



Summer 2006

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System Peak

■ Summer 2005 – 1,357 MW

- ✓ HE 18:00 on July 25
- ✓ Includes Jackson Co. REMC, which became a member and began receiving service on July 1, 2005 (~100 MW)
- ✓ Summer 2005 was slightly warmer than normal

■ Summer 2004 – 1,093 MW

- ✓ HE 17:00 on July 14

2006 Projected Peak (MW)

Forecast Load	Jun	Jul	Aug
Minimum		1,255	
Mean	1,230	1,380	1,350
Maximum		1,435	

Min and Max are based upon historical monthly load factors.

Projected Resources (MW)

Resource	Jun	Jul	Aug
Merom*	600	600	600
Ratts*	194	194	194
Worthington	174	174	174
Lawrence County	172	172	172
Power Purchases	100	100	100
Tolling Agreement	0	45	45
Market Options	<u>50</u>	<u>300</u>	<u>250</u>
Total Resources	1,290	1,585	1,535

* Net of unit power sales

Projected Capacity Factors

<u>Resource</u>	<u>July 2006</u>
Baseload	82%
Power Purchases	45%
Peakers	12%
Options	7%

Transmission & Substations

- **Continued investment for growth and reliability**
- **Victory Primary Sub (north of Jasper)**
 - ✓ Scheduled in-service June 2006
 - ✓ Will support Hoosier and Vectren load
- **Upgrading 69kV transformer at Ratts station**
- **2 new and 7 upgraded substations**
- **Transmission**
 - ✓ 10 miles of new 69kV and upgrading 93 miles of 161 or 69kV
- **Upgrading microwave system to digital (north loop)**

Risk Management Strategies

- **Unit Contingent Insurance**
- **Cooling Towers at Ratts**
- **Summer Preparation Outages**
- **Commodity Risk Management**

Midwest ISO

- **High RSG and RNU costs**
- **Unit Commitment has improved**