall transfer Performance Assurance to the Non-Defaulting Party in the amount of the disputed portion of the Termination Payments. Payment of the undisputed portion of the Termination Payment shall be made when due. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued at the Interest Rate from and including the due date to but excluding the date paid."

10. Section 5.6, Option B, "Closeout Setoff" is amended to delete the Section entirely and replace it with the following:

Option B: After calculation of a Termination Payment in accordance with Section 5.3, if the Defaulting Party would be owed the Termination Payment, the Non-Defaulting Party ("NDP") shall be entitled, at its option and in its discretion, to (i) set off against such Termination Payment any amounts owed by the DP to the NDP or any of its Affiliates (whether matured or unmatured) under any other agreements, instruments or undertakings between the DP and the NDP or any of its Affiliates and/or (ii) to the extent the Transactions are not yet liquidated in accordance with Section 5.2, withhold payment of a commercially reasonable portion of the Termination Payment to the DP until such transactions are liquidated in accordance with Section 5.2. The NDP will give DP notice of any setoff effected under this Section as soon as practicable after the setoff is effected, provided that failure to give such notice shall not affect the validity of the setoff. NDP's setoff of any amount owed by DP to an Affiliate of NDP can be completed only upon receipt by DP of evidence of such Affiliate's written consent to such setoff. In that event, the setoff shall discharge and satisfy such obligation of DP to such Affiliate.

The remedy provided for in this Section shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

11. Section 6.2, Timeliness of Payment, is amended by replacing line one to read: "Unless otherwise agreed by the Parties in a Transaction, all invoices under this Master Agreement shall be due and payable in accordance with each Party's invoice instructions on or before the later of the tenth (10th) day of each month, or fifth (5th) day after receipt of the invoice or, if such day is not a Business Day, then on the next Business Day."

12. Section 8.1, Party A Credit Protection, subsection (d) is amended by adding after the comma in line five: "or fails to maintain such Performance Assurance or guaranty or other credit assurance for so long as the Downgrade Event is continuing."

13. Section 8.2, Party B Credit Protection, subsection (d) is amended by adding after the comma in line five: "or fails to maintain such Performance

Assurance or guaranty or other credit assurance for so long as the Downgrade Event is continuing."

14. Section 10.10, "Forward Contract," is amended by adding the following phrase at the end of the sentence after the words "United States Bankruptcy Code,": ", except such Transactions that provide for delivery of a Product within two (2) days after the Transaction has been agreed to by the Parties."

15. The following provision is added as Section 10.12:

10.12. FERC Standard of Review. Absent the agreement of all Parties to the proposed change, the standard of review for changes to any section of this Master Agreement (and any Transactions and/or Confirmations thereunder specifying the rate(s) or other material economic terms and conditions agreed to by the Parties herein, whether proposed by a Party, a non-party or FERC acting sua sponte, shall be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

16. The following provision is added as Section 10.13:

10.13. 10.13 Imaged Agreement. Any original executed Agreement, Confirmation or other related document may be photocopied and stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidenced on paper, the Confirmation, if introduced as evidence in automated facsimile form, the Recording, if introduced as evidence in its original form and as transcribed onto paper, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the Recording, the Confirmation or the Imaged Agreement (or photocopies of the transcription of the Recording, the Confirmation or the Imaged Agreement) on the basis that such were not originated or maintained in documentary form under either the hearsay rule, the best evidence rule or other rule of evidence. However, this section does not prevent either party from making any other objection it may have to the admissibility of the Recording, the Confirmation, and the Imaged Agreement.

IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the date first above written.

Southern Indiana Gas and Electric Company
d/b/a Vectren Power Supply, Inc.

Party B Name

By: _____

By: _____

Name:

Name: _____

Title:

Title: _____

DISCLAIMER: This Master Power Purchase and Sale Agreement was prepared by a committee of representatives of Edison Electric Institute (“EEI”) and National Energy Marketers Association (“NEM”) member companies to facilitate orderly trading in and development of wholesale power markets. Neither EEI nor NEM nor any member company nor any of their agents, representatives or attorneys shall be responsible for its use, or any damages resulting therefrom. By providing this Agreement EEI and NEM do not offer legal advice and all users are urged to consult their own legal counsel to ensure that their commercial objectives will be achieved and their legal interests are adequately protected.