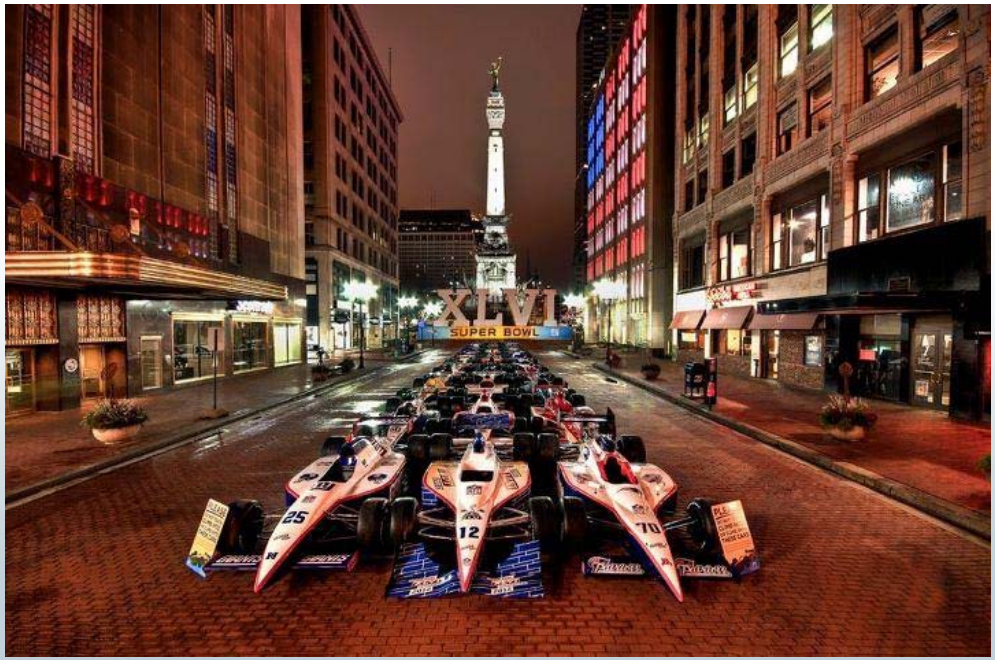
2012 Summer Reliability Presentation

May 29, 2012



Presentation team

- Ken Zagzebski, President and CEO
- Kelly Huntington, SVP, CFO
- Joe Bentley, SVP, Customer Operations
- Kevin Crawford, SVP, Power Supply

Overview

- Putting safety first
- Planning for environmental compliance
- Ensuring resource adequacy
- Preparing for the future

Putting safety first

IPL's OSHA recordable rate trending downward, but our target is zero

Focus on contractor safety

- IPL partners with contractors who put safety first
- At a minimum, must comply with IPL and AES Safety Standards
- Pre-qualification through the Metropolitan Coalition for Construction Safety (MICCS) certification program

Planning for environmental compliance

New EPA rules will drive price increases

Risk	State of Rulemaking	Expected Compliance Date	Key Issues
Utility Mercury and Air Toxic Standards (MATS)	• Final rule issued April 2012	April 1, 2015	• Stringent mercury, PM limits • Install controls on large units
Cross-State Air Pollution Rule (CSAPR)	• CAIR remains in effect until new rule	January 1, 2014	• Further NOx and SOx reductions • Further pressure on small units
Ash	• EPA proposed rule: 6/2010 • Final Rule: post-2012 election	December 1, 2017	• Possible hazardous waste designation • Upgrade / close ponds & landfills
Cooling Tower Intake (316b)	• Final rule scheduled for July 2012	January 1, 2016	• Reduce impact on fish • Install cooling towers or upgrade intakes
Greenhouse Gas (GHG)	• Cap & Trade • Proposed New Source Performance Standards	TBD	• Cap & Trade - indefinite delay • NSPS - proposed for new units only

Utility MATS has the most significant impact on the industry

- Requirements
  - New emission limits for mercury, acid gases
  - Compliance averaging allowed on a per plant basis
  - Install continuous emission monitors for particulate matter (PM), hydrochloric gas (HCL), and mercury
- Challenges
  - Compliance timelines are extremely aggressive
  - New emission limits

Utility MATS control equipment

Rule will require most coal plants to upgrade existing controls and/or install additional controls

Control Equipment	Purpose	Cost / unit
Activated Carbon Injection	Mercury Capture	$ 3M - $ 5M
Dry Sorbent Injection	SO_3 & Mercury Control	$ 6M - $ 10M
Baghouse Retrofit	Particulate Matter and Mercury	$125M - $175M
Electrostatic Precipitator Replacement	Particulate Matter and Mercury	$ 60M - $100M
Continuous Emission Monitoring Systems (CEMS)	Compliance Demonstration	$ 6M - $ 10M

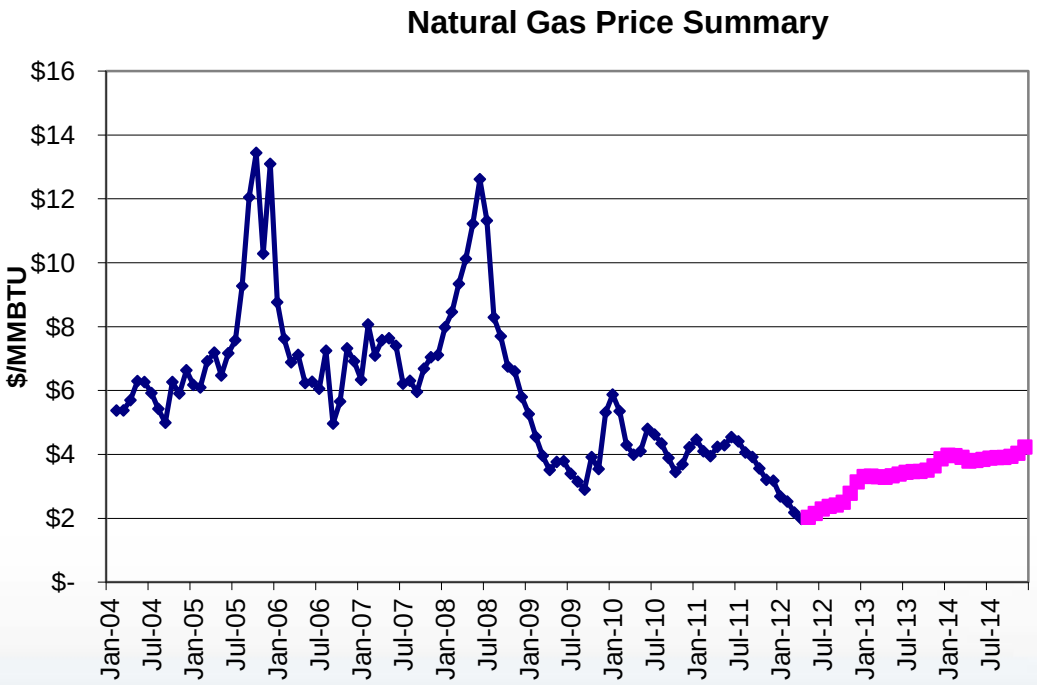
Cost/unit values are provided for perspective only and may or may not be indicative of the actual cost.
Costs are indicative for a 500 MW unit.
It is difficult to establish a standard cost range for retrofitting environmental controls.
Actual costs will be dependent on the specific configuration at each site and may fall substantially outside of this range.

Utility MATS requires controls on IPL's base load generation

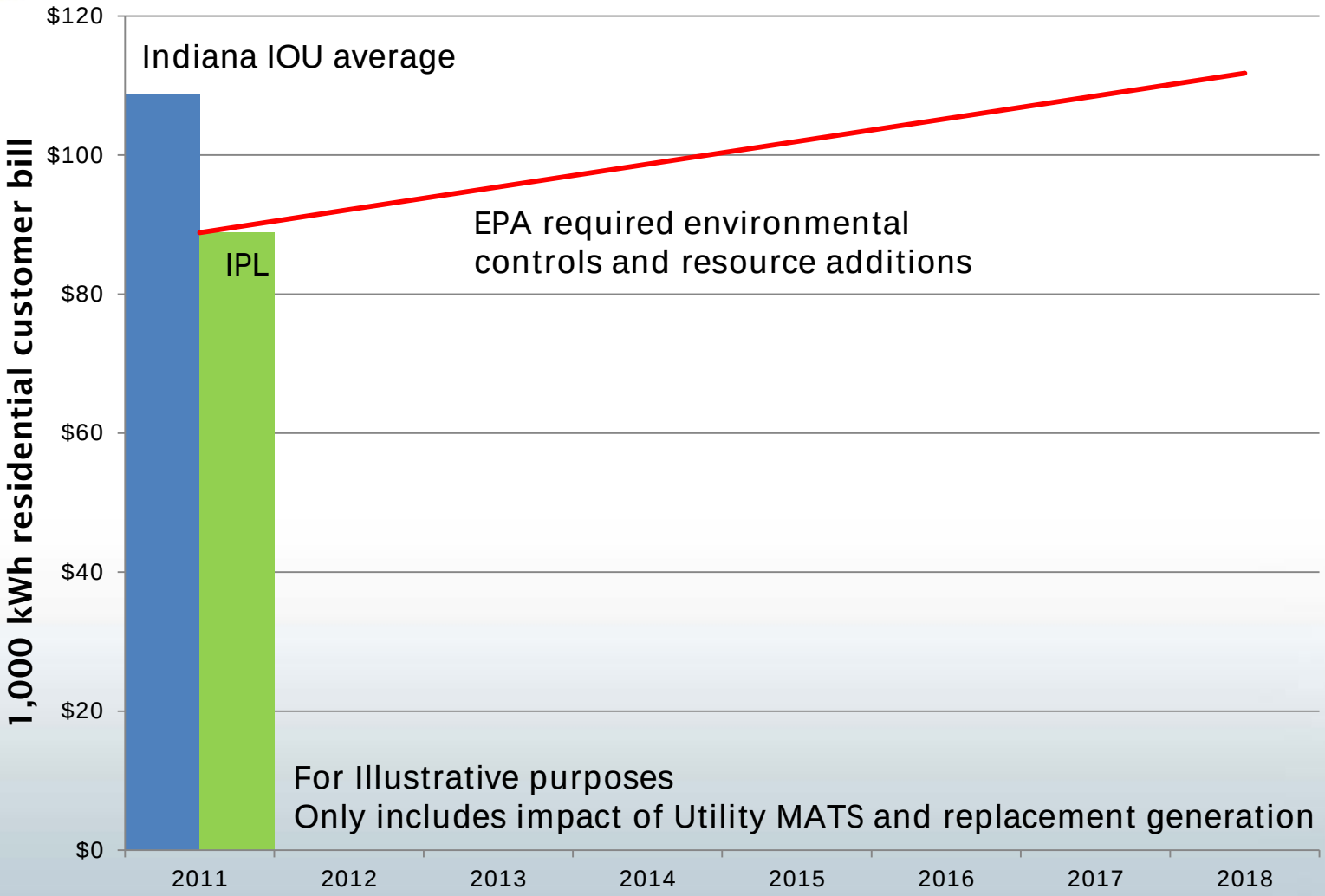
- Environmental control equipment needs to be installed on our base load units
- Currently finalizing plans based on the final rule
- Petition to be filed this summer

Utility MATS will likely force small unit retirements

- Likely retirement of ten generating units by 2016
- Issuing RFP for replacement capacity this summer
  - Gas price/ availability attractive

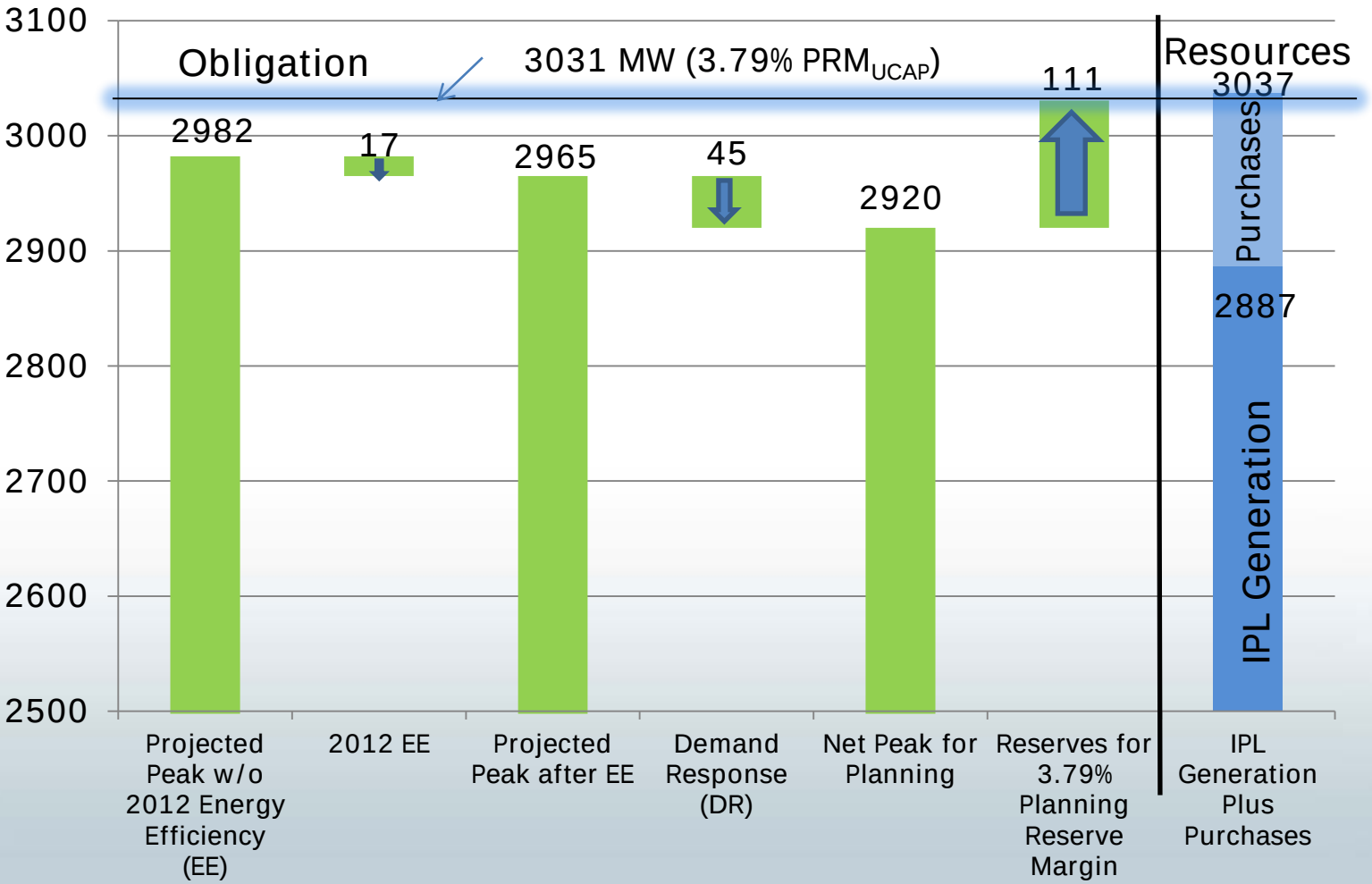


Impact of the EPA Utility MATS rule

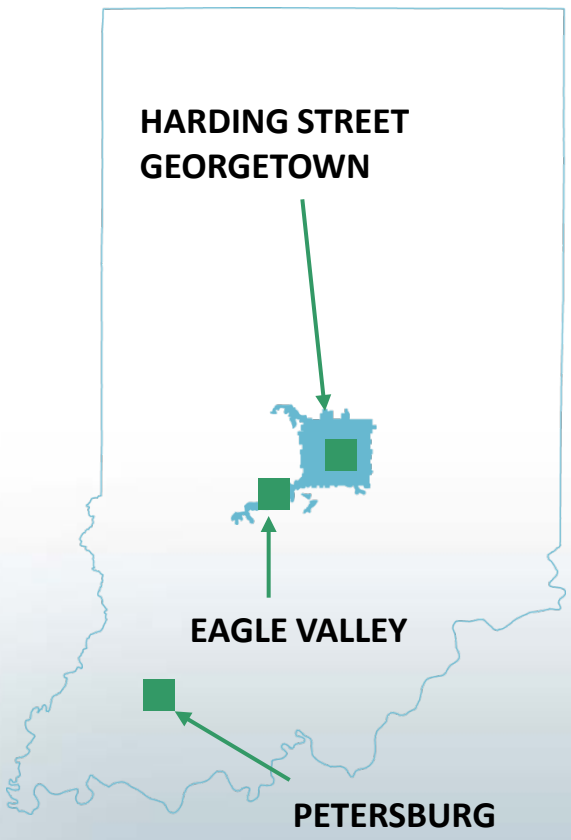


Ensuring resource adequacy

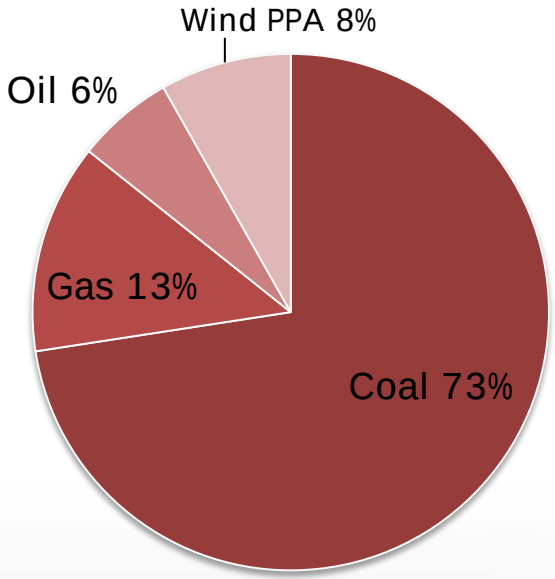
IPL is prepared to meet the MISO summer requirements



The fleet continues to be primarily coal- fired generation

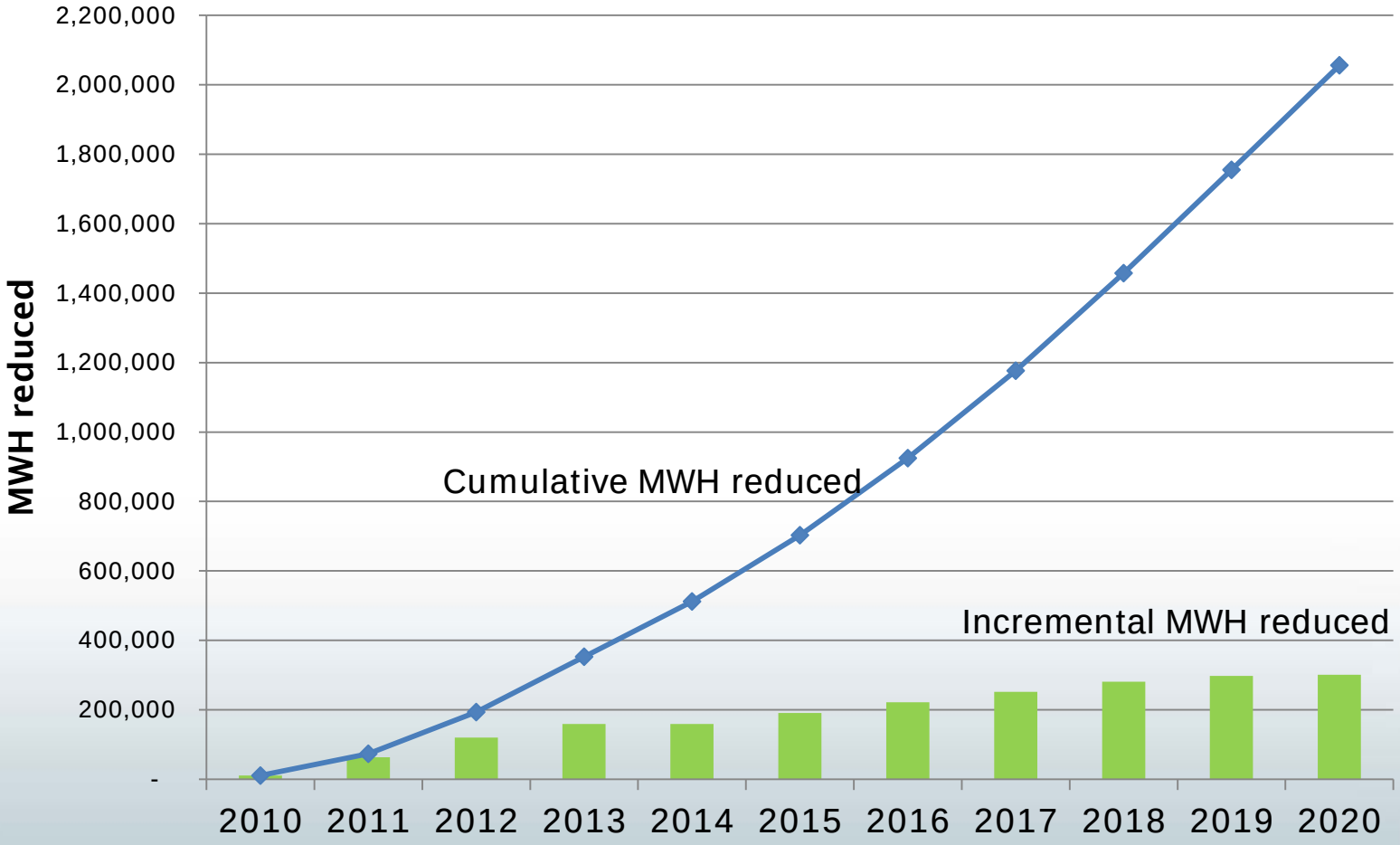


2887 UCAP MW



% of nameplate capacity

DSM will play an important role in resource adequacy



POWER TOOLS

Preparing for the future

Helping customers manage their electric bills

- CoolCents®
- Home Energy Inspector
- Renewable Energy Incentive Program
- Refrigerator Recycling Program

IPL has the second-lowest residential bill among the 20 largest cities in the U.S. with investor owned utilities.

Finding better ways to serve our customers

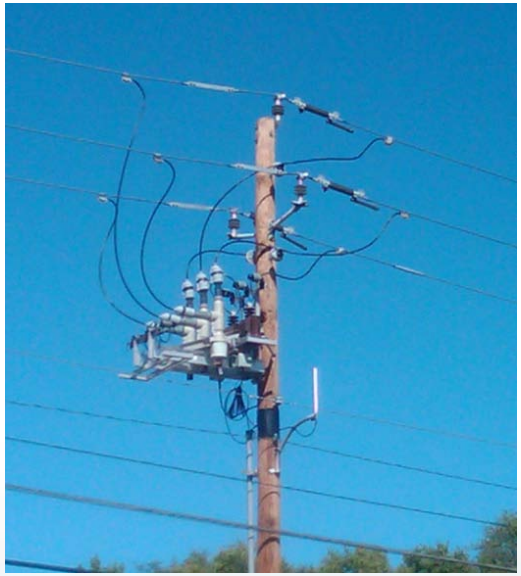
- Expanded self-service options online
- Online outage reporting
- Daily energy consumption tool coming in Q3

IPL is in the top quartile of Midwest utilities for customer satisfaction according to J.D. Power and Associates surveys.

Providing innovative options for customers

- IPL offers renewable incentives
- First IOU in Indiana to offer:
  - Net metering rate
  - Feed-in tariff (Rate REP)
  - Green Power program
- IPL is preparing the way for Electric Vehicle adoption

Utilizing technology to improve system reliability



- Minimizing the impact of service interruptions with midpoint reclosers
- Providing fault location information to reduce outage duration
- Reducing outage durations with new distribution relays

IPL is in the top decile for SAIDI in the United States based on the most recent IEEE survey.

Managing assets to optimize life cycle performance

IVARA

EMPAC

OMS

GIS

PI

Others

Input

- Asset History
- Inspection Information
- Asset Specific Knowledge
- Field and Engineering Input
- Industry Information
- Product Manufacturers
- Simulation Tools

Output

Determine:

- Work prioritization
- Resource management
- Program replacements
- Maintenance Strategy
  - RCM Program
  - Periodic
  - Break / fix

Criteria

- Safety and Reliability Expectations
- Service Level Expectations
- Work Performance Expectations
- Alternative Solutions
- Risk / Cost of Failure (Non- financial & Financial)
- Non- Financial Information

- Asset Management Team
- Capital Review Committee
- Challenge Process

Book of Work

Accountability for execution of the work

Planning for a transitioning workforce

- Focusing on more structured knowledge transfer
- Reviewing succession plans
- Attracting new talent
  - Taking steps to ensure IPL is a preferred employer
  - Supporting community involvement

The IPL mission

Improving lives by providing safe, reliable and affordable energy solutions in the communities we serve.

Appendix

Environmental regulatory challenges: *2012 and beyond*

Air	Climate	Water	Land & Natural Resources	Waste & Chemical Management
Utility MACT	NSPS- New & Modified Sources	316(b)	Transmission Siting and Permitting	Coal Ash
Interstate Transport (CAIR/CSAPR)	NSPS- Existing Sources	Effluent Guidelines Limitations	Avian Protection	PCBs in Electrical Equipment
Regional Haze/Visibility	BACT Permitting	Waters of the United States	Endangered Species	HazMat Transport
Multiple NAAQS	International Negotiations	NPDES Pesticide Permits	Vegetation Management	
New Source Review (NSR)		Waterbody-Specific Standards		

Smart Grid project status

- Funded in part through Smart Grid Investment Grant (SGIG) from DOE
- 3 areas: Metering, Customer Systems, and Distribution Automation
- $48.9 million total project
- $15 million of $20 million grant received as of April 30, 2012
- In month 26 of 36 per the schedule with 75% of the work complete