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VECTREN CORP
Form 8-K/A
August 29, 2001

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1 TO
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: August 27, 2001

VECTREN CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

INDIANA

(State or Other Jurisdiction of Incorporation)

1-15467

35-2086905

(Commission File Number)

(IRS Employer Identification No.)

20 N.W. Fourth Street
Evansville, Indiana 47741
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (812) 491-4000

Item 7. Financial Statements and Exhibits.

On October 31, 2000, Vectren Corporation, the public utility holding company of Indiana Gas Company, Inc. (the company), completed the acquisition of the natural gas distribution assets from The Dayton Power and Light Company, a wholly owned subsidiary of DPL, Inc. The business will operate under the name Vectren Energy Delivery of Ohio, Inc. (VEDO). Under the acquisition structure, the company holds a 47 percent undivided ownership interest and VEDO has a 53 percent undivided ownership interest. This Form 8-K/A amends the Current Report on Form 8-K filed by Vectren Corporation on January 16, 2001 to provide additional information on the calculation of pro forma interest expense in Note 3b and the pro forma balance sheet in the introduction.

The following financial statements is included:

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Pro forma financial statements of Vectren Corporation for the year ended December 31, 1999 and as of September 30, 2000 and for the nine months ended September 30, 2000.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VECTREN CORPORATION
(Registrant)

Dated: August 27, 2001

By: /s/ M. Susan Hardwick

M. Susan Hardwick
Vice President and Controller

Vectren Corporation And Subsidiary Companies

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Vectren Corporation and Subsidiary Companies

Pro Forma Financial Information

The accompanying financial statements present the unaudited pro forma balance sheet as of September 30, 2000 and the unaudited pro forma statement of income for the nine months ended September 30, 2000 and for the year ended December 31, 1999.

On October 31, 2000, Vectren Corporation (Vectren) completed its acquisition of the natural gas distribution assets of The Dayton Power and Light Company (Acquisition) for approximately \$465 million pursuant to an Asset Purchase Agreement dated December 14, 1999. Vectren acquired the gas utility assets as a tenancy in common through two separate wholly-owned subsidiaries. Operations will be conducted under the name Vectren Energy Delivery of Ohio (VEDO). Under the acquisition structure, Indiana Gas Company, Inc., one of Vectren's operating public utilities, holds a 47 percent undivided ownership interest and VEDO has a 53 percent undivided ownership interest.

The unaudited pro forma balance sheet as of September 30, 2000 reflects the combination of the September 30, 2000 balance sheet of Vectren Corporation and the October 31, 2000 balance sheet of The Dayton Power & Light Company Natural Gas Retail Distribution Business. The pro forma statement of income for the nine month period ended September 30, 2000 and for the year ended December 31, 1999 are presented as if the Acquisition had occurred at January 1, 1999.

Preparation of the pro forma financial information was based on assumptions deemed appropriate by management. The pro forma information is unaudited and is not necessarily indicative of the results which actually would have occurred if the transaction had been consummated at the beginning of the period presented, nor does it purport to represent the future financial position and results of operations for future periods. The pro forma information should be read in conjunction with the audited consolidated financial statements of Vectren filed on Form 8-K for the year ended December 31, 1999 and the unaudited financial statements of Vectren filed on Form 10-Q for the quarter ended September 30, 2000.

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VECTREN CORPORATION AND SUBSIDIARY COMPANIES
 UNAUDITED PRO FORMA COMBINED BALANCE SHEET
 As Of September 30, 2000
 (In Thousands)

	Pro forma Adjustments		
	Vectren	Dayton	Vectren
	Historical	Acquisition	(2a) Pro Forma
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 19,009	\$ (2,482) (2c)	\$ 16,527

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Temporary investments	826	-	826
Accounts receivable, net	134,821	11,634	146,455
Accrued unbilled revenues	21,058	-	21,058
Inventories	47,897	54,199	102,096
Prepaid gas delivery service	46,788	-	46,788
Recoverable fuel and natural gas costs	30,680	8,156	38,836
Prepayments and other current assets	31,376	13,621	44,997
	-----	-----	-----
Total current assets	332,455	85,128	417,583
	-----	-----	-----
Utility Plant:			
Original cost	2,419,568	334,804	2,754,372
Less: accumulated depreciation and amortization	1,069,471	145,939	1,215,410
	-----	-----	-----
Net utility plant	1,350,097	188,865	1,538,962
	-----	-----	-----
Other Investments:			
Investments in leveraged leases	91,253	-	91,253
Investments in partnerships and other corporations	80,873	-	80,873
Notes receivable	62,384	-	62,384
Other	2,008	-	2,008
	-----	-----	-----
Total other investments	236,518	-	236,518
	-----	-----	-----
Nonutility property, net of accumulated depreciation	89,530	1,605	91,135
Other Assets:			
Goodwill	-	199,600 (2b)	199,600
Deferred charges	20,578	(3,336) (2c)	17,242
Unamortized debt costs	14,970	-	14,970
Demand side management programs	25,686	-	25,686
Other	3,134	-	3,134
	-----	-----	-----
Total other assets	64,368	196,264	260,632
	-----	-----	-----
TOTAL ASSETS	\$2,072,968	\$471,862	\$2,544,830
	=====	=====	=====

The accompanying notes are an integral part of these pro forma combined financial statements.

VECTREN CORPORATION AND SUBSIDIARY COMPANIES
 UNAUDITED PRO FORMA COMBINED BALANCE SHEET
 As Of September 30, 2000
 (In Thousands)

	Pro forma Adjustments	
	-----	-----
Vectren	Vectren	Vectren
Historical	Acquisition (2a)	Pro Forma
-----	-----	-----

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LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:

Current maturities of adjustable rate bonds subject to tender	\$ 53,700	\$ -	\$ 53,700
Current maturities of long-term debt and other obligations	258	-	258
Short-term borrowings	310,545	463,981 (2d)	774,526
Accounts payable	99,964	-	99,964
Refunds to customers and customer deposits	13,556	7,881	21,437
Accrued taxes	14,344	-	14,344
Accrued interest	12,617	-	12,617
Accrued purchase gas	15,076	-	15,076
Other current liabilities	50,506	-	50,506
	-----	-----	-----
Total current liabilities	570,566	471,862	1,042,428
	-----	-----	-----

Deferred Credits and Other Liabilities:

Deferred income taxes	203,219	-	203,219
Accrued postretirement benefits other than pensions	44,675	-	44,675
Unamortized investment tax credits	23,756	-	23,756
Other	18,111	-	18,111
	-----	-----	-----
Total deferred credits and other liabilities	289,761	-	289,761
	-----	-----	-----

Commitments and Contingencies

Minority interest in subsidiary	1,900	-	1,900
---------------------------------	-------	---	-------

Capitalization:

Long-term debt and other obligations, net of current maturities	484,074	-	484,074
Preferred stock of subsidiary:			
Redeemable	8,076	-	8,076
Nonredeemable	8,889	-	8,889
	-----	-----	-----
Total preferred stock	16,965	-	16,965
	-----	-----	-----
Common stock (no par value) - issued and outstanding 61,219	213,742	-	213,742
Retained earnings	495,886	-	495,886
Accumulated other comprehensive income	74	-	74
	-----	-----	-----
Total common shareholders' equity	709,702	-	709,702
	-----	-----	-----
Total capitalization	1,210,741	-	1,210,741
	-----	-----	-----

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$2,072,968 =====	\$ 471,862 =====	\$2,544,830 =====
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The accompanying notes are an integral part of these pro forma combined financial statements.

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For The Year Ended December 31, 1999

(In Thousands)

	Pro forma Adjustments			
	Vectren Historical	Dayton Historical	Acquisition Adjustments	Vectren Pro forma
OPERATING REVENUES:				
Gas utility	\$ 499,573	\$218,866	\$ -	\$ 718,439
Electric utility	307,569	-	-	307,569
Energy services and other	261,275	-	-	261,275
Total operating revenues	1,068,417	218,866	-	1,287,283
OPERATING EXPENSES:				
Cost of gas sold	266,429	131,302	-	397,731
Fuel for electric generation	66,305	-	-	66,305
Purchased electric energy	20,791	-	-	20,791
Cost of energy services and other	247,590	-	-	247,590
Other operating	189,622	29,180	-	218,802
Depreciation and amortization	86,998	8,117	4,990 (3a)	100,105
Taxes other than income taxes	29,910	23,070	-	52,980
Total operating expenses	907,645	191,669	4,990	1,104,304
OPERATING INCOME (LOSS)	160,772	27,197	(4,990)	182,979
OTHER INCOME:				
Equity in earnings of unconsolidated investments	11,642	-	-	11,642
Other - net	8,902	-	-	8,902
Total other income	20,544	-	-	20,544
INTEREST EXPENSE	42,862	-	27,839 (3b)	70,701
INCOME (LOSS) BEFORE PREFERRED DIVIDENDS AND INCOME TAXES	138,454	27,197	(32,829)	132,822
PREFERRED DIVIDEND REQUIREMENT OF SUBSIDIARY	1,078	-	-	1,078
INCOME (LOSS) BEFORE INCOME TAXES	137,376	27,197	(32,829)	131,744
INCOME TAXES (BENEFIT)	45,708	9,204	(11,490) (3c)	43,422
INCOME (LOSS) BEFORE MINORITY INTEREST	91,668	17,993	(21,339)	88,322
MINORITY INTEREST IN SUBSIDIARY	920	-	-	920
NET INCOME (LOSS)	\$ 90,748	\$ 17,993	\$ (21,339)	\$ 87,402
AVERAGE COMMON SHARES OUTSTANDING	61,306	61,306	61,306	61,306
DILUTED COMMON SHARES OUTSTANDING	61,430	61,430	61,430	61,430

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BASIC EARNINGS PER AVERAGE SHARE OF COMMON STOCK	\$ 1.48	\$.29	\$ (.35)	\$ 1.43
DILUTED EARNINGS PER SHARE OF COMMON STOCK	\$ 1.48	\$.29	\$ (.35)	\$ 1.42

The accompanying notes are an integral part of these pro forma combined financial statements.

VECTREN CORPORATION AND SUBSIDIARY COMPANIES
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
For Nine Months Ended September 30, 2000
(In Thousands)

		Pro forma Adjustments		
	Vectren Historical	Dayton Historical	Acquisition Adjustments	Vectren Pro forma
	-----	-----	-----	-----
OPERATING REVENUES:				
Gas utility	\$ 391,486	\$ 167,696	\$ -	\$ 559,182
Electric utility	249,215	-	-	249,215
Energy services and other	300,074	-	-	300,074
	-----	-----	-----	-----
Total operating revenues	940,775	167,696	-	1,108,471
	-----	-----	-----	-----
OPERATING EXPENSES:				
Cost of gas sold	229,373	105,628	-	335,001
Fuel for electric generation	51,722	-	-	51,722
Purchased electric energy	25,085	-	-	25,085
Cost of energy services and other	285,856	-	-	285,856
Other operating	142,620	17,058	-	159,678
Merger costs	31,306	-	-	31,306
Depreciation and amortization	75,008	6,615	3,742 (3a)	85,365
Taxes other than income taxes	22,170	15,408	-	37,578
	-----	-----	-----	-----
Total operating expenses	863,140	144,709	3,742	1,011,591
	-----	-----	-----	-----
OPERATING INCOME (LOSS)	77,635	22,987	(3,742)	96,880
	-----	-----	-----	-----
OTHER INCOME:				
Equity in earnings of unconsolidated investments	16,950	-	-	16,950
Other - net	14,497	-	-	14,497
	-----	-----	-----	-----
Total other income	31,447	-	-	31,447
	-----	-----	-----	-----
INTEREST EXPENSE	37,940	-	20,879 (3b)	58,819
	-----	-----	-----	-----
INCOME (LOSS) BEFORE PREFERRED DIVIDENDS AND INCOME TAXES	71,142	22,987	(24,621)	69,508
	-----	-----	-----	-----
PREFERRED DIVIDEND REQUIREMENT OF SUBSIDIARY	776	-	-	776

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INCOME (LOSS) BEFORE INCOME TAXES	70,366	22,987	(24,621)	68,732
INCOME TAXES (BENEFIT)	23,527	7,832	(8,617) (3c)	22,742
INCOME (LOSS) BEFORE MINORITY INTEREST	46,839	15,155	(16,004)	45,990
MINORITY INTEREST IN SUBSIDIARY	983	-	-	983
NET INCOME (LOSS)	\$ 45,856	\$ 15,155	\$ (16,004)	\$ 45,007
AVERAGE COMMON SHARES OUTSTANDING	61,257	61,257	61,257	61,257
DILUTED COMMON SHARES OUTSTANDING	61,332	61,332	61,332	61,332
BASIC EARNINGS PER AVERAGE SHARE OF COMMON STOCK	\$.75	\$.25	\$ (.26)	\$.73
DILUTED EARNINGS PER SHARE OF COMMON STOCK	\$.75	\$.25	\$ (.26)	\$.73

The accompanying notes are an integral part of these pro forma combined financial statements.

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VECTREN CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

1. Basis of Presentation

Vectren Corporation (Vectren) is a public utility holding company whose wholly-owned subsidiary, Vectren Utility Holdings, Inc. (VUHI), is the holding company of Vectren's two operating public utilities, Indiana Gas Company, Inc. (Indiana Gas), and Southern Indiana Gas and Electric Company. On October 31, 2000, Vectren completed its acquisition of the natural gas distribution assets of The Dayton Power and Light Company (Acquisition) for approximately \$465 million pursuant to an Asset Purchase Agreement dated December 14, 1999. Vectren acquired the gas utility as a tenancy in common through two separate wholly-owned subsidiaries. Operations will be conducted under the name Vectren Energy Delivery of Ohio (VEDO). Under the acquisition structure, Indiana Gas holds a 47 percent undivided ownership interest and VEDO has a 53 percent undivided ownership interest.

The accompanying combined pro forma financial statements give effect to the Acquisition. The unaudited pro forma combined balance sheet as of September 30, 2000 is presented as if the Acquisition and the related debt financing had occurred on September 30, 2000. The pro forma combined statement of income for the nine month period ended September 30, 2000 and for the year ended December 31, 1999 are presented as if the Dayton Acquisition had occurred at January 1, 1999.

2. Pro Forma Adjustments to Balance Sheet

(a) Determination of total purchase price:

Cash purchase price	\$ 463,981
Liability assumed for customer deposits	7,881

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Transaction costs	5,818

Total purchase price	\$ 477,680
	=====

(b) Allocation of purchase price:

Cash purchase price	\$ 463,981
Transaction costs	5,818

	469,799
	=====
Tangible assets acquired	278,080
Liabilities assumed	(7,881)

Net assets acquired	270,199

Excess allocated to goodwill	\$ 199,600
	=====

The above reflects Management's preliminary purchase price allocation based upon information currently available. The purchase price is subject to adjustment based upon finalization of the closing balance sheet in accordance with the Asset Purchase Agreement. Management believes that any such adjustment will not be material.

(c) Pro forma adjustment to reclassify deferred transaction costs incurred as of September 30, 2000 of \$3,336 to goodwill and to reflect the cash payment at closing of \$2,482 for the remaining transaction costs.

(d) A \$435 million commercial paper program established by VUHI provided \$434,360 of the initial Acquisition financing. Additionally, Indiana Gas provided \$29,621 from its commercial paper program for total financing of \$463,981. On December 28, 2000, VUHI issued a \$150 million Floating Rate Note due December 27, 2001, replacing an equal amount of commercial paper. Management anticipates that the short-term financings will be replaced over time with permanent, long-term financing.

	Short- term borrowings	Annualized Interest
	-----	-----
Commercial paper (VUHI)	\$284,360	\$ 16,189
6.6425% Floating rate note (VUHI)	150,000	9,964
Commercial paper (Indiana Gas)	29,621	1,686
	-----	-----
	\$463,981	\$ 27,839
	=====	=====

3. Pro Forma Adjustments to Income Statements

(a) Pro forma adjustment to reflect the amortization of goodwill of \$199,600 amortized over a period of 40 years.

(b) Pro forma adjustment to reflect the interest expense from the Acquisition financing based upon borrowings of \$463,981 at an average interest rate of approximately 6.0 percent annum based upon Indiana Gas' and VUHI's composite average short-term borrowing rate at the date of the Acquisition (see 2d).

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- (c) Pro forma adjustment to reflect the income tax benefit on a combined federal and state statutory rate of 35 percent.

- (d) Vectren and Dayton Power and Light Company (DP&L) entered into an agreement whereby DP&L will provide transitional support to Vectren in the areas of meter reading, billing, cash receipts, collections, customer deposits, telecommunication services and other miscellaneous services for a predetermined fee. Because these fees will be no greater than the historical costs incurred by DP&L for such support services for its natural gas distribution operations, no pro forma adjustment has been reflected.