VECTREN CORP
Form 11-K
June 27, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________________ to ________________________

Commission file number: 1-15467

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Vectren Corporation Retirement Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive officer:

Vectren Corporation
One Vectren Square
Evansville, Indiana 47708

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Note: The accompanying financial statements have been prepared for the purpose of filing with Form 5500. Supplemental schedules required by the Department of Labor's rules and regulations for reporting and disclosure under the Employee Retirement Income Security Act of 1974, other than the schedule listed above, are omitted because of the absence of the conditions under which they are required.

Report of Independent Registered Public Accounting Firm

Investment Committee, Plan Administrator and Plan Participants
Vectren Corporation Retirement Savings Plan
Evansville, Indiana

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Vectren Corporation Retirement Savings Plan (Plan) as of December 31, 2017 and 2016, the related statements of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

Basis of Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the U.S. Securities and Exchange Commission and the Public Company Accounting Oversight Board (United States).

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Report on Supplemental Information

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2017, has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the

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Employee Retirement Income Security Act of 1974. In our opinion, the schedule of assets (held at end of year) as of December 31, 2017, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ BKD, LLP

We have served as the Plan's auditor since 2012.

Evansville, Indiana
June 27, 2018

VECTREN CORPORATION
RETIREMENT SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
($ In Thousands)

	At December 31,	
	2017	2016
ASSETS		
Cash	$2	$—
Investments, at fair value		
Mutual funds	249,301	205,505
Vectren Corporation Common Stock	35,574	31,864
Common trust funds	42,875	37,000
Total investments	$327,750	$274,369
Notes receivable from participants	4,457	4,316
Net assets available for benefits	$332,209	$278,685

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

VECTREN CORPORATION
RETIREMENT SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
($ in Thousands)

	For the Year Ended December 31, 2017
ADDITIONS TO NET ASSETS ATTRIBUTED TO:	
Investment income:	
Net appreciation in fair value of investments	$36,781
Dividend, interest, and other income	15,912
Total investment income	52,693
Interest income on notes receivable from participants	194
Contributions:	
Employee	13,721
Employer	7,866
Total contributions	21,587
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:	
Benefits paid to participants	(20,734)
Administrative expenses	(216)
Total deductions	(20,950)
Net increase	53,524
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	278,685
End of year	$332,209

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

VECTREN CORPORATION
RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

Note 1. Plan Description

A. General
The Vectren Corporation Retirement Savings Plan (the Plan) is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) as amended. The Plan's sponsor, Vectren Corporation (Vectren or the Company), serves as the plan administrator. Vectren, an Indiana corporation, is an energy holding company headquartered in Evansville, Indiana. An Investment Committee and Human Resources Advisory Committee have been appointed by the Company's Board of Directors to administer the Plan. The following description of the Plan provides only general information. Vectren's corporate and utility employees participate in the Plan. Participants should refer to the Summary Plan Description and/or Plan document, which was most recently restated January 1, 2016, for a more complete description of the Plan provisions. The most recent amendments did not materially impact the Plan's net assets available for benefits, changes in net assets available for benefits or material provisions of the Plan.

B. Participation
Employees who have completed at least one hour of service and who are expected to complete 1,000 hours of service during their first year of employment are eligible to participate in the Plan. Employees who are not expected to meet the 1,000 hours of service threshold are eligible to participate after completing one Year of Period Service, as defined in the Plan document.

C. Participant Accounts
Each participant's account is credited with the participant's contributions and allocations of the Company's contribution and Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined in the Plan document. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. An automatic deferral feature for participants also provides for an annual increase in the percentage deferred and is ultimately capped at 10 percent. Such contributions are invested in fund options that consider the participants' estimated retirement date or funds otherwise elected. The participant can elect any other contribution percentage, including zero percent, and any other investment option.

D. Contributions and Vesting
Contributions are subject to limitations as defined in the Internal Revenue Code (IRC) and are currently invested in 1 percent increments in Vectren Corporation Common Stock, two common trust funds, and various mutual funds, as directed by participants. Plan participants may elect to contribute from 1 percent to 50 percent in whole percentages, of their eligible compensation, as defined in the Plan document. Additionally, bargaining unit participants may contribute more than 50 percent of any performance pay earned by the employee. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants are vested immediately in their contributions plus actual earnings thereon. All participants vest ratably in the Company's contribution portion of their account in 20 percent increments over five years.

Generally, for employees with a hire date prior to January 1, 2013 the Company is required to match 50 percent of the first 6 percent of eligible compensation contributed by all non-bargaining unit employees. Most participants also receive an additional 3 percent contribution on eligible compensation; however, certain participants in the Plan prior to March 30, 2000, declined the additional 3 percent contribution in lieu of rights available under other qualified retirement plans.

In accordance with the Plan document, beginning January 1, 2013, the Company matches 50 percent of the first 8 percent of eligible compensation contributed by all non-bargaining unit employees with a hire date effective on or after January 1, 2013. Most participants will also receive an additional 4 percent contribution on eligible compensation.

For bargaining unit employees, the Company's matching contribution depends on the negotiated collective bargaining arrangement, but is generally 50 percent of the first 5 percent, 6 percent, or 8 percent of eligible compensation. The Company's matching contribution for certain bargaining unit employees covered under the Utility Workers Union of America, Local 175 (UWUA) agreement is limited to $1,300 per year. Additionally, the Company will contribute non-matching contributions for certain bargaining employees as defined in the Plan document.

The Plan restricts participants' investment in Vectren Corporation Common Stock. The Plan allows no more than 10 percent of a participant's contributions to be contributed to the Vectren Corporation Common Stock. In addition, if a participant's account has a 10 percent or greater investment in the Vectren Corporation Common Stock, the participants cannot make asset transfers into this fund until that portion of his/her balance is less than 10 percent of the total.

E. Payment of Benefits
Upon termination, retirement, or disability, participants have the option to receive either a lump sum distribution equal to the value of their vested account balance, or periodic installments over a period not to exceed 10 years, unless benefits are less than $5,000. If benefits are less than $5,000, participants can either receive a lump sum distribution or roll funds over into an Individual Retirement Account or other qualified plan. Also, if a lump sum distribution is received, the participants or beneficiary may elect to receive his/her existing investments in Vectren Corporation Common Stock in whole shares with fractional shares paid in cash.

Upon death of a participant, the beneficiary will continue to receive benefits if the participant was already receiving benefit payments. If the participant had not begun receiving benefit payments, the beneficiary will receive a lump sum distribution of the participant's account balance within 5 years of the participant's death unless an election was made to distribute the participant's account balance in equal installments over a period not greater than 10 years to the beneficiary. If the beneficiary is the participant's spouse, an election can be made not to begin distributions before the participant would have reached age 70-1/2.

Once a participant reaches age 59-1/2 and has completed 5 years of service, the participant can withdraw the partial or full value of his/her account at any time without penalty. Prior to age 59-1/2, a participant can withdraw participant contributions and employer matching and discretionary contributions if the participant satisfies certain hardship requirements as defined in the Plan. The benefits paid are limited to the amount necessary to satisfy the immediate financial need of the participant and are only available after the participant has obtained all other distributions and loans available under the Plan. After a hardship withdrawal is processed, the participant is suspended from making salary reduction contributions for a period of six consecutive months beginning the date the funds were distributed.

F. Notes Receivable from Participants
Participants may borrow up to 50 percent of the vested amount of their account balance up to $50,000 with a minimum borrowing of $1,000. Loans bear interest at a fixed rate of the Prime rate plus 1 percent as determined by the Plan and are collateralized by the participant's remaining balance in his/her account. The loan repayment period cannot be less than 1 year or greater than 5 years, except when the loan proceeds were used to acquire a participant's principal residence. Approved loans are charged a $50 fee which is deducted from the participant's account and is paid to the Trustee. A participant may have no more than one active loan outstanding. Loan payments, both principal and interest, are made ratably though bi-weekly payroll deductions.

G. Forfeited Accounts and Excess Contributions
At December 31, 2017 and 2016, the amount of forfeited non-vested accounts and the amount of such accounts utilized to reduce employer contributions during 2017 were not significant. Contributions made to the Plan by and for the benefit of highly compensated employees may be returned to them if the Plan fails discrimination testing.

H. Plan Termination
While it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. Upon partial or total

termination of the Plan, the participants would become fully vested in their employer contributions.

I. Voting Rights of Vectren Corporation Common Stock Participants
Each participant who has an account balance in Vectren Corporation Common Stock is entitled to direct the Trustee as to the manner of voting at each meeting of shareholders for all shares of Vectren Corporation common stock (including fractional shares), represented by the value of the participant's interest in Vectren Corporation Common Stock.

J. Vectren Corporation Common Stock Source of Funding
While the Company has the option to issue new shares to plan participants, the Plan met participant share requirements through open market purchases during the year presented.

Note 2. Summary of Significant Accounting Policies

A. Basis of Accounting
The financial statements of the Plan are prepared on the accrual basis of accounting.

B. Income Recognition
Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

C. Payment of Benefits
Benefits are recorded when paid.

D. Administrative Expenses
The Plan allows administrative expenses to be paid either by the Plan or the Company, at the discretion of the Company. During the year ended 2017, administrative expenses paid by the Plan were approximately $216,000.