

VECTREN CORP
Form DEF 14A
March 24, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

VECTREN CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(3)

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Date Filed:

VECTREN CORPORATION

One Vectren Square
211 N.W. Riverside Drive
Evansville, Indiana 47708-1251

Notice of 2017 Annual Meeting of Shareholders

TO BE HELD MAY 16, 2017

To Shareholders of Vectren Corporation:

You are invited to attend our 2017 annual meeting of shareholders on Tuesday, May 16, 2017, at 10:00 a.m. (Central Daylight Time). The meeting will be held at our corporate offices located at One Vectren Square, 211 N.W. Riverside Drive, Evansville, Indiana. The items of business are:

1. Election of all directors;
2. Approve a non-binding advisory resolution approving the compensation of the Named Executive Officers (“NEOs”);
3. Approve on a non-binding advisory basis (every one, two, or three years, or abstain) the frequency of the shareholder vote on the compensation of the Vectren Corporation NEOs;
4. Ratify the appointment of Deloitte & Touche LLP (“Deloitte”) as the independent registered public accounting firm for Vectren Corporation and its subsidiaries for 2017; and
5. Consider any other business that is properly brought before the meeting or any adjournment of the meeting.

Shareholders of record at the close of business on March 10, 2017 are entitled to vote on the above items of business at the meeting and at any postponement or adjournment of the meeting. Pursuant to the rules of the Securities and Exchange Commission (“SEC”), proxy materials were delivered to many of our shareholders over the Internet. On March 24, 2017, these shareholders were mailed a Notice of Internet Availability of Proxy Materials containing instructions on how to access electronically this proxy statement and the 2016 annual report to shareholders.

Shareholders who did not receive the Notice of Internet Availability will receive a copy of the proxy statement and annual report by mail. Whether or not you plan to attend the meeting, your vote is important and we urge you to vote promptly.

You may vote your shares by telephone at
1-866-883-3382, or

If you received a copy of the proxy by mail, you may vote by
returning the enclosed proxy in the accompanying self-addressed
envelope, or

You may vote your shares online via the Internet
at www.proxypush.com/vvc, or

You may also vote in person at the annual meeting.

If your shares are held by a bank, broker or nominee, please review the voting options provided by them on your voter instruction form and act accordingly. As required by federal law, absent your vote, your broker, bank or nominee is not permitted to use its discretion to vote your shares on Items 1, 2, 3 and 4. For your vote to be counted, you will need to communicate your voting decisions on these matters to your bank, broker or nominee. You can revoke your proxy at any time before it is exercised.

By order of the Board of Directors,
VECTREN CORPORATION

By: RONALD E. CHRISTIAN
Executive Vice President, Chief Legal and External Affairs Officer
and Corporate Secretary
Evansville, Indiana
March 24, 2017

Location of May 16, 2017

Annual Shareholders' Meeting

Vectren Corporation

One Vectren Square, 211 N.W. Riverside Drive

Evansville, IN 47708-1251

Shareholders will be provided parking in the lot at Vectren Corporation, One Vectren Square, 211 N.W. Riverside Drive, Evansville, Indiana. Vectren Corporation is located between Vine and Court Streets off Riverside Drive in Evansville.

Your Vote Is Important

Whether or not you plan to attend the meeting, your vote is important and we urge you to vote promptly. You may vote your shares via a toll-free number or over the Internet. If you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided. You may revoke your proxy prior to or at the meeting and vote in person if you wish. If your shares are held by a broker, bank or nominee, it is important that they receive your voting instructions.

Important Notice Regarding the Availability of Proxy Materials for the 2017

Annual Meeting of Shareholders to be Held on

May 16, 2017

10:00 a.m. (Central Daylight Time)

Our proxy statement for the 2017 annual meeting of shareholders and our annual report on Form 10-K for the year ended December 31, 2016 are available at www.vectren.com.

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Introduction

Proxy Statement

The following information is furnished in connection with the solicitation of the enclosed proxy by and on behalf of the Board of Directors (“Board”) of Vectren Corporation (the “Company” or “Vectren”). The proxy will be used at the annual meeting of shareholders to be held at the Company’s corporate headquarters located at One Vectren Square, 211 N.W. Riverside Drive, Evansville, Indiana, on Tuesday, May 16, 2017, at 10:00 a.m. (Central Daylight Time), and at any adjournment of the meeting for the matters to be acted upon under its authority. Under the SEC rules that allow companies to provide proxy materials to shareholders over the Internet, proxy materials have been delivered to many of our shareholders in that manner. This delivery process provides these shareholders with the information they need, while at the same time conserving natural resources and lowering the cost of delivery. On March 24, 2017, these shareholders were mailed a Notice of Internet Availability of Proxy Materials (“Notice”) containing instructions on how to access electronically this proxy statement and the 2016 annual report to shareholders. The Notice also provides instructions on how to vote online or by telephone and on how to receive a paper copy of the proxy materials by mail. On March 24, 2017, we also first mailed this proxy statement and the enclosed proxy card to shareholders who will not receive the Notice.

Further, the SEC rules permit delivery of a single notice of annual meeting materials to one address shared by two or more shareholders. This delivery method, referred to as “householding,” conserves natural resources and avoids costs. Therefore, only a single notice or set of annual meeting materials was delivered to shareholders at a shared address. If you prefer to receive separate copies of the notice or annual meeting materials, contact Vectren Corporation’s Shareholder Services Department by telephone at (800) 227-8625 or by e-mail at investors@vectren.com, and this material will be promptly delivered to you. If you are currently a shareholder sharing an address with another shareholder and wish to receive only one copy of future notices or annual meeting materials, contact Vectren Corporation’s Shareholder Services Department at the above telephone number or email address.

Purposes of Meeting

As of this date, the only known business to be presented at the 2017 annual meeting of shareholders is 1) the election of directors of the Company to serve for a term of one year or until their successors are duly qualified and elected, 2) the approval of a non-binding advisory resolution approving the compensation of the Company’s NEOs, 3) the non-binding advisory vote on the frequency of shareholder advisory votes on executive compensation, and 4) the ratification of the appointment of Deloitte as the independent registered public accounting firm for the Company and its subsidiaries for 2017. The enclosed proxy authorizes the proxy holders to vote on these matters and on all other matters that may properly come before the meeting, and it is the intention of the proxy holders to take any such action utilizing their best judgment. Only shares held by those present at the meeting, or for which proxies are returned, will be considered to be represented at the meeting. For the purpose of determining a quorum, shares represented at the meeting are counted without regard to whether they are abstentions or broker non-votes as to any particular item.

Voting Securities

As of March 10, 2017, the Company had one class of capital stock outstanding, consisting of 82,950,693 shares of common stock without par value. The holders of the outstanding shares of common stock are entitled to one vote for each share held of record on each matter presented to a vote at the meeting. However, unless the holder personally appears and votes at the meeting, shares for which no proxy is returned (whether registered in the name of the actual holder or in the name of a bank, broker or nominee) will not be voted. Only shareholders of record at the close of business on March 10, 2017 will be entitled to vote at the meeting or at any adjournment of the meeting.

Solicitations of Proxies

The Board solicits your proxy for use at the meeting. Shares held in your name and represented by your proxy will be voted as you instruct if your proxy is duly executed and returned prior to the annual meeting. Shares represented by proxies that are returned signed but without instructions for voting will be voted as recommended by the Board. Shares represented by proxies that are returned unsigned or improperly marked will be treated as abstentions for voting purposes. You may revoke

your proxy at any time before it is exercised by written notice to the secretary of the Company received prior to the time of the meeting or in person at the meeting.

If you are a participant in the Company's automatic dividend reinvestment and stock purchase plan, your proxy card will represent the number of shares registered in your name and the number of shares credited to your plan account. For those shares held in this plan, your proxy card will serve as direction to the plan administrator as to how your account is to be voted.

If your shares are held in a brokerage account, you may instruct your broker, bank or other nominee to vote your shares by following instructions that the broker, bank or nominee provides to you. Most brokers offer voting by mail, telephone or via the Internet.

Cost and Method of Solicitation

The cost of preparing, assembling, printing and mailing this proxy statement, the enclosed proxy and any other material which may be furnished to shareholders in connection with the solicitation of proxies for the meeting will be borne by the Company. The Company has retained D. F. King & Company to assist in soliciting proxies from shareholders, including brokers' accounts, at an estimated fee of \$9,500 plus reasonable out-of-pocket expenses. In addition, some of the officers and regular employees of the Company, who will receive no compensation in addition to their regular salaries for such solicitation, may solicit proxies by telephone, email or personal visits. The cost of such additional solicitation, if any, is estimated to not exceed \$5,000, and will be borne by the Company. The Company expects to reimburse banks, brokerages and other custodians of the Company's stock for their reasonable charges and expenses in forwarding proxy materials to beneficial owners.

Revocation Rights

A shareholder executing and delivering the enclosed proxy may revoke it by written notice delivered to the secretary of the Company, or in person at the annual meeting, at any time before the authority granted by it is exercised.

Communications to Directors

The Company's Corporate Governance Guidelines provide that the independent members of the Board elect from the non-management directors a "Lead" Director whose primary responsibility is serving as chair of executive sessions of the non-employee and independent directors. A more in depth discussion of the responsibilities of the Lead Director is on page 15. In addition, the guidelines are posted on the Company's website at www.vectren.com. Those guidelines provide that the Lead Director is the chair of the Nominating and Corporate Governance Committee ("Governance Committee"). The current Lead Director is Jean L. Wojtowicz.

The Audit and Risk Management Committee ("Audit Committee") is responsible for, among other things, establishing, reviewing and updating a code of ethical conduct and ensuring that management has established a system to enforce this code. The Corporate Code of Conduct (titled "Corp Code of Conduct") is located in the Corporate Governance section of the Company's website at www.vectren.com and applies to all employees, officers and directors, including non-employee directors. The Audit Committee also ensures that the Company implements and follows necessary and appropriate financial reporting processes. The current chair of the Audit Committee is Michael L. Smith.

Shareholders and other parties interested in communicating directly with the Lead Director, chair of the Audit Committee, or with the non-employee directors as a group, may contact them by writing to:

Lead Director, Audit Committee chair, or Non-Employee Directors

Vectren Corporation

P. O. Box 3144

Evansville, IN 47731-3144

Interested parties may also contact the Company's Board Chair, President, and Chief Executive Officer ("CEO"), Mr. Carl L. Chapman, by directing the communication to him as follows:

Mr. Carl L. Chapman, Board Chair, President and Chief Executive Officer

Vectren Corporation

One Vectren Square

Evansville, IN 47708

Access to Information

The Company's combined 2016 annual report and Form 10-K, inclusive of audited financial statements, was provided to shareholders electing to receive it by mail on or about March 24, 2017. You may request a copy of this information free of charge from:

Mailing Address: Phone Number: Investor Relations Contact:

Vectren Shareholder Services 1-800-227-8625 Dave Parker

One Vectren Square Director, Investor

Relations

Evansville, Indiana 47708 d.parker@vectren.com

Using the above information, you can also request copies of the Company's Corporate Code of Conduct (which is applicable to all of our employees, including the principal executive officer, the principal financial officer and the principal accounting officer, as well as the non-employee members of the Board), the Corporate Governance Guidelines and all Board committee charters. These are also available free of charge.

Alternatively this financial and corporate governance information can be obtained on the Company's website at www.vectren.com.

Item 1. Election of Directors

Election Process

The Board currently consists of one class of 11 directors. Due to Martin C. Jischke's retirement from the Board following this year's annual meeting, the Board will thereafter consist of 10 directors. The Board recommends that the nominees listed below, all of whom are currently serving as directors, be reelected to a new one-year term. All nominees have consented to serve if elected. Each director will serve until the next annual meeting or until he or she is succeeded by another qualified director.

If the enclosed proxy is returned signed but without voting instructions, the Board intends that the proxy will be voted by the proxy holders in favor of the election of the nominees named below for the office of director of the Company to hold office for a term of one year or until their respective successors are duly qualified and elected. Directors are elected by a plurality of the votes cast. Plurality means that the individuals who receive the largest number of votes cast are elected up to the maximum number of directors to be chosen at the meeting. Abstentions, broker non-votes, and instructions on the accompanying proxy card to withhold authority to vote for one or more of the nominees might result in some nominees receiving fewer votes. However, the number of votes otherwise received by the nominee will not be reduced by such action. If, however, any situation should arise under which any nominee is unable to serve, the proxy holders may exercise the authority granted in the enclosed proxy for the purpose of voting for a substitute nominee.

Board policy provides for a majority vote standard for uncontested elections. Any nominee for director in an uncontested election who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election ("majority withheld vote") shall tender his or her resignation to the chair of the Governance Committee promptly following certification of the shareholder vote. The Governance Committee will promptly consider the tendered resignation and recommend to the Board whether to accept or reject it. In determining whether to recommend acceptance or rejection of the tendered resignation, the Governance Committee will consider all factors it deems relevant including, without limitation, the stated reasons why shareholders "withheld" votes from the director, the director's qualifications, the director's contributions to the Company, and the Company's Corporate Governance Guidelines.

The Board will act on the Governance Committee's recommendation no later than 90 days following the date of the shareholders' meeting at which the election occurred. In deciding whether to accept the tendered resignation, the Board will consider the factors considered by the Governance Committee and any additional information and factors the Board believes to be relevant. Promptly following the Board's decision, that decision will be disclosed in a Form 8-K filed with the SEC along with a full explanation of the process by which the decision was reached.

If the Board accepts the director's resignation, the Governance Committee will recommend to the Board whether to fill the resulting vacancy or to reduce the size of the Board.

Any director who tenders his or her resignation pursuant to this policy will not participate in the Governance Committee recommendation or the Board consideration whether to accept or reject the resignation. If a majority of the members of the Governance Committee receive a majority withheld vote at the same election, then the independent directors who did not receive a majority withheld vote will appoint a Board committee consisting only of such independent directors solely for the purpose of considering the tendered resignations and will recommend to the Board whether to accept or reject them.

Board Skills and Diversity

The Board, acting through the Governance and Nominating Committee, seeks to maintain an experienced and diverse group of leaders from a variety of backgrounds. Upon election of the director nominees at the Annual Meeting, the Board will have the following characteristics in place to help it achieve and maximize long-term strategic objectives for both the Company and its valued shareholders:

Nominee Biographies

Certain information concerning the nominees of the Company is set forth below and under the caption “Corporate Governance and Meetings and Committees of the Board of Directors.” If not otherwise indicated, the principal occupation listed for any individual has been the same for at least five years. The nominees’ ages reported below are as of the record date, March 10, 2017.

CARL L. CHAPMAN, age 61, was elected as Board chair effective May 11, 2011. He has been a director of the Company since 2009 and has served as chief executive officer and president of the Company since June 2010. He served as president and chief operating officer of the Company from November 1, 2007 to May 31, 2010, as chief operating officer from August 1, 2004 to June 2010 and as executive vice president from March 31, 2000 to November 1, 2004. Prior to March 31, 2000, Mr. Chapman also served in other leadership roles with the Company and its predecessors. Mr. Chapman is a director of many of the Company’s wholly-owned subsidiaries, including Indiana Gas Company, Inc. (“Indiana Gas”); Southern Indiana Gas and Electric Company (“SIGECO”); Vectren Utility Holdings, Inc. (“VUHI”); Vectren Energy Delivery of Ohio, Inc. (“VEDO”); Vectren Enterprises, Inc. (Enterprises); Vectren Infrastructure Services Corporation (“VISCO”); and Vectren Energy Services Corporation (“VESCO”). He serves as Board chair for VUHI, VISCO and VESCO.

Mr. Chapman has been in a leadership position with the Company since its inception in 2000. His decades of energy industry experience and his current and former duties on behalf of the Company and its predecessor, Indiana Energy, Inc., provides the Board with significant, direct operational and financial knowledge. His service on the Board enables him to continue to interact directly with the other members of the Board as they approve strategic decisions and future direction.

JAMES H. DEGRAFFENREIDT, JR., age 63, has been a director of the Company since 2010. Mr. DeGraffenreidt is the retired chairman and chief executive officer of WGL Holdings, Inc. and Washington Gas Light Company, a natural gas utility serving over 1 million customers in the District of Columbia, Maryland and Virginia. He has significant experience as an attorney working on energy regulatory issues, as well as from his past service as chair of the American Gas Association and as former co-chair and board member of the Alliance to Save Energy. He is a director of Massachusetts Mutual Life Insurance Company, where he has formerly served as lead director. He completed his second and final four-year term as member of the Maryland State Board of Education in June 2016 and is a director of Harbor Bankshares Corporation, which is a public company.

As the former chief executive officer of a New York Stock Exchange listed energy company, Mr. DeGraffenreidt brings not only a utility background to the Board, but also significant public company experience. During his career, Mr. DeGraffenreidt also served as a utility consumer advocate, which provides him with a particularly unique insight regarding the perspectives of the Company’s stakeholders relating to the regulatory proposals put forth by the electric and natural gas utility businesses. His background and wide ranging expertise in the energy regulatory area enables him to provide valuable insight as a member of the Board. Mr. DeGraffenreidt serves on the Board’s Audit Committee and the Board’s Governance Committee.

JOHN D. ENGELBRECHT, age 65, has been a director of the Company since 2000. Mr. Engelbrecht is the chair and president of South Central Communications Corporation, which owns MUZAK franchises in 15 U.S. cities, as well as a number of other business investments.

Mr. Engelbrecht, as the chair and president of South Central Communications Corporation, brings strong managerial and marketing experience as the owner and operator of numerous businesses. His entrepreneurial background is particularly useful to the Board regarding its consideration of the Company’s nonutility businesses. Mr. Engelbrecht is a well-respected business and community leader in southwestern Indiana, which is the heart of the Company’s electric utility business. As a director from this area, he brings a unique insight on local issues of significance that is valuable to the mix of facts and circumstances considered by the Board. Mr. Engelbrecht’s strengths and insights have positioned him as a valued member of the Board’s Finance Committee and chair of the Board’s Corporate Responsibility and Sustainability Committee.

ANTON H. GEORGE, age 57, has been a director of the Company since 2000. Mr. George is the principal of Vision Investments, LLC. He is a director and the former chief executive officer of Hulman & Company and its affiliates Clabber Girl Corporation, Indianapolis Motor Speedway Corporation, and Indy Racing League, LLC. He is a director of First Financial Corporation, a public company.

Mr. George, as the principal of Vision Investments, LLC, as well as, his prior experience as the chief executive officer of Hulman & Company and its affiliates, demonstrates his leadership ability and unique insight into the challenges and opportunities of running successful businesses. Mr. George is a well-respected business and community leader in central Indiana, which is the heart of the service area for the Company's natural gas utility business. As a director from this area, Mr. George brings a unique insight on local issues of significance that is valuable to the mix of facts and circumstances considered by the Board. His experiences and insights have made him a valuable contributor to the Board's Compensation and Benefits Committee and the Board's Corporate Responsibility and Sustainability Committee.

ROBERT G. JONES, age 60, has been a director of the Company since 2011. Mr. Jones is chairman and chief executive officer of Old National Bancorp, which is a public company. He previously served as a director of the Federal Reserve Bank of St. Louis.

Mr. Jones, as the chair and chief executive officer of Old National Bancorp, provides the Board with financial, business and management expertise gained through over 35 years in the areas of banking and finance. Like Mr. Engelbrecht, Mr. Jones is a highly respected business and community leader in southwestern Indiana who is able to provide insights into the interests of the Company's stakeholders, particularly with respect to the utility business. Because Old National Bancorp has a significant statewide presence in Indiana, Mr. Jones also has a good sense of issues that positions him as a valuable advisor. As a financial leader, he brings a strong understanding and knowledge of the markets in Indiana that Vectren serves. Mr. Jones' expertise is utilized as the chair of the Board's Finance Committee and a valued member of the Board's Corporate Responsibility and Sustainability Committee.

PATRICK K. MULLEN, age 52, has been a director of the Company since 2014. Mr. Mullen is currently the chief operating officer of Chicago Bridge & Iron (CB&I), a public company. Prior to September 2016, and since December 2013, he served as executive vice president and president of CB&I's engineering and construction operating group. During the majority of 2013, he served as executive vice president of corporate development. Mr. Mullen joined CB&I through CB&I's acquisition of ABB Lummus Global in late 2007, and he served as senior vice president of global sales for CB&I's technology operating group from that time until early 2013. As part of CB&I's technology operating group, Mr. Mullen served as head of Global Business Development for five years where he was responsible for sales of proprietary technology and equipment to refining and petrochemical clients. CB&I, which has been in business for more than 125 years and employs approximately 42,000 individuals, is the most complete energy infrastructure focused company in the world and a major provider of government services. As Chief Operating Officer, Mr. Mullen is responsible for CB&I's four operating groups, including Engineering & Construction, Fabrication Services, Technology, and Capital Services, as well as several key functions which support the company's four operating groups. CB&I's business spans across energy infrastructure, including upstream and downstream oil and gas facilities, refineries, petrochemical plants, liquefied natural gas facilities, and fossil power generation facilities. Prior to his current role and his role as head of CB&I's Engineering & Construction operating group, Mr. Mullen was responsible for corporate development, including investor relations, strategic planning, defining company growth opportunities, guiding community impact and involvement, and strengthening relationships with economic partners.

Mr. Mullen's significant management and construction expertise are very important as the Company replaces and modernizes its gas and electric utility infrastructure, as well as expands its construction activities through its nonutility business subsidiaries VISCO and VESCO. Mr. Mullen's background and experiences are utilized by the Board's Compensation and Benefits Committee and the Board's Governance Committee.

R. DANIEL SADLIER, age 69, has been a director of the Company since 2003. Mr. Sadlier is the retired president and chief executive officer of Fifth Third Bank (western Ohio). He is a member of the board of directors of Fifth Third Bank (Greater Cincinnati), an affiliate of Fifth Third Bancorp, and a trustee of Sinclair Community College. Mr. Sadlier, as the retired president and chief executive officer of Fifth Third Bank (western Ohio), has nearly 30 years of senior management experience in the financial services sector and significant community involvement and representation in the Company's Ohio utility service area. He has a long-standing presence as a key thought and opinion leader in Ohio (the location of a significant portion of the Company's natural gas utility business and one of VISCO's largest markets for providing pipeline construction and repair work). The Board has utilized his leadership skills and background in finance as resources for the Board's Audit Committee, Finance Committee and as the chair of the Board's Compensation and Benefits Committee.

MICHAEL L. SMITH, age 68, has been a director of the Company since 2006. In addition to the Company, Mr. Smith serves on the board of Envision Healthcare Holding, Inc. (formerly known as Emergency Medical Services Corp.), which is a public company, and is chair of its compensation committee. Mr. Smith was the executive vice president and chief financial officer of Anthem, Inc. from 1999 until he retired on January 31, 2005. Previously, he was a director of the following public companies: hhgregg Inc., Calumet Specialty Products Partners, InterMune, Inc., First Indiana Corporation (which was acquired by Marshall & Ilsley Corporation in 2008), Brightpoint, Inc. (acquired by Ingram Micro, Inc. in November 2012) and Kite Realty Group Trust. Mr. Smith also serves on the boards of Hulman & Company, LDI Ltd., LLC, Carestream Health Services, Inc., USI, Inc., Agilon, Inc., and Norvax, Inc., which are private companies.

Mr. Smith, as the former executive vice president and chief financial officer of Anthem, Inc., brings to the Board a wealth of knowledge in dealing with financial and accounting matters. His experience in evaluating financial results and overseeing the financial reporting process of a large public company makes him an important resource for our Board. Mr. Smith is a resident of central Indiana, which is the heart of the Company's natural gas utility business. In addition to his substantial financial acumen, Mr. Smith is a highly regarded thought and opinion leader in Indiana. As a result of his decades of involvement in businesses and community activities in Indiana, Mr. Smith has developed insights and relationships that uniquely provide him with the ability to offer a valuable perspective on issues that affect the Company. He provides skilled advice in his roles as a designated Audit Committee "Financial Expert" as well as chair of the Board's Audit Committee. The Board further utilizes his expertise on the Board's Governance Committee, of which he is a member.

TERESA J. TANNER, age 48, has been a director of the company since September of 2015. Ms. Tanner currently serves as executive vice president and chief administrative officer for Fifth Third Bancorp. She was promoted to chief human resources officer in February 2010, and her role was expanded to chief administrative officer in September 2015. Previously, she was senior vice president and director of Enterprise Learning for the bank. Before joining Fifth Third Bancorp in 2004, she was the senior vice president of Human Resources Employment for Provident Bank. She has a vast background in education, human resources and operations management. Given Ms. Tanner's extensive experience and expertise in the human resources area, she is a significant resource for the Board as they oversee the succession planning and talent development efforts at the Company. In addition, given the demographics of the Company's workforce, where a significant number of employees are at or soon will be at retirement age, Ms. Tanner's presence will be of great benefit as the Company addresses the refreshing of its workforce. Ms. Tanner's background and experiences are utilized on the Board's Compensation and Benefits Committee and Finance Committee.

JEAN L. WOJTOWICZ, age 59, has been a director of the Company since 2000, and in 2016, was elected as Lead Director by the independent members of the Board. Ms. Wojtowicz is the president and founder of Cambridge Capital Management Corp., a consulting and venture capital firm. She is a director of First Merchants Corporation and First Internet Bancorp, which are both public companies. For both companies, she serves on the audit committees and as their designated Audit Committee “Financial Expert.” Ms. Wojtowicz is also a director of American United Mutual Insurance Holding Company, a mutual holding company.

Given her decades of work in venture capital markets, Ms. Wojtowicz brings significant expertise to the Board in matters of finance and entrepreneurship. In addition, Ms. Wojtowicz is a resident of central Indiana, which is the heart of the Company’s natural gas utility business, and she is a well-regarded thought and opinion leader in Indiana. She has had key leadership roles with organizations such as the Indiana Chamber of Commerce. She brings to the Board an excellent perspective on state-wide issues that are of great significance to the Company, and particularly the utility business located in Indiana. Her understanding of financial strategy and her business acumen make her a valued resource in the performance of her roles as chair of the Board’s Nominating and Governance Committee and as a member of the Board’s Audit Committee, where she is a designated “Financial Expert.”

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” ALL NOMINEES.

Retiring Director's Biography

MARTIN C. JISCHKE, age 75, has been a director of the Company since 2007. Dr. Jischke is the president emeritus of Purdue University, an institution of higher education. He is chair of the board of Wabash National Corporation, which is a public company.

Dr. Jischke has served in numerous leadership positions, including president, of four major research universities, served as a director of a number of publicly-traded corporations and brings to the Board a background of science, engineering and research, as well as experience in public company governance. As the president emeritus of Purdue University, Dr. Jischke is a highly respected thought and opinion leader, particularly in Indiana. He resides in the service area of the Company's natural gas utility business and has a strong sense of stakeholder issues affecting that business and the Company generally. His insights on business and community issues, with a particular focus on Indiana, have provided tremendous value to the Board as it discharged its responsibilities. Most recently, Dr. Jischke's background and experiences provided expertise to the Board's Corporate Responsibility and Sustainability Committee and the Board's Compensation and Benefits Committee.

Named Executive Officers

In addition to Mr. Chapman, whose biography appears on page 6, other named executive officers of the Company during 2016 were M. Susan Hardwick, age 54, Ronald E. Christian, age 58, and Eric J. Schach, age 54. Ages are as of the record date, March 10, 2017.

M. SUSAN HARDWICK was named executive vice president and chief financial officer of the Company, effective June 1, 2016. Prior to her current role, and since June 1, 2014, Ms. Hardwick was senior vice president and chief financial officer of the Company, and from 2000 to 2013, she served as vice president, controller and assistant treasurer. Prior to joining the Company, Ms. Hardwick's most recent experience was with Cinergy Corporation (whose successor company is Duke Energy Corporation), a utility holding company formerly based in Cincinnati, Ohio, where she held numerous financial roles, including assistant corporate controller. Ms. Hardwick also has extensive public accounting experience and has spent the majority of her career involved in the regulated utility industry. Ms. Hardwick is a certified public accountant. She is a director of Indiana Gas, SIGECO, VEDO, VUHI, Enterprises, and VESCO.

RONALD E. CHRISTIAN has served as the Company's executive vice president, chief legal and external affairs officer and corporate secretary since September 2010. He served as executive vice president, chief administrative officer, general counsel and corporate secretary of the Company from August 1, 2004 to September 2010 and executive vice president, general counsel and secretary of the Company from May 1, 2003 to September 2010. Prior to May 1, 2003 Mr. Christian held other senior leadership roles with the Company and its predecessors and is currently a director of many of the Company's wholly-owned subsidiaries, including Indiana Gas, SIGECO, VEDO, VUHI, Enterprises, and VISCO. Mr. Christian is the chair of the boards of directors of the Indiana State Chamber of Commerce and the Indiana Energy Association.

ERIC J. SCHACH was named executive vice president and chief operating officer of the Company, effective June 1, 2016. Prior to his current role, and since June 1, 2014, Mr. Schach was senior vice president of utility operations and president of VUHI, and in June 2015, he assumed the additional responsibility of Human Resources. Prior to 2014, Mr. Schach was senior vice president of marketing and energy delivery, and from 2003 to 2013, he served as vice president of energy delivery. Prior to 2003, Mr. Schach held other leadership roles with the Company and its predecessors, including chief information officer. He is a director of Indiana Gas, SIGECO, VEDO, VUHI, VESCO, and VISCO.

Ownership of Vectren Stock

Common Stock Ownership by Directors and Executive Officers

The following table sets forth the number of shares of common stock of the Company beneficially owned by directors, NEOs, and all directors and NEOs as a group, as of February 21, 2017. Except as otherwise indicated, each individual has sole voting and investment power with respect to the shares listed below.

Name of Individuals or Identity of Group	Beneficial Ownership Phantom Stock Units Stock Unit Awards			Total
	(1)	(2)	(3)	
Carl L. Chapman	52,538	35,269	270,270	358,077
James H. DeGraffenreidt, Jr.	8,451	0	1,860	10,311
John D. Engelbrecht	12,757	0	1,860	14,617
Anton H. George (4)	16,936	0	1,860	18,796
Martin C. Jischke	1,000	18,810	1,860	21,670
Robert G. Jones	2,327	12,117	1,860	16,304
Patrick K. Mullen	1,000	3,890	1,860	6,750
R. Daniel Sadlier	585	45,463	1,860	47,908
Michael L. Smith	2,184	19,016	1,860	23,060
Teresa J. Tanner	1,000	0	1,860	2,860
Jean L. Wojtowicz	15,492	12,985	1,860	30,337
M. Susan Hardwick	0	12,365	48,955	61,320
Ronald E. Christian	5,138	39,922	64,183	109,243
Eric J. Schach	0	22,626	58,569	81,195
Directors and Executive Officers As a Group (14 Persons)	119,408	222,463	460,577	802,448

No single director or named executive officer owned beneficially as of February 21, 2017, more than 0.06% of the (1) common stock of the Company. All directors and named executive officers owned beneficially an aggregate of 119,408 shares or 0.14% of common stock of the Company.

This column represents phantom securities held under the Company's nonqualified deferred compensation plans, (2) which are in the form of phantom stock units that are valued as if they were Company common stock. These phantom units are not included in the beneficial ownership column.

This column includes outstanding stock unit awards as of February 21, 2017. These stock unit awards are not (3) included in the beneficial ownership column.

These totals do not include any shares held by certain charitable organizations and other corporations with which (4) Mr. George is associated and to which he disclaims beneficial ownership.

Securities Owned by Certain Beneficial Owners

According to information filed with the SEC, the following shareholders were beneficial owners of more than 5 percent of our common stock as of December 31, 2016:

Name and Address of Beneficial Owner Shares of Common Stock Beneficially Owned Percent of Class

The Vanguard Group (1) 100 Vanguard Blvd. Malvern, PA 19355	7,094,110	8.6%
BlackRock, Inc. (2) 55 East 52nd Street New York, NY 10055	6,562,376	7.9%
State Street Corporation (3) State Street Financial Center One Lincoln Street Boston, MA 02111	5,398,641	6.5%

(1) Ownership based on the Schedule 13G filed by the Vanguard Group on February 9, 2017, which indicated sole voting power for 58,147 shares, sole investment power for 7,039,424 shares, shared voting power for 9,200 shares, and shared investment power for 54,686 shares with its subsidiaries, Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd.

(2) Ownership based on the Schedule 13G filed by BlackRock, Inc. on January 26, 2017, which indicated 6,562,376 shares beneficially owned with sole voting power for 6,252,000 shares and sole investment power for all shares.

(3) Ownership based on the Schedule 13G filed by State Street Corporation on February 6, 2017, which indicated shared voting power and shared investment power for all 5,398,641 shares with the following subsidiaries: State Street Bank and Trust Company; SSGA Funds Management, Inc.; State Street Global Advisors Ltd; State Street Global Advisors, Australia Limited; State Street Global Advisors, Asia Limited.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's officers, directors, and persons who own more than 10% of the Company's common stock to file reports of common stock ownership and changes in ownership with the SEC and to furnish the Company with copies of the forms they file. Based solely on the Company's review of the received filings and on written representations from the appropriate persons that no other reports are required, the Company believes that all filings required to be made under Section 16(a) during 2016 were made timely.

Corporate Governance and Meetings and Committees of the Board of Directors

Related Person Transactions

The Company has policies, procedures, and practices for monitoring the occurrence of transactions involving the Company and related persons (directors and executive officers or their immediate family members, or shareholders owning 5% or greater of the Company's outstanding stock) and for reviewing and approving related person transactions. The approach to monitoring related party transactions is described in the Company's Corporate Code of Conduct, Code of Ethics for the Board, and annual disclosure practices completed by the Company's leadership and Board members. The Corporate Code of Conduct, Code of Ethics for the Board, and related acknowledgment forms are posted in the Corporate Governance section of the Company's website at www.vectren.com.

The Corporate Code of Conduct directs all employees and Board members to avoid relationships and financial interests in vendors, suppliers, and contractors with whom the Company does business or who are seeking to do business with the Company. Further, the Company code requires all employees owning or acquiring a financial interest in a vendor, supplier, or contractor to report such relationships to their immediate supervisor using a prescribed form. If the supervisor determines that a conflict exists, the supervisor is required to contact the appropriate executive officer and the Corporate Audit department for resolution. Annually, all Board members, executive officers, other corporate officers, and key employees complete a certification that they have read the Corporate Code of Conduct and agree to abide by it. Annually, letters are mailed to major vendors, suppliers, and contractors to inform them of these restrictions.

The combined Corporate Code of Conduct and Code of Ethics for the Board require directors to promptly disclose to the chair of the Governance Committee any situation that involves, or may potentially involve, a conflict of interest. These codes also provide for the Governance Committee to review all relationships that exist between the Company and the non-management directors other than relationships relating to the director's service on the Board. Information about any relationships with directors is obtained at least annually.

In connection with the preparation of this proxy statement and the related Form 10-K, a director and executive officer questionnaire requests information about, among other matters, related person transactions. Data compiled from these questionnaires are reviewed by management, the executive vice president, chief legal and external affairs officer and corporate secretary, the Governance Committee, and the full Board. This practice is followed each year in connection with the preparation of these documents. Related person transactions reviewed in connection with the preparation of this proxy statement are discussed on pages 23-24.

Director Independence

The Board has determined that with the exception of Mr. Chapman, who is Board chair, president and CEO, all members of the Board are independent since they satisfy the Company's Director Independence Standards. The Director Independence Standards are set forth on pages 23-24.

Nomination of Directors by Shareholders

If a shareholder entitled to vote for the election of directors at a shareholders' meeting desires to nominate a person for election to the Board, the Company's Code of By-Laws ("By-Laws") require the shareholder to deliver to or mail a notice that is received at our principal office not later than the close of business on the 90th day nor earlier than the 120th day prior to the first anniversary date of the annual meeting of the shareholders for the preceding year. If, however, the annual meeting is not scheduled to be held within a period that commences 30 days before such anniversary date and ends 30 days after such anniversary date, the shareholder notice shall be given by the later of: a) the close of business on the 90th day prior to the actual date of the shareholder meeting, or b) the close of business on the tenth day following the day on which the annual meeting date is first publicly announced or disclosed. The shareholder's notice must set forth (i) the name and address as they appear on the corporate records of the shareholder making the nomination, (ii) the number of shares of capital stock of the Company owned by the shareholder beneficially and of record together with a representation that the shareholder will notify the Company in writing of the class and number of such shares owned beneficially and of record for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, c) a description of any agreement, arrangement or understanding with respect to such nomination between or among the shareholder and

any of its affiliates or associates, and any others (including their names) acting in concert with any of the foregoing together with a representation that the shareholder will notify the Company in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, d) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the shareholder's notice by, or on behalf of, the shareholder or any of its affiliates or associates, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, the shareholder or any of its affiliates or associates with respect to shares of stock of the Company, together with a representation that the shareholder will notify the Company in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, e) a representation that the shareholder is a holder of record of shares of the Company entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to present the nomination contained in the notice, f) a representation whether the shareholder intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding capital stock required to elect the director and/or otherwise to solicit proxies from shareholders in support of such nomination, and g) any other information relating to such shareholder and beneficial owner, if any, on whose behalf the nomination is being made, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the nomination and pursuant to and in accordance with Section 14(a) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. In addition, such shareholder's notice must set forth, as to each person whom the shareholder proposes to nominate for election or reelection as a director: (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of our shares which are beneficially owned by such person, (iv) any other information relating to such person that is required to be disclosed in the solicitation of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including, without limitation, such person's written consent to be named in the proxy statement as a nominee and to serve as a director, if elected), and (v) the qualifications of the nominee to serve as our director.

The process described in the preceding paragraph is currently the sole formal process for shareholders to nominate persons to our Board. However, there is a framework in place for shareholders to contact the Board's Lead Director, and, as part of that process, shareholders may communicate regarding any prospective candidate for membership on the Board. The criteria employed by the Governance Committee when considering all nominees to the Board are contained in our By-Laws and are set forth in Appendix A.

Board Leadership Structure

In May 2011, Mr. Chapman assumed the role of Board chair and he holds the combined positions of Board chair, president and CEO. Since the inception of the Company's operations in 2000, the combination of the Board chair and CEO positions has positively served the Company's interests because of the efficiencies of having the roles combined. By combining the chair and CEO roles, the CEO is able to optimize his first-hand knowledge of the Company's operations, which facilitates his leadership of the Board's oversight of the Company's business by allowing the Board to have the benefit of his insight and perspective regarding the affairs of the Company during its deliberations. To ensure the preservation of good governance, the Board has and will continue to maintain the position of an independent Lead Director who is elected by independent board members and is charged with the responsibility to coordinate the activities of the non-employee, independent directors. As set forth in the Corporate Governance Guidelines and reflected in the practices of the Board, the Lead Director's responsibilities include the following: (i) coordinate the activities of non-management and independent directors; (ii) preside and act as chair of Board meetings when the Board chair is not in attendance; (iii) provide the Board chair with input as appropriate on agendas for the Board and committee meetings; (iv) approve the agenda, schedule and information sent to directors for board meetings; (v) serve as chair of the Governance Committee; (vi) coordinate and develop the agenda for, and chair executive sessions of, the non-management directors, which are held at each meeting of the Board; (vii) facilitate communications between the Board chair and the other members of the Board, including communicating other

members' requests to call special meetings of the Board; (viii) authority to call additional meetings of independent directors as he/she deems appropriate; (ix) lead the deliberations of the independent directors regarding corporate strategy matters; and (x) to make himself/herself available for consultation and direct communication with major shareholders. The Board is cognizant of the governance structure recommended by leading corporate governance firms and through the board leadership framework that has been established for the Company, the Board believes that the guidance offered by those firms has been implemented. The Board will remain vigilant in its review of the marketplace with respect to this subject and no less than annually reevaluate this structure to ensure it is in line with the market, as well as continues to serve the best interests of the Company and its stakeholders.

Board's Role in Risk Oversight

The Board is ultimately responsible for risk oversight across the organization. That responsibility is shared by the committees of the Board in addressing financial, compensation, compliance, reputational and governance risks with specific responsibility for reviewing management's risk oversight function delegated to the Board's Audit Committee. A corporate level Risk Management Committee ("RMC") is comprised of the chief executive officer, senior executives and other key members of management and is led by the treasurer and vice president of investor relations. The RMC meets approximately on a biweekly basis. The RMC identifies and oversees organizational efforts to address the Company's strategic risks, as well as other risks that arise during the course of operations, and ensures that risk management efforts are aligned with strategic objectives. The types of strategic risks the RMC considers and monitors include, but are not limited to, financial, regulatory, reputational, environmental, cybersecurity, and compliance risks. For example, during 2016, the RMC oversaw and monitored issues relating to commodity hedging, pipeline safety, cybersecurity, business resiliency, regulations and compliance, and insurance and credit risks. The Audit Committee and the full Board receive detailed reports throughout the year regarding the RMC's activities and strategic risk management efforts within the Company. In response to those reports, the Audit Committee and the full Board may direct management to consider additional issues or provide additional information to the Audit Committee and the full Board regarding the RMC's actions. The Audit Committee chair reports regularly to the Board regarding enterprise risk matters presented to the Audit Committee. Similarly, other Board committee chairs regularly report to the Board regarding risk matters overseen by their respective committees. For example, the Compensation Committee chair reports to the Board regarding the oversight of the consideration of any risks presented by the Company's compensation plans, and the Corporate Responsibility and Sustainability Committee chair reports to the Board regarding the oversight of gas and electric operations compliance activities and the risks they present.

Board Meetings

The Board had 12 meetings during the last year, and no member attended fewer than 100% of the aggregate of Board meetings and meetings of the respective committees of the Board of which they are members. Last year's annual meeting was attended by all members of the Board. The non-employee members of our Board are elected to various committees. The standing Board-level committees are: the Nominating and Corporate Governance Committee, the Audit and Risk Management Committee, the Compensation and Benefits Committee, the Finance Committee, and the Corporate Responsibility and Sustainability Committee. Committee memberships are shown in the following table:

Name	Independent	Committees			
		Nominating and Corporate Governance	Audit and Risk Management	Compensation and Benefits	Corporate Finance Responsibility and Sustainability
James H. DeGraffenreidt, Jr.	ü	Member	Member		
John D. Engelbrecht	ü				MemberChair
Anton H. George	ü			Member	Member
Martin C. Jischke (1)	ü			Member	Member
Robert G. Jones	ü				Chair Member
Patrick K. Mullen	ü	Member		Member	
R. Daniel Sadlier	ü		Member	Chair	Member
Michael L. Smith	ü	Member	Chair		
Teresa J. Tanner	ü			Member	Member
Jean L. Wojtowicz (Lead)	ü	Chair	Member		
Held in 2016 >	Meetings	3	7	4	3 3

(1) Mr. Jischke will not stand for reelection at this year's annual meeting.

Nominating and Corporate Governance Committee: Membership is restricted to non-employee members of the Board who must be independent under New York Stock Exchange rules.

Audit and Risk Management Committee: Membership is restricted to non-employee members of the Board who must be independent under New York Stock Exchange rules, as well as meet other legal eligibility requirements. The Board has determined that Mr. Smith and Ms. Wojtowicz are the Audit Committee's designated "Financial Experts" under the SEC definition.

Compensation and Benefits Committee: Membership is restricted to non-employee members of the Board who must be independent under the rules of the New York Stock Exchange, as well as meet other legal eligibility requirements.

Finance Committee: While membership on the Finance Committee is not restricted to non-employee members of the Board, all current members satisfy the Board's Director Independence Standards. The Finance Committee acts on behalf of the Board with respect to financing activities of the Company and its subsidiaries and in instances where the Board has delegated authority to the Finance Committee to act on its behalf.

Corporate Responsibility and Sustainability Committee: While membership on the Corporate Responsibility and Sustainability Committee is not restricted to non-employee members of the Board, all current members satisfy the Board's Director Independence Standards.

The functions of all committees are described in our committee reports, which begin on page 20.

Director Compensation

As more fully discussed in the "Report of the Nominating and Corporate Governance Committee", which begins on page 20, the establishment of compensation for non-employee directors is part of the responsibilities of that committee. The philosophy for the compensation decisions is discussed in that report.

In 2016, each non-employee director received an annual cash retainer of \$75,000 per year for service on the Board. The Lead Director received an additional annual cash retainer of \$25,000. The chair of the Audit Committee received an additional cash retainer of \$15,000. In addition, the chair of the Compensation Committee received an additional annual cash retainer of \$10,000. All other committee chairs each received an additional annual cash retainer of \$5,000. All annual cash retainers were paid in the form of a monthly amount. Also, on January 1, 2016, each non-employee director received a time-vested equity grant with a targeted value of \$90,000, which vested on January 1, 2017. No meeting attendance fees were paid to the non-employee directors.

In 2016, the Governance Committee employed Korn Ferry Hay Group ("Hay Group"), the independent compensation consultant engaged by the Compensation Committee, to review the market competitiveness of the existing compensation paid to non-employee members of the Board. Based upon the 2016 review of compensation paid to non-employee board members serving the companies who comprise the peer group used with respect to the Company's executive compensation process, and more fully described on page 22, as well as general information in the marketplace regarding director compensation trends, Hay Group concluded that the existing compensation paid to the non-employee members of the Board was below both the median and the average of compensation paid to directors of other comparable companies. Hay Group recommended 2017 increases in the following compensation areas: the annual cash retainer from \$75,000 to \$80,000; the annual equity component (which is paid in the form of restricted stock units) from \$90,000 to \$95,000; the annual retainer paid to the chair of the Compensation Committee from \$10,000 to \$12,500; and the annual retainer paid to the chairs of the Governance, Finance, and Corporate Responsibility & Sustainability Committees from \$5,000 to \$7,500. According to Hay Group, with these recommended changes, the compensation would be at market relative to the data that was reviewed for the purpose of making this assessment. In response to this information, the Governance Committee recommended the above changes to the Board. The Board received this recommendation and the supporting information at its September 2016 meeting and approved the changes with an effective date of January 1, 2017.

Pursuant to a director expense reimbursement policy approved by the Board, we reimburse the reasonable travel and accommodation expenses of directors to attend meetings and other corporate functions.

The Vectren Corporation Director Education Policy is administered by the chair, president and chief executive officer, with oversight by the Governance Committee, and provides each non-employee director with an annual education allowance of up to \$7,500 to use for continuing education programs.

Under the Vectren Foundation Directors Matching Policy, the Vectren Foundation will match qualifying contributions up to \$5,000 annually, made by active non-employee members of the Board. Qualifying organizations must be designated a 501(c)(3) federal tax exempt entity by the Internal Revenue Service. This policy encourages and supports contributions that promote the preservation and restoration of natural resources, energy efficiency and renewable resources and institutions

of higher education. The maximum match amount of \$5,000 may be used to match college or university gifts not exceeding \$2,500 in total and gifts to organizations focused on preservation and restoration of natural resources, energy efficiency and renewable resources not exceeding \$2,500 in total.

Directors are eligible to participate in the Company's nonqualified deferred compensation plan designed to comply with the Internal Revenue Code. This plan is described starting on page 62 under the heading "Nonqualified Deferred Compensation." At the present time, directors may defer all or a portion of their director fees and vested stock unit awards into this plan. The plan's measurement funds mirror the investment options in the Company's 401(k) plan except that this plan does not include any limitation on the amount of the contributions that can be allocated to the Company's common stock. Participants have the ability to elect a scheduled distribution of any amounts deferred into the plan as long as the distribution is at least three plan years after the end of the plan year for which the participant elects the deferral. Once the director's Board service ends, the plan balance is paid in either a lump sum or annual installments over 5, 10, or 15 years.

The following table summarizes the compensation earned by non-employee directors for the year ended December 31, 2016. As an active employee, Mr. Chapman does not receive any additional compensation for his service as a director. No option awards or non-equity incentive plan awards were made to directors. Directors do not receive pensions and did not receive any above-market or preferential earnings on deferred compensation.

2016 DIRECTOR COMPENSATION TABLE

Name (a)	Fees Earned or Paid in Cash (1) (b)	Stock Awards (2) (c)	All Other Compensation (3) (d)	Total (e)
James H. DeGraffenreidt, Jr.	\$75,000	\$90,948	\$3,473	\$169,421
John D. Engelbrecht	\$80,000	\$90,948	\$3,473	\$174,421
Anton H. George	\$75,000	\$90,948	\$3,473	\$169,421
Martin C. Jischke	\$75,000	\$90,948	\$3,473	\$169,421
Robert G. Jones	\$80,000	\$90,948	\$5,973	\$176,921
J. Timothy McGinley	\$43,750	\$90,948	\$4,215	\$138,913
Patrick K. Mullen	\$75,000	\$90,948	\$3,473	\$169,421
R. Daniel Sadlier	\$80,833	\$90,948	\$5,973	\$177,754
Michael L. Smith	\$90,000	\$90,948	\$5,973	\$186,921
Teresa J. Tanner	\$75,000	\$90,948	\$3,473	\$169,421
Jean L. Wojtowicz	\$96,667	\$90,948	\$8,473	\$196,088

(1) This column represents annual cash retainers earned by Board members. These amounts are more fully discussed above under "Director Compensation."

(2) This column reflects the aggregate grant date fair value based on FASB ASC Topic 718, which in this instance is the number of stock units issued multiplied by the share price on the date of grant. Upon Mr. McGinley's retirement from the Board at the 2016 annual shareholders meeting, his stock award was prorated for service and resulted in a payment of \$41,361.

(3) This column includes dividends on stock unit awards in 2016 and matching of qualifying charitable contributions. The table below provides additional information regarding the "All Other Compensation" column.

2016 DIRECTOR ALL OTHER COMPENSATION TABLE

Name	Stock Unit Dividends	Directors Matching Policy Contributions	All Other Compensation
James H. DeGraffenreidt, Jr.	\$3,473	\$0	\$3,473
John D. Engelbrecht	\$3,473	\$0	\$3,473
Anton H. George	\$3,473	\$0	\$3,473
Martin C. Jischke	\$3,473	\$0	\$3,473
Robert G. Jones	\$3,473	\$2,500	\$5,973
J. Timothy McGinley (1)	\$1,715	\$2,500	\$4,215
Patrick K. Mullen	\$3,473	\$0	\$3,473
R. Daniel Sadlier	\$3,473	\$2,500	\$5,973
Michael L. Smith	\$3,473	\$2,500	\$5,973
Teresa J. Tanner	\$3,473	\$0	\$3,473
Jean L. Wojtowicz	\$3,473	\$5,000	\$8,473

(1) Mr. McGinley retired from the Board at the 2016 annual shareholders meeting.

Report of the Nominating and Corporate Governance Committee

The Governance Committee is primarily responsible for corporate governance matters affecting the Company and its subsidiaries. The Governance Committee has four members and is composed entirely of non-employee directors all of whom the Board has determined to be independent pursuant to the rules of the New York Stock Exchange (“NYSE”). The current chair of the Governance Committee is Jean L. Wojtowicz, who is also the Lead Director. The Governance Committee met three times during the past year. At its meetings, the Governance Committee conducted an executive session without management present.

Scope of Responsibilities

The Governance Committee has a number of significant responsibilities which are set forth in its charter posted at www.vectren.com, including:

- Serving as a conduit for shareholders and other interested parties to communicate with the non-employee members of the Board regarding nominees and other matters affecting Company business;
- Overseeing the succession planning process for the office of chief executive officer, senior management and the primary leadership of the Company’s subsidiaries;
- Monitoring other corporate governance matters, including periodically reviewing the By-Laws and Articles of Incorporation as they relate to corporate governance;
- Formulating recommendations concerning the composition, organization and functions of the Board and its committees;
- Overseeing the succession planning process for the Board, including identifying and selecting qualified nominees for election to the Board, as well as assessing the viewpoint, background and demographics of nominees, and whether their presence on the Board would contribute to the overall diversity of the Board;
- Recommending programs for continuing Board member education and development;
- Establishing qualification criteria for service as a member of the Board, including “independence”;
- Assessing the contributions of existing members of the Board for reelection;
- Monitoring the effectiveness and functioning of the Board and its various committees;
- Approving management participation on compensated third party boards of directors; and
- Establishing compensation for non-employee members of the Board.

2016 Accomplishments

Throughout the year, the Governance Committee gathered, assessed, and, as appropriate, acted upon information relating to corporate governance, including governance-related items described in the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”), the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”), and those regulatory changes affecting listed companies established by the NYSE and SEC. These efforts by the Governance Committee are ongoing. As a result of this continuous oversight, over the past several years, and at the recommendation of the Governance Committee, the Board has allowed the Company’s shareholder rights plan to expire without renewal, declassified the board, adopted a majority Board election standard, established rigorous processes relating to the role of the Lead Director and generally sought to be responsive to public pronouncements regarding good governance practices.

As part of the Governance Committee’s effort to follow best practices with respect to corporate governance matters, during 2016, the Committee continued to evaluate the Board’s role in interacting with the company’s shareholders. In this regard, the full Board, based upon the unanimous recommendation of the Governance Committee, has adopted the principles embodied in the Shareholder Director Exchange (SDX) Protocol, www.sdxprotocol.com, which has established practices for director engagement with institutional shareholders.

As required by its charter, which is posted on the Company’s website at www.vectren.com, during the year the Governance Committee conducted an annual review of the Corporate Governance Guidelines applicable to the full Board. Based upon

that review, the Governance Committee concluded that no modifications were currently advisable or necessary. The Corporate Governance Guidelines are posted on the Company's website at www.vectren.com.

The Governance Committee is responsible for considering nominees for director, including nominees recommended by shareholders. The policy for director nominations by shareholders is included under "Nomination of Directors by Shareholders" beginning on page 14. The criteria considered by the Governance Committee and the full Board when assessing candidates are contained in the By-Laws and are also set forth in Appendix A of this proxy statement. The criteria considered by the Governance Committee and the Full Board when assessing whether an individual may continue to be a director or re-nominated to serve another term as a director are set forth in Appendix B of this proxy statement.

From time to time, the Lead Director and the Governance Committee receive unsolicited inquiries from individuals interested in serving as a Board member. In the event such inquiries are sent to management, they are then forwarded to the Lead Director. These inquiries are reviewed by the Lead Director in light of the criteria prescribed for director candidates and if the person fails to meet those criteria then no further action is taken by the Lead Director. However, if the person meets those criteria, then the Lead Director will review the submission with the entire Governance Committee. Each inquiry is evaluated on its own merits.

In connection with the 2017 annual meeting, and employing the qualification criteria set forth in the By-Laws, as well as the director retention criteria approved by the Board, the Governance Committee evaluated all of the nominees who are standing for reelection. As a result of that process, the Governance Committee concluded that the full Board should recommend to the shareholders the reelection of the existing directors, with the exception of Mr. Jischke, who is retiring and will not stand for reelection.

During the year, the Governance Committee provided ongoing oversight with respect to each Board member's relationship with the Company and its subsidiaries. This action was required under the "independence" standards for the Board, which were developed by the Governance Committee as required by the Company's Corporate Governance Guidelines and approved by the full Board. The director independence standards are set forth and discussed on pages 23-24. Based on these standards, the Board has determined that, with the exception of Mr. Chapman, who is an active employee and serves as the Board chair, president and chief executive officer of the Company, all members of the Board are independent.

During the year, the Governance Committee evaluated each Board member's service on committees in light of the applicable qualification requirements, including additional independence and qualification requirements pertinent to certain of the committees. Based upon this evaluation, the Governance Committee made a recommendation to the full Board regarding the composition and leadership of each committee. Thereafter, that recommendation was adopted by the full Board.

During the year, the Governance Committee oversaw a formal communication process to ensure the Board receives adequate information regarding the actions taken by the boards of directors at the Company's wholly-owned subsidiaries. That process requires regular management updates to the Governance Committee regarding such actions. During the year, the Governance Committee continued with the administration of the succession planning and talent development processes for the Company's management and the primary leadership of the Company's subsidiaries and affiliates. The Governance Committee believes that actively engaging in these efforts is critical to the Company's long-term management continuity preparedness. Succession planning and talent development are ongoing processes applicable to management positions across the Company and are an integral part of the Company's normal personnel planning activities. Presentations are regularly provided to the Governance Committee by both external advisors and members of senior management who are charged with direct responsibility for these efforts. In this regard, over the past three years a number of organizational changes have been made resulting in the promotion of two members of management to executive vice president roles, as well as the reallocation of responsibilities among a number of vice presidents, and the creation of new officer roles for certain functions. The succession planning and talent development processes are ongoing and are intended to enhance the professional development of the persons involved, as well as result in better execution of the Company's strategies and processes. The accomplishment of these outcomes is the subject of continuing oversight by the Governance Committee as it administers these processes. On a regular basis, updates on this subject are provided to the full Board and as part of the executive session segments of Board meetings

there is a further opportunity for a discussion of this subject among the independent members of the Board. During the year, the Governance Committee reviewed the slate of individuals to serve as officers for the Company and recommended that the full Board elect the officers to their respective positions in June of 2016. This review and recommendation was done in light of the Governance Committee's ongoing assessment of the succession planning and talent development processes described above. The Governance Committee also reviewed responsibilities within the management group and determined the individuals who should be deemed to be insiders for purposes of Section 16 of the Securities Exchange Act of 1934, as amended.

During the year, the Governance Committee evaluated the leadership strengths of the Board, and affirmed the previously made determination to continue to consolidate the roles of Board chair and chief executive officer into a single position, as

well as continue the Lead Director position with its attendant role and responsibilities. Mr. Chapman has served as Board chair since the 2011 annual meeting. Ms. Wojtowicz has served as the Lead Director since last year's annual meeting, at which time her predecessor retired from the Board. The organizational structure of the board is discussed more fully on page 15.

Under the oversight of the Governance Committee, formal Board development activities were undertaken during the year. The Board conducted two multi-day development sessions where they heard presentations from various internal and external professionals regarding important issues affecting the Company and its subsidiary companies, including with respect to corporate governance matters, cybersecurity, the state of energy commodity prices, environmental regulations, regulatory and ratemaking matters and other industry developments and trends. Some members of the Board also attended training activities focused on the development of director skills.

The Governance Committee is charged with oversight of compensation for the non-employee members of the Board. Annually, the Governance Committee directs the preparation of an analysis of the continuing market competitiveness of that compensation. During 2016, the Governance Committee had such an analysis prepared by Hay Group, which is also the independent compensation consultant employed by the Compensation Committee. The analysis included a review of the Board's total compensation system, which consists of an annual board retainer, committee chair retainers, and equity grants. The analysis primarily relied upon a review of industry market data, as well as comparative data from the group of companies within the industry peer group that has been used by the Company to measure its performance and used by the Compensation Committee when establishing executive compensation. Based upon the analysis and review of current market data, it was the conclusion of the independent consultant that the compensation provided to outside directors was below both the average and the median for the Company's peer group. In August of 2016, the Governance Committee took action in response to the conclusions reached by the independent compensation consultant and recommended an adjustment to director compensation. That recommendation was adopted by the Board at its September 2016 meeting, with an effective date of January 1, 2017. The specifics of director compensation are more fully discussed on pages 17-19 under the heading "Director Compensation." In 2017, the Governance Committee anticipates another review of the on-going market competitiveness of director compensation to ensure its continued alignment with the marketplace.

As the plan administrator of the Company's At-Risk Plan with respect to compensation for non-employee members of the Board, the Governance Committee authorized annual grants of restricted stock units for directors effective as of January 1, 2017. The grant amounts align with advice received from the independent compensation consultant engaged by the Governance Committee. The role of equity compensation as part of the total compensation provided to non-employee directors is more fully discussed beginning on page 17.

Under the direction of the Lead Director, who is also the chair of the Governance Committee, the Board has developed a strengths and experiences matrix that is a foundation for the performance evaluation and director succession planning processes to ensure the Board is composed of individuals with the right skills and experiences to oversee the Company's operations. The matrix is regularly evaluated to ensure the identified desired strengths and experiences reflect the Board's current and expected talent needs. As part of this effort, the directors perform a self-evaluation of their respective strengths and experiences, which were then vetted by the Lead Director and Board Chair and discussed with the full board during an executive session segment of a Board meeting.

Early in 2017, the chair of the Governance Committee administered the annual Board performance evaluation process pursuant to which the Board critiqued its performance. It is the policy of the Board to undertake this action in the first quarter of every year. Under the direction of the Lead Director, the annual performance evaluation process entails individual sessions between the Lead Director and each member of the Board during which directors provide commentary with respect to their performance and contributions, as well as the performance and contributions by peer directors, and a full Board performance assessment. The results of these discussions are initially analyzed by the Lead Director. Following that analysis, the Lead Director summarizes the results, including her observations relative to where the Board is situated in light of the strengths and experiences matrix. The comments of individual directors are maintained in strict confidentiality to encourage full and frank commentary on all aspects of the Board's performance. Once this summary is complete, the Lead Director: 1) reviews the results with the Board chair, 2) then she reviews those results with the Governance Committee, and 3) finally, she provides the full Board with the findings and any

recommended actions, as well as a summary of the survey results. In response, and under the supervision and direction of the Governance Committee, senior management develops an action plan that is intended to respond to issues raised during this process. The Board's annual performance evaluation is seen as an opportunity to review the past year and consider contributions, successes and opportunities for development. The process is also integral to the execution of the Board succession planning process since the conclusions reached help the Governance Committee and the full Board determine whether and when it is advisable to refresh the composition of the Board. In light of this robust annual performance evaluation process, during the year the Governance Committee and the full Board confirmed the prior determination to not employ a director tenure policy, which would limit the service of valuable Board members. The Board does have a retirement policy pursuant to which, absent a waiver from the independent directors, a director may not remain a Board member longer than the term of office during which he or she turns age 75.

At the February 2017 meeting, the Governance Committee confirmed that all Board committees had complied with their respective charters during 2016. The Governance Committee will continue to oversee any future recommended revisions to Board committee charters to ensure that the apportionment of responsibilities among the committees is appropriate.

Share Ownership Policy for Non-Employee Directors

Our Company's share ownership policy requires non-employee directors to meet share ownership targets. The Governance Committee adopted that policy in 2000 and it provides a five-year transition period for non-employee directors to comply with their applicable share ownership targets. The Board expects the covered persons to make ratable progress toward compliance each year. The program includes these key features:

Participants who are non-employee directors have a share ownership target based on a multiple of five times their annual cash retainer, which calculated as of January 1, 2017, equaled \$400,000. As of February 28, 2017, all of the non-employee directors, excluding Mr. Mullen and Ms. Tanner who are in the transitional five-year compliance period, exceeded the established ownership requirements. The Governance Committee reviews non-employee director stock ownership on an annual basis.

A participant may count toward his or her target the value of owned shares, phantom units of our stock in our nonqualified deferred compensation plans, and outstanding restricted shares and stock unit awards, with value based on the market price of our common stock.

For non-employee directors who have not met their ownership target at the time a stock unit award is settled under the At-Risk Plan, the above policy provides that the award will be settled in shares of Company common stock (unless such non-employee director previously elected to defer such amounts into the Company's Nonqualified Deferred Compensation Plan).

In 2016, the Governance Committee, with assistance from the Hay Group, confirmed the reasonableness of the director share ownership guidelines from a market perspective and concluded that they are, in fact, in line with the market. The Governance Committee anticipates reviewing the continuing appropriateness of the guidelines again in 2017.

Annual Committee Charter Review and Performance Evaluation

As required by the Governance Committee's charter, during the year, the Committee reviewed its charter and determined that no changes were necessary or advisable. Also, as required by the Governance Committee's charter, the Governance Committee conducted an annual performance evaluation, the results of which have been discussed among the members.

Director Independence Standards

In determining director independence, the Board considers broadly all relevant facts and circumstances, including the corporate governance listing standards of the NYSE, which are summarized below. The Board considers the issue not merely from the perspective of the particular director, but also from the perspective of persons or organizations with which the director has an affiliation. An independent director must be free of any relationship with the Company that impairs the director's ability to make independent judgments, including indirectly as a partner, shareholder or officer of an organization that has a relationship with the Company.

At a minimum, in making the independence determination, the Board applies the following standards, and it also considers any other relationships it deems relevant. A director will not be considered independent if any of the following criteria apply:

1. The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer,¹ of the Company.

¹ For purposes of this standard, the term "executive officer" has the same meaning specified for the term "officer" in Rule 16a-1(f) under the Securities Exchange Act of 1934.

2. The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee chair fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

3. The director a) is a current partner or employee of a firm that is the Company's internal or external auditor; b) has an immediate family member who is a current partner of such a firm; c) has an immediate family member who is a current employee of such a firm and personally works on the Company's audit; d), or an immediate family member, was within the last three years a partner or employee of such a firm and personally worked on the Company's audit within that time.

4. The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company at which any of the Company's present executive officers at the same time serves or served on that company's compensation committee.

5. The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

The NYSE listing standards require that the Board affirmatively determine that a director has no material relationship at the Company. In determining whether a particular director satisfied the independence criteria, the Governance Committee considered the following transactions:

In 2016, the Company had banking relationships with Old National Bank, of which Mr. Jones is President and Chief Executive Officer. The total fees paid for those relationships, which consist of approximately \$76,000, represent a very small percentage of Old National Bank's 2016 revenues. These fees were solely transactional fees and included: \$17,000 in payments for participation in the \$600 million VUHI and Capital Corp. syndicated credit facilities at the level of \$15 million; and \$59,000 for bank account service charges related to provision of the Vectren payroll account, which serves several subsidiary companies, provision of an account processing Vectren South residential customer utility payments, provision of the billings lockbox account for certain Vectren Energy Delivery projects, and provision of the checking account used in connection with a not-for-profit energy payment assistance fund. In addition, Old National Bank purchased approximately \$1.54 million of utility services from the Company, which also did not represent a significant percentage of Old National Bank's revenues or the Company's revenues.

In 2016, the Company had banking relationships with Fifth Third Bank, of which Ms. Tanner is Executive Vice President and Chief Administrative Officer. The total fees paid for those relationships, which consist of approximately \$285,000, represent a very small percentage of Fifth Third Bank's 2016 revenues. These fees were solely transactional fees and included: \$73,000 in payments for participation in the \$600 million VUHI and Capital Corp. syndicated credit facilities at the level of \$65 million; a \$8,000 payment for provision of a Vectren Corporation letter of credit totaling about \$900,000; and \$73,000 for bank account service charges related to provision of Vectren South operating accounts, which process customer payments and expenses, provision for two temporary operating accounts for expenses related to certain Vectren South air quality capital improvement projects, and provision for three non-utility operating functions: Energy Systems Group, LLC accounts, an Employee Political Action Committee account and an account that supports Vectren's Foundation. Additionally, there are three pension trust funds (Pension Plan for Hourly Employees of Southern Indiana Gas and Electric Company; Indiana Gas Company, Inc., Bargaining Unity Retirement Plan; and Vectren Corporation Combined Non-Bargaining Retirement Plan), which, collectively, paid approximately \$131,000 in market-based fees to Fifth Third Bank for the management of a bond fund that is one of 15 funds currently in the trust funds' portfolios and represents 15% of their total assets. Fifth Third Bank also purchased \$590,000 of utility services from the Company, which did not represent a significant percentage of Fifth Third Bank's revenues or the Company's revenues.

Selection and Evaluation of Director Candidates

All director candidates must meet the requirements established by the Governance Committee from time to time and the director qualification standards included in the Company's Corporate Governance Guidelines. Candidates are reviewed in the context of the current composition of the Board, the operating requirements of the Company and the

long-term interests of shareholders. As discussed earlier in this report, the Governance Committee utilizes a collective strengths and experiences matrix to continuously assess the composition of the Board to ensure the membership collectively possess the attributes needed to function at a high level. In considering director nominees, the Governance Committee employs a holistic approach to diversity, taking into consideration factors that affect a candidate's life and work experiences, including, racial, ethnic, social, economic, educational, professional, geographic and community experiences. In discharging this responsibility, the

Governance Committee assesses the viewpoint, background and demographics of the candidates. The Governance Committee seeks to create a board that is strong in identity diversity, as well as having a collective knowledge and diversity of skills and experience with respect to accounting and finance, management and leadership, vision and strategy, business operations, business judgment, industry knowledge, corporate governance, public company exposure, technology, legal matters, community relationships and other factors the Governance Committee deems appropriate. When considering a candidate, the Governance Committee looks specifically at the candidate's qualifications in light of the needs of the Board and the Company at that time, given the then current mix of director attributes, including the matters discussed above. Specific selection criteria are set forth in the By-Laws and are also included in Appendix A.

Commitment

The Governance Committee is committed to ensuring that the Company implements and follows corporate governance principles that fulfill its responsibilities under its charter and to enhance, where appropriate, the Company's corporate governance practices. The Governance Committee anticipates meeting at least three times in 2017.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Jean L. Wojtowicz, Chair,
James H. DeGraffenreidt, Jr.,
Patrick K. Mullen, and
Michael L. Smith

Report of the Audit and Risk Management Committee

The Audit and Risk Management Committee (Audit Committee) oversees the Company's financial reporting process on behalf of the full Board. The Audit Committee consists of four members, who each satisfy the "independence" standard established by the full Board, as well as the independence requirements contained in the Corporate Governance Listing Standards of the New York Stock Exchange ("NYSE").

Audit Committee members Michael L. Smith (committee chair) and Jean L. Wojtowicz are each designated an "Audit Committee Financial Expert," as determined by the Board and approved by the Governance Committee. Due to their significant financial acumen, the other committee members are "financially literate," as defined by the NYSE Corporate Governance Listing Standards. The "Nominee Biographies" section of this proxy statement beginning on page 6 contains biographies on each Audit Committee member.

The Audit Committee met seven times during the past year.

Scope of Responsibilities

The Audit Committee operates under a written Audit and Risk Management Committee Charter, which addresses requirements enacted by the Securities and Exchange Commission ("SEC") and the NYSE. The charter is posted on the Corporate Governance section of the Company's website at www.vectren.com. The charter, which is reviewed annually by committee members, specifies the Audit Committee's oversight of SEC and other financial compliance matters, as well as a number of additional responsibilities. These include:

- Overseeing the integrity of the Company's financial statements;
- Overseeing the registered public accounting firm's qualifications and independence;
- Overseeing the performance of the Company's internal audit function ("Corporate Audit") and independent auditor;
- Overseeing the Company's system of disclosure controls and system of internal controls regarding finance, accounting, SEC compliance, and ethics that management and the Board have established; and
- Overseeing the Company's practices and processes relating to strategic risk assessment and risk management.

2016 Accomplishments

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management and the independent registered public accounting firm, Deloitte, the financial and related internal control information included in the Company's annual report filed with the SEC on Form 10-K. The Audit Committee received reports from management with respect to each of the Company's quarterly filings on Form 10-Q and reviewed drafts of the Company's earnings releases prior to public dissemination.

In compliance with the Public Company Accounting Oversight Board ("PCAOB") Auditing Standard 16, "Communications with Audit Committees," the Audit Committee discussed with Deloitte the timing of the audit, audit strategy and scope, and significant risks and unusual transactions. More specifically, items addressed by Deloitte with the Audit Committee in 2016, among others, related to the accounting for 1) state commission regulatory actions and filings; 2) ongoing actions to comply with United States Environmental Protection Agency regulations; and 3) the carrying value of certain assets and investments.

The Audit Committee also participated in discussions with Deloitte regarding its independence and received written disclosures from Deloitte that are required by the PCAOB. The Audit Committee approved the terms of Deloitte's engagement letter.

The vice president of Corporate Audit reports functionally to the Audit Committee, and in early 2016, the Audit Committee reviewed and approved the Corporate Audit department's charter, work plan, and budget for that year. The Audit Committee met periodically and separately with the vice president of Corporate Audit and Deloitte, with and without management present, to discuss the results of their audits and other engagements, their evaluations of the Company's internal controls, and their judgments on the quality and acceptability of the Company's financial reporting.