

Vectren Corporation Comments
Subject: File No. S7-07-13
December 2, 2013

From: Ronald E. Christian
E.V.P., Chief Legal and External Affairs Officer
Vectren Corporation
One Vectren Square
Evansville, IN 47708

These comments are being submitted on behalf of Vectren Corporation (NYSE: VVC) (“Vectren”) with respect to the Securities and Exchange Commission’s (“SEC”) proposed pay ratio disclosure rule implementing Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Rule”).

Vectren is an energy holding company headquartered in Evansville, Indiana. Vectren is responsible for the employment of approximately 6,400 individuals across several states. While Vectren has a number of concerns with the Rule, it is particularly concerned with what it perceives to be the complexity associated with identifying the median employee and their total compensation. While Vectren appreciates that the SEC has obviously worked hard to take steps to make this effort more manageable, Vectren is still concerned with being able to comply with the Rule in a meaningful fashion and it respectfully submits the incorporation of the following concepts into the Rule should aid in achieving a better end result for all stakeholders interested in this subject:

- Subject to the next bullet, in performing the calculations required by the Rule, a registrant should only be required to include its full-time, U.S. based employees, including the employees of its wholly owned subsidiaries (“covered employee”). This scope would lessen the complexity and cost of gathering information for the disclosure.
- A registrant should have the flexibility to include full-time, U.S. based contractors, if such persons make up a significant portion of the workforce of the registrant or its wholly owned subsidiaries. In Vectren’s case, it owns three coal mines that employ over 700 coal miners through an arrangement with a contract miner. Vectren’s coal mining subsidiary effectively reimburses the contract miner for

100% of the cost associated with these miners, including benefits and retirement, and it would seem inconsistent with the purpose of the Rule to exclude such a significant portion of Vectren's workforce.

- A registrant should have the flexibility to design and use a cost-effective process to identify the median employee, which may include statistical sampling, use of estimates, use of any consistently applied compensation measure or any other reasonable approach. The registrant should then as part of its disclosure explain the methodology that it employed for this purpose.
- The covered employee category should only include employees who were actively employed on the last day of the registrant's fiscal year.
- A registrant should have the flexibility to annualize the total compensation of a covered employee who has worked less than a full year.
- If a registrant or its wholly owned subsidiary employs persons who belong to a union that provides welfare and retirement benefits to its members, for purposes of determining the compensation of these persons the registrant should be allowed to impute a level of benefits provided to those persons if the entity employing them is funding those benefits by way of a payment to the union. In Vectren's case, its Infrastructure services business employs in excess of three thousand union employees who receive their benefits in this manner. As part of the hourly wage paid these persons, there is a component that is paid to the union for the explicit purpose of providing the benefits administered by the union. The exact level and nature of benefits provided is a matter between the union and their members. Excluding the economic effect of the provision of these benefits when performing the calculations required by the Rule would result in a misleading presentation of the true value of the compensation provided to these employees and could ultimately lead to a paradigm that dissuaded employers from using union employees.

Vectren also submits that the disclosure required by the Rule should be considered "furnished" versus "filed" given the difficulty of

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gathering data, especially for global companies, and the likely possibility that companies will be compelled to use estimates for the disclosure.

Vectren supports the proposed instruction that requires the disclosure to be updated no earlier than the filing of the registrant's annual report for that last completed fiscal year or the filing of a proxy statement/information statement for the registrant's annual meeting of shareholders. Any requirement that this process be performed more often than once annually would be extraordinarily burdensome and would exceed any benefits that are asserted to result from such a disclosure.

Thank you for the opportunity to share Vectren's views on the Rule.