



VECTREN

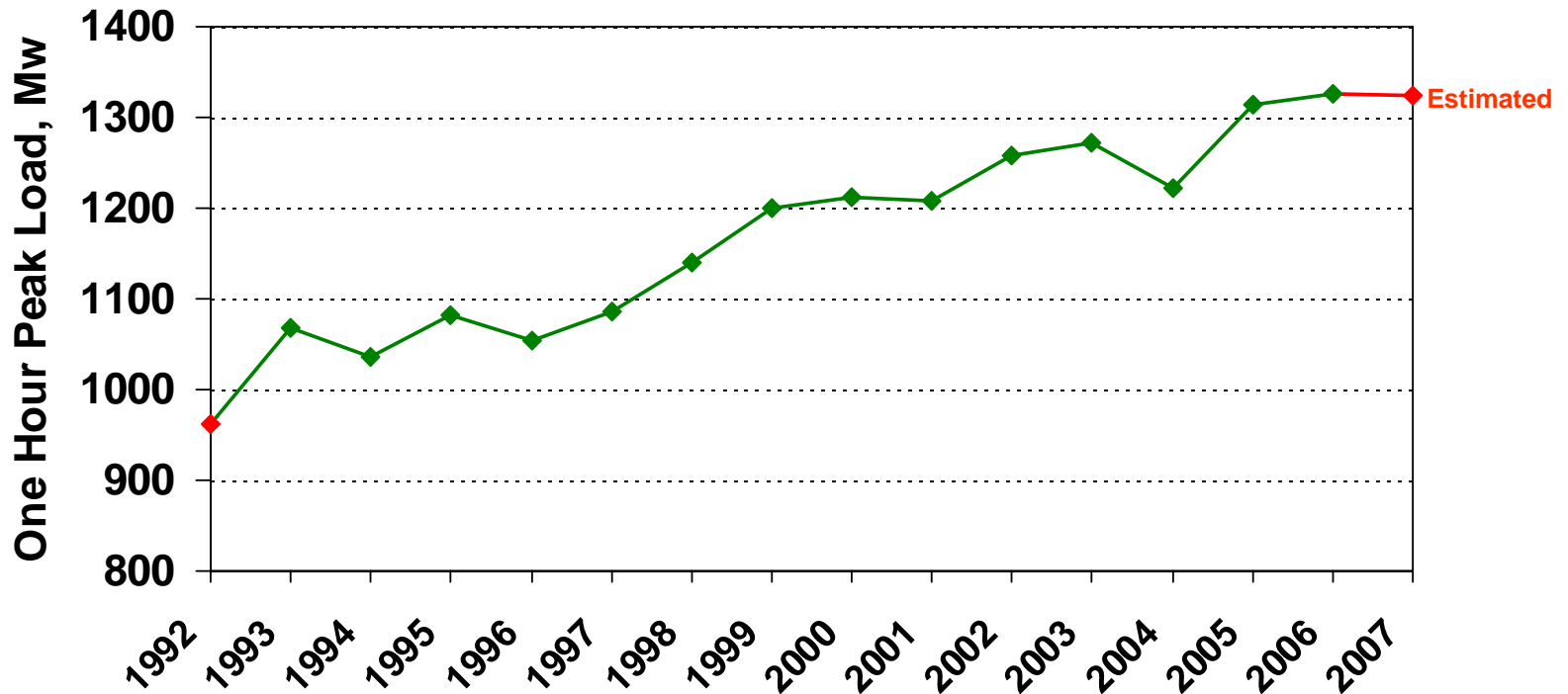
Summer 2007 Outlook

☀ Warm & Humid

Summer 2007 Outlook

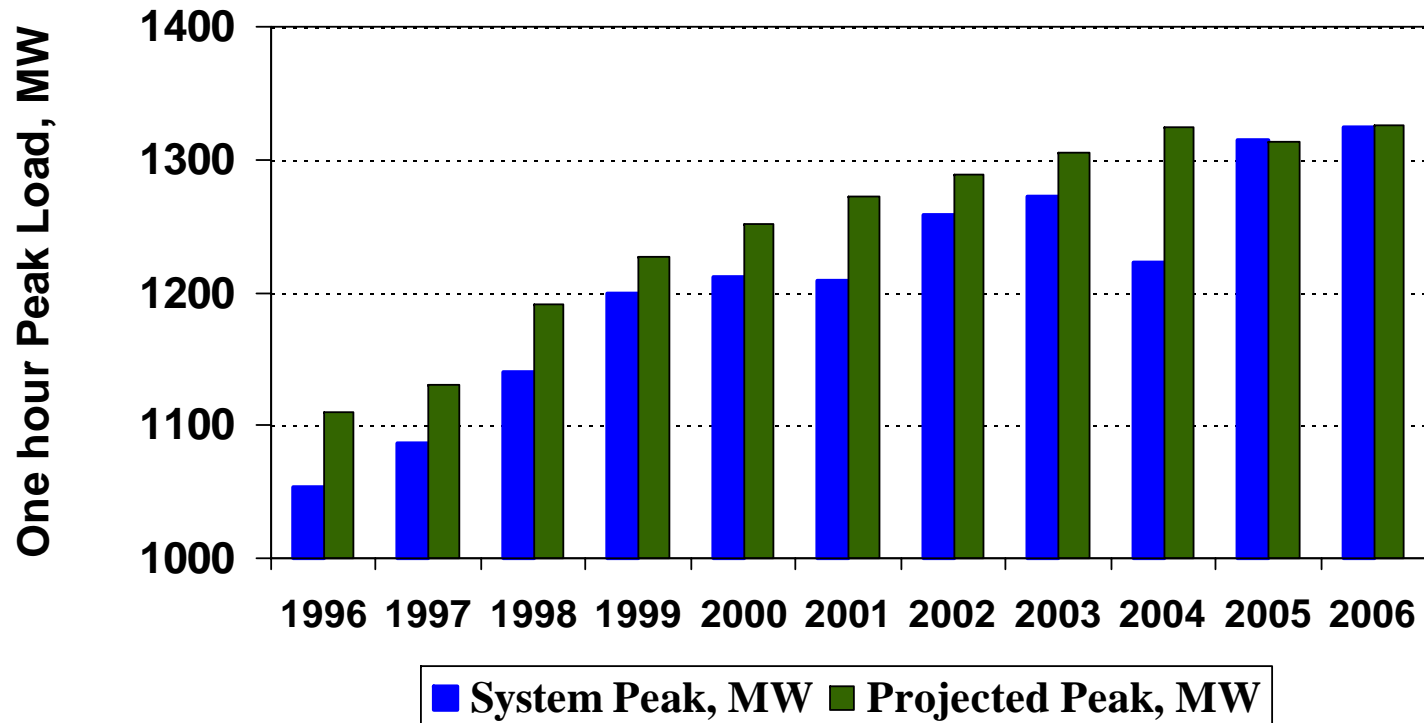
- Demand Forecast
- Supply Resources
- Contingencies
- Demand Side Management
- Operational Performance
- Asset Management
- MISO
- Conclusion

Summer Peak Load Demand Forecast



Summer Peak Load

Peak Forecast vs Actual Peak





Vectren System Capacity

Summer Supply Resources

- Coal Generation	1000 MW
- Combustion Turbine	295 MW
- OVEC (Ohio Valley Electric Corporation)	30 MW
- Purchased Peaking Capacity	<u>100 MW</u>
Supply Side Resources	1425 MW
- Interruptible Customers	38 MW
- Direct Load Control, normal	<u>25 MW</u>
TOTAL	1488 MW



Vectren System Capacity Meet Summer Projected Peak

- System Capability	1425 MW
- Interruptible	38 MW
- DLC (Max)	<u>50 MW</u>
- Total Capability	1513 MW

2007 PROJECTED PEAK **1324 MW**

Reserve Margin (14.3%) **189 MW**

Capacity Margin (7.1%) **101 MW**

Demand Side Management Meet Summer Projected Peak

- Continuation of Direct Load Control Program
 - 25-50 MW (based on cycling strategy)
 - 41,000 Residential Customer Switches
 - 2,700 Business Customer Switches
 - Marketing Efforts
 - Targeted Marketing to Multi-Family Residents
 - Newspaper Articles
 - Bill Inserts
 - Web Site (www.vectren.com)
 - Future - new DSM
- Net Metering Tariff Available

Contingencies

Meet Summer Projected Peak

- MISO Automatic Reserve Sharing As Needed
- Contractual Capacity Reserves 25 – 150 MW
- Internal Use Reduction Plans 10 MW
- Conservation Request 30 MW
- Emergency Load Reduction Plan Last Resort

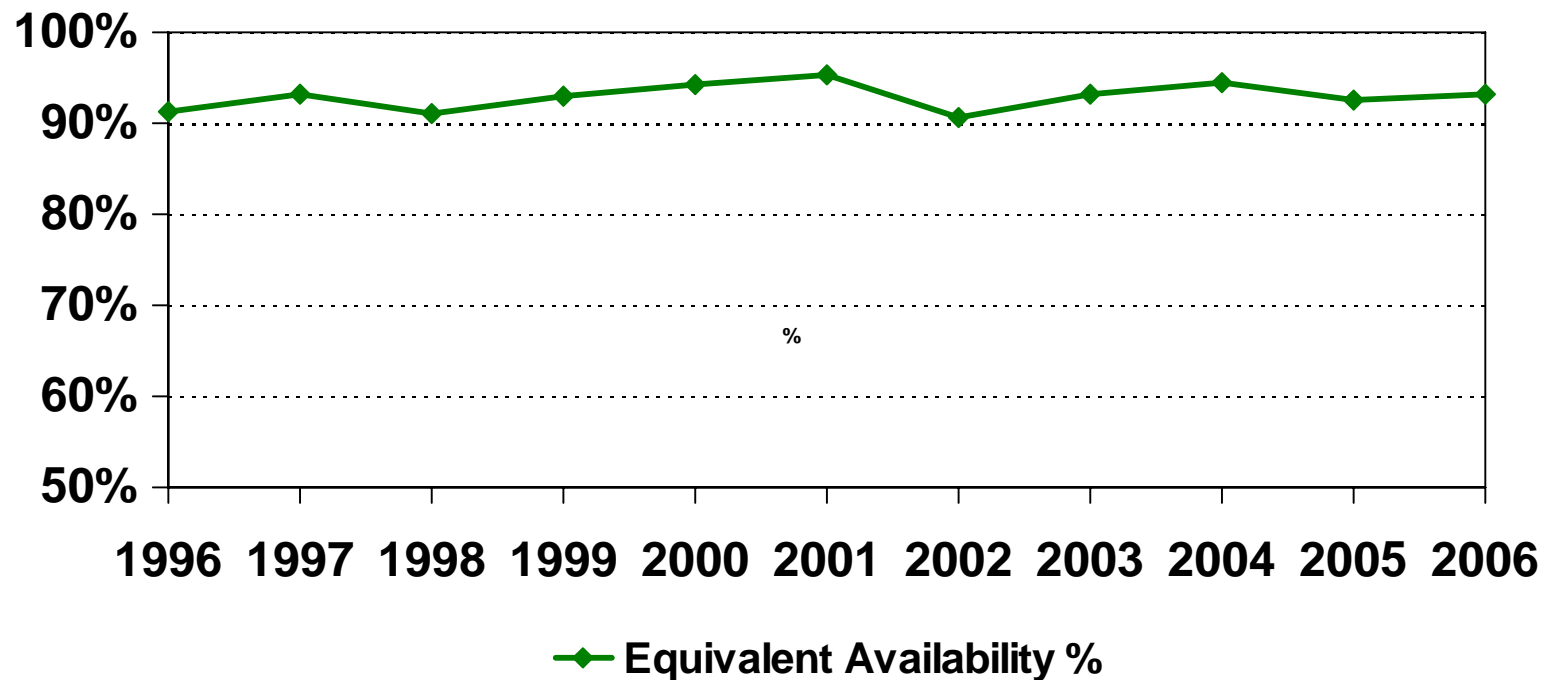
Contingencies

Meet Summer Projected Peak - Conservation

- News Release
- Media Spots
- Key Account Managers Request Major Customer Load Reduction
- Contact Center – Request Usage Reduction
- Outbound Automated Conservation Request

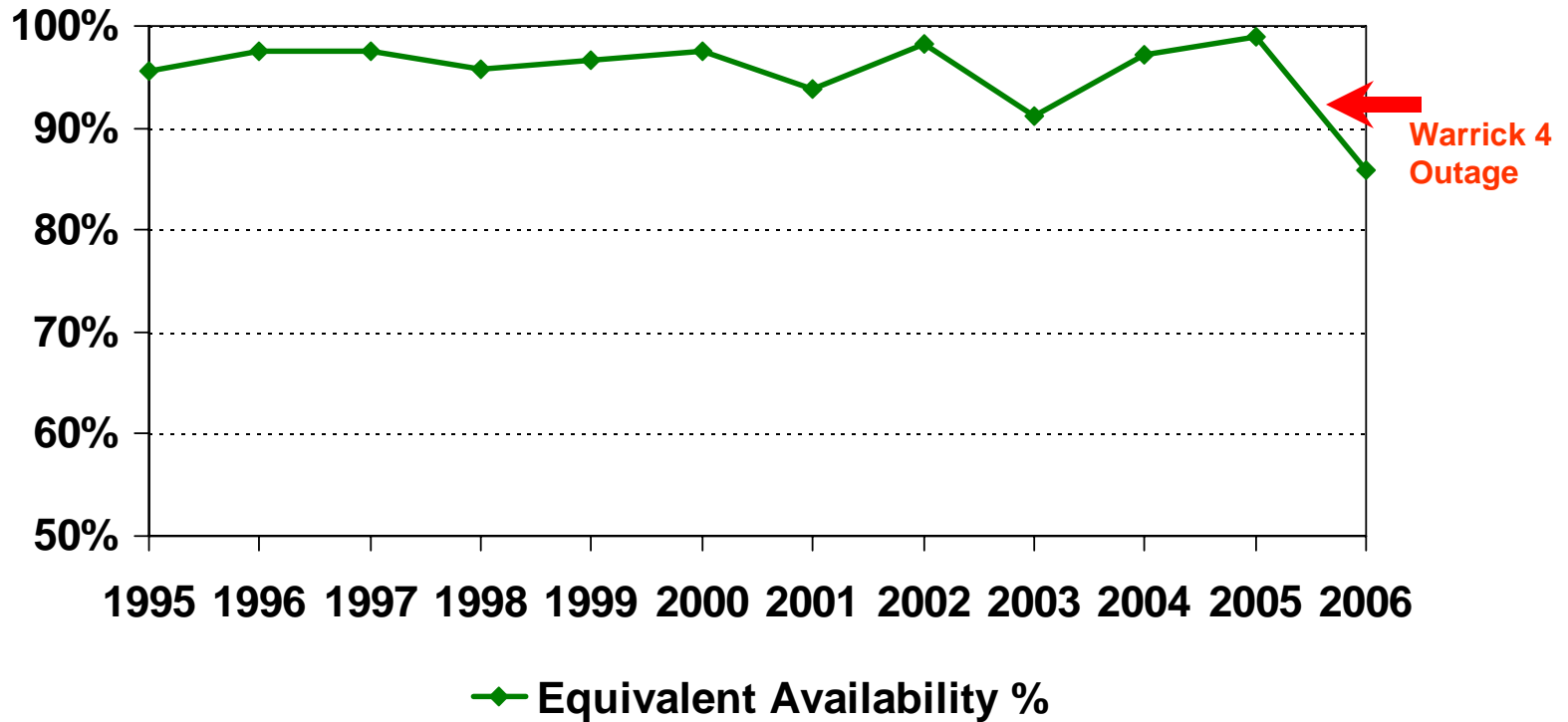
Operational Performance

June through August Equivalent Availability



Operational Performance

Summer Peak Hour Equivalent Availability



Asset Management Generation

- **Scheduled Outages**
 - Scheduled outages to ensure the reliability of the generating fleet.
- **Capital Improvements**
 - Continue to identify/evaluate asset risks for replacement or improvements.

Asset Management Transmission & Distribution

- Capital Improvements

- Identification of needed system improvements and upgrading of existing facilities.
- Developed and implemented a transmission and distribution pole inspection/replacement program.

- Enhance Reliability/Improve Transfer Capability

- Prior to summer peak, installation of one new 345/138kV interconnection, one new 138kV transmission line, and three 69kV capacitor banks.

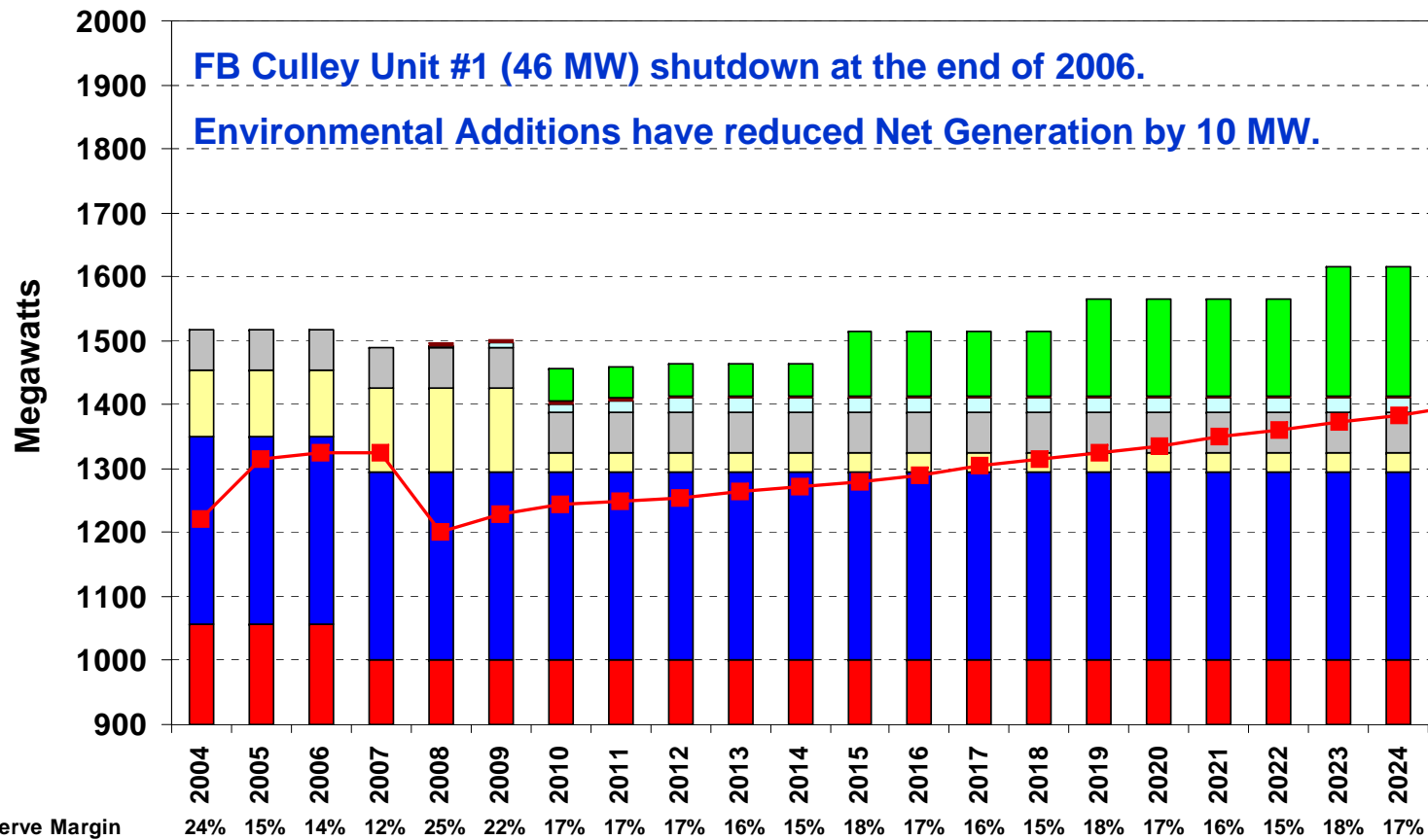
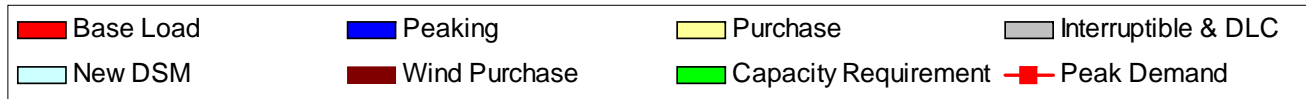
M I S O

- **Transmission Reliability**
 - Reliability Coordination
 - Regional Transmission System Planning
- **Energy Market**

- **In the Future**
 - Ancillary Services
 - Demand Response
 - Planning Reserve Sharing (PRSG)

FUTURE DEMAND

Meet the Demand



CONCLUSION

Based on normal equipment availability we are confident that the Vectren System, plus contractual sources in Indiana, will be able to meet the needs of Southwestern Indiana customers in the Summer of 2007.