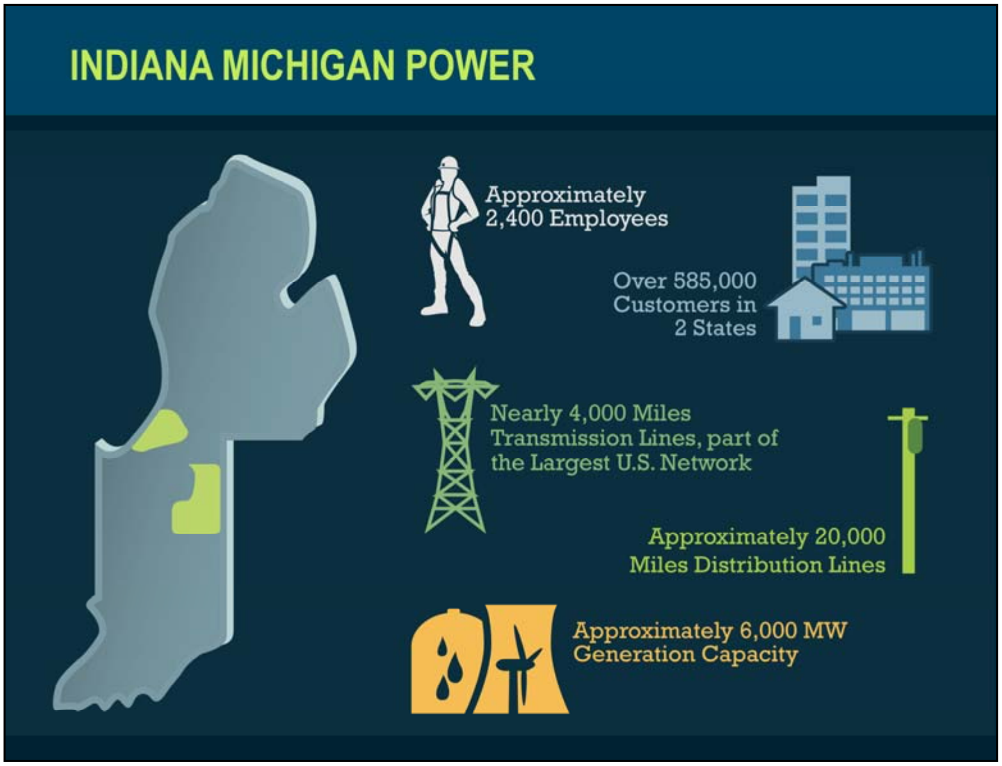
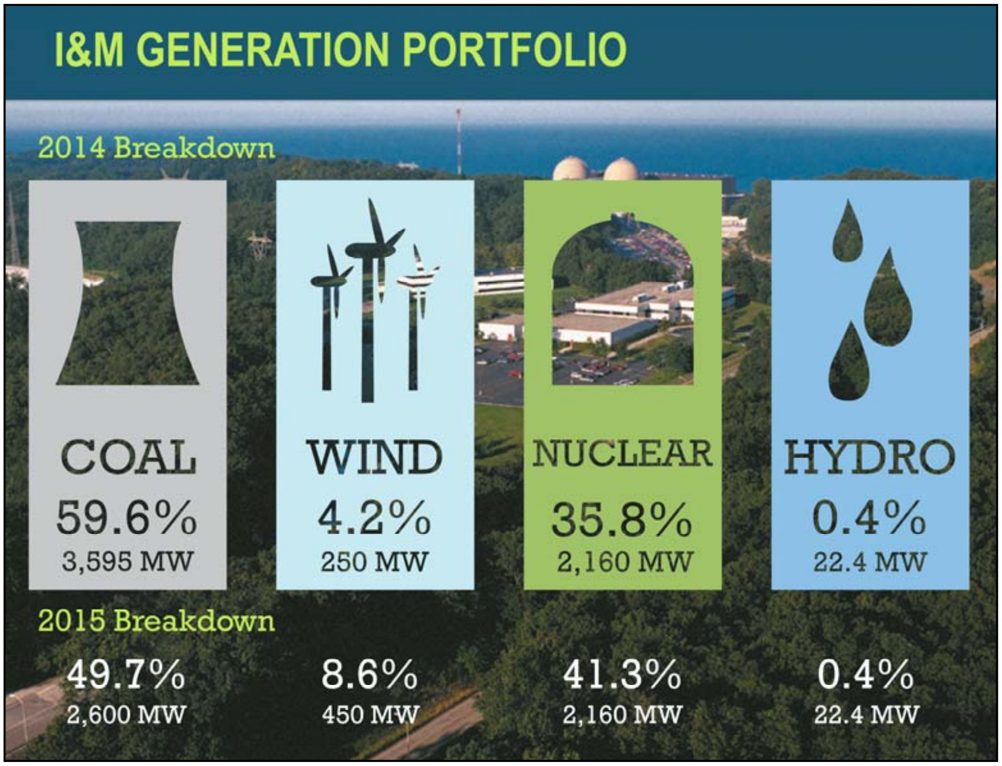

SUMMER PREPAREDNESS 2014
Paul Chodak III
President and Chief Operating Officer
AEP INDIANA MICHIGAN POWER
A unit of American Electric Power
April 30, 2014


INDIANA MICHIGAN POWER
Approximately
2,400 Employees
Over 585,000
Customers in
2 States
Nearly 4,000 Miles
Transmission Lines, part of
the Largest U.S. Network
Approximately 20,000
Miles Distribution Lines
Approximately 6,000 MW
Generation Capacity

SUMMER ENERGY OUTLOOK

Based on July Projected data: the month forecast for highest demand


I&M GENERATION PORTFOLIO
2014 Breakdown
COAL
59.6%
3,595 MW
WIND
4.2%
250 MW
NUCLEAR
35.8%
2,160 MW
HYDRO
0.4%
22.4 MW
2015 Breakdown
49.7%
2,600 MW
8.6%
450 MW
41.3%
2,160 MW
0.4%
22.4 MW

GENERATION INVESTMENT

Rockport Plant

Dry Sorbent Injection (DSI)

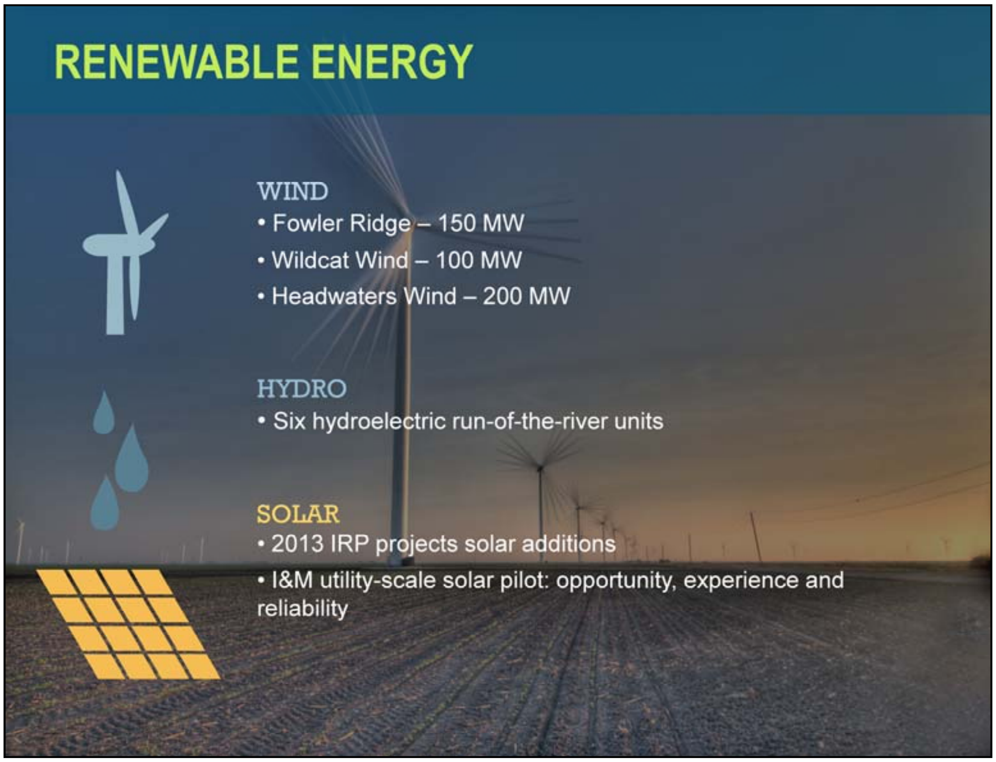
- Unit 1 complete April 2015
- Unit 2 complete December 2014

Selective Catalytic Reduction

- Unit 1 complete December 2017

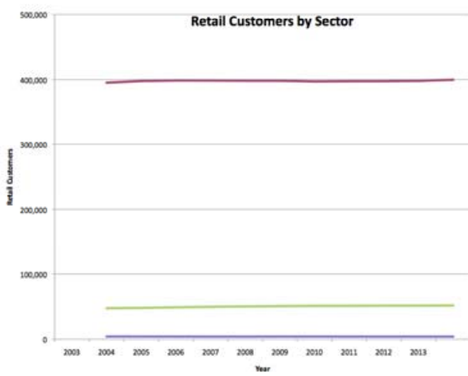
Cook Nuclear Plant

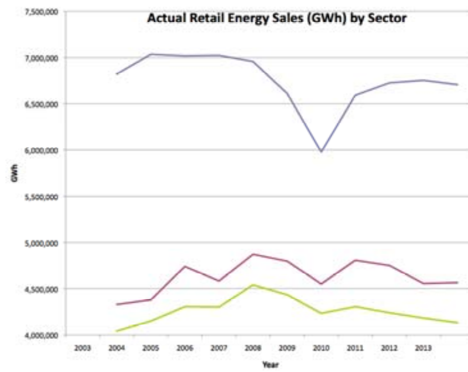
Life Cycle Management


RENEWABLE ENERGY
WIND
• Fowler Ridge – 150 MW
• Wildcat Wind – 100 MW
• Headwaters Wind – 200 MW
HYDRO
• Six hydroelectric run-of-the-river units
SOLAR
• 2013 IRP projects solar additions
• I&M utility-scale solar pilot: opportunity, experience and reliability


ONLINE ENERGY CHECKUP
RESIDENTIAL PEAK REDUCTION PROGRAM
APPLIANCE RECYCLING PROGRAM
RESIDENTIAL LIGHTING
Demand Side Management & Energy Efficiency
Current programs will continue through 2014
2015 Energy Efficiency Customer Services
• File with IURC May 2014
• Similar mix as current EE programs
• Available to all customer classes with Industrial opt out
• Electric Energy Consumption Optimization program
HOME WEATHERIZATION PROGRAM
INCOME QUALIFIED WEATHERIZATION

IMPACT of LOW LOAD GROWTH





Residential

Commercial

Industrial


Utility Load Growth
• Cost Absorber between Rate Cases
• Earnings Attrition
• Energy Efficiency
• Economic Development
• Distributed Generation

DISTRIBUTED GENERATION

ARIZONA/CALIFORNIA

- Subsidies
- Value of Solar vs. Cost of Grid Services

GERMANY: UNINTENDED CONSEQUENCES

- Renewable subsidies
- High DG penetration complicates the design and operation of the grid
- Increase in CO2 emissions

DISTRIBUTED GENERATION AND SOLAR

- Rooftop Solar vs. Central Solar

I&M has experience in the impact of deregulation (see Bill Allen email)

Michigan is a hybrid where customers can choose but generation is not deregulated.

Customer choice is directly affected by the proper setting of the price of capacity.

MPSC set price of capacity that leveled playing field.

In fact, if you look at the PJM capacity market in which I&M and AEP operate, it is not really a market at all, but rather a construct for bidding in your generation resources and needs.

Year	Total PJM Generation Capacity	New Generation
2007/2008	163,659.40	372.8
2008/2009	164,179.20	812.9
2009/2010	167,714.50	188.1
2010/2011	166,714.50	1,751.2
2011/2012	179,778.70	3,095.0
2012/2013	185,738.60	266.4

Texas: High rates that have not decreased, but real issue is volatility and unpredictability of prices.

AEP has fared well as a distribution company, meaning we can play by whatever rules are set, but customers have not fared as well. It is not that we fear deregulation, it is more that it is not good for the vast majority of customers.

Ohio has also experimented with deregulation and I know the Doug Esamann will be discussing it in detail alter today.

Customers have been left to pay surcharges for enemy used during the polar vortex and searching for new providers when their provider wen t bankrupt.

For now, let me just leave you with the Governor Kasich’s recent assessment of their experience with deregulation….


"The ideological effort to deregulate,
I'm not so sure it's the smartest thing
we've done in the state of Ohio.
But we are where we are, and
we can't go backwards now."
- Governor John Kasich, April 16, 2014


Indiana Michigan Power is…
Prepared with adequate resources and infrastructure to meet customer needs during Summer 2014
Proactively reaching out to communicate with and engage customers


Questions and Discussion
AEP INDIANA MICHIGAN POWER
A unit of American Electric Power