



Summer 2011 Preparedness

Northern Indiana Public Service Company
Indiana Utility Regulatory Commission



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Executive Vice President & Group CEO

May 23, 2011



NIPSCO Management

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Sr. VP Regulatory Affairs

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VP Commercial Operations

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Sr. VP Transmission & Engineering

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VP Major Projects

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VP Generation

Keith Wooldridge
Sr. VP Field Operations

Kelly Carmichael
Director Environmental Policy & Permitting



Overview

- **Summer 2011 Outlook**
 - Capacity in Place to Meet Customers' Needs
- **Steps Taken to Prepare**
 - Investments in Generation, Transmission, Distribution
 - Compliance with Cyber Security
 - Enhanced Energy Efficiency and Demand Response
 - Improving the Customer Experience
- **Opportunities for Summer 2011 and Beyond**
 - Continued Environmental Focus
 - Future Opportunities



NIPSCO Electric Generation Assets



Michigan City Generating Station

Unit	Yr. in Service	Net Cap. MW	Primary Fuel
12	1974	469	Coal



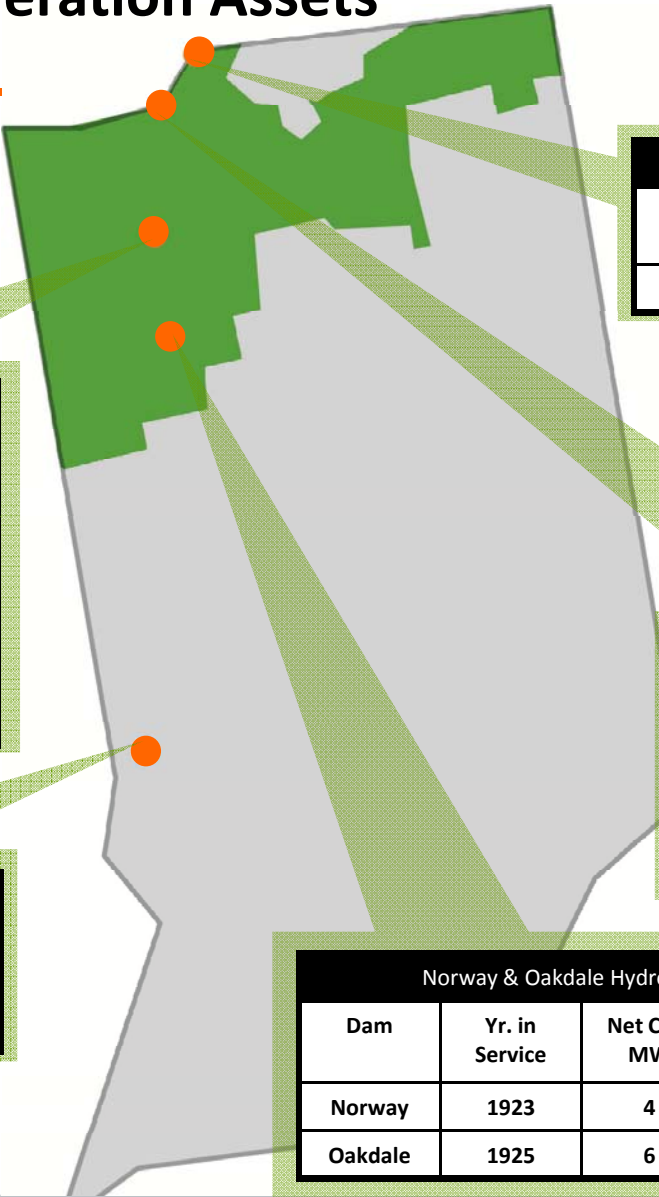
Bailly Generating Station

Unit	Yr. in Service	Net Cap. MW	Primary Fuel
7	1962	160	Coal
8	1968	320	Coal
10	1968	31	Gas



Norway & Oakdale Hydroelectric

Dam	Yr. in Service	Net Cap. MW	Primary Fuel
Norway	1923	4	Water
Oakdale	1925	6	Water



R.M. Schahfer Generating Station

Unit	Yr. in Service	Net Cap. MW	Primary Fuel
14	1976	431	Coal
15	1979	472	Coal
17	1983	361	Coal
18	1986	361	Coal
16 A,B	1979	78,77	Gas

Sugar Creek Generating Station

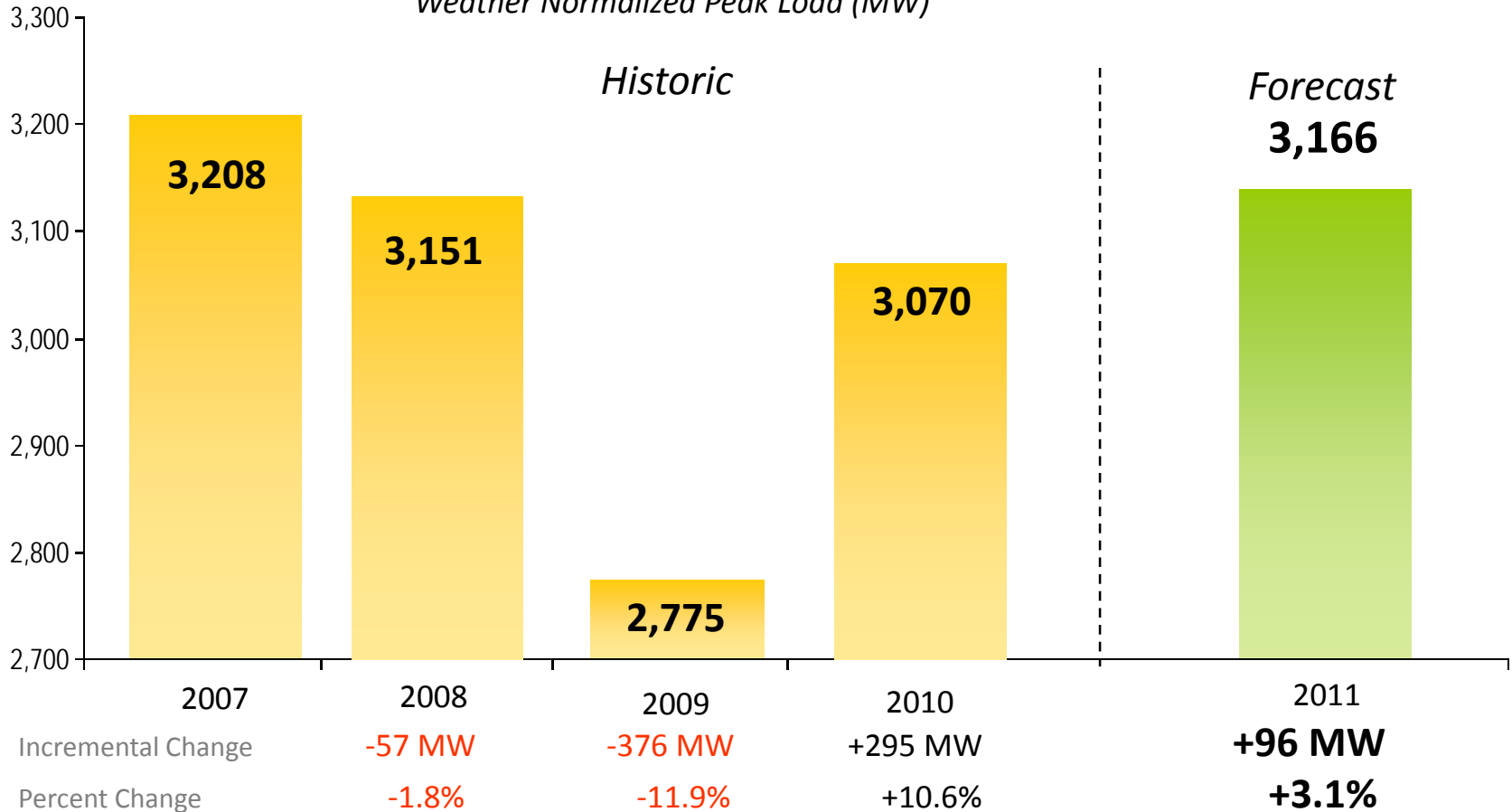
	Yr. in Service	Net Cap. MW	Primary Fuel
Plant	2002/03	535	Gas



Summer 2011 Supply/Demand Outlook

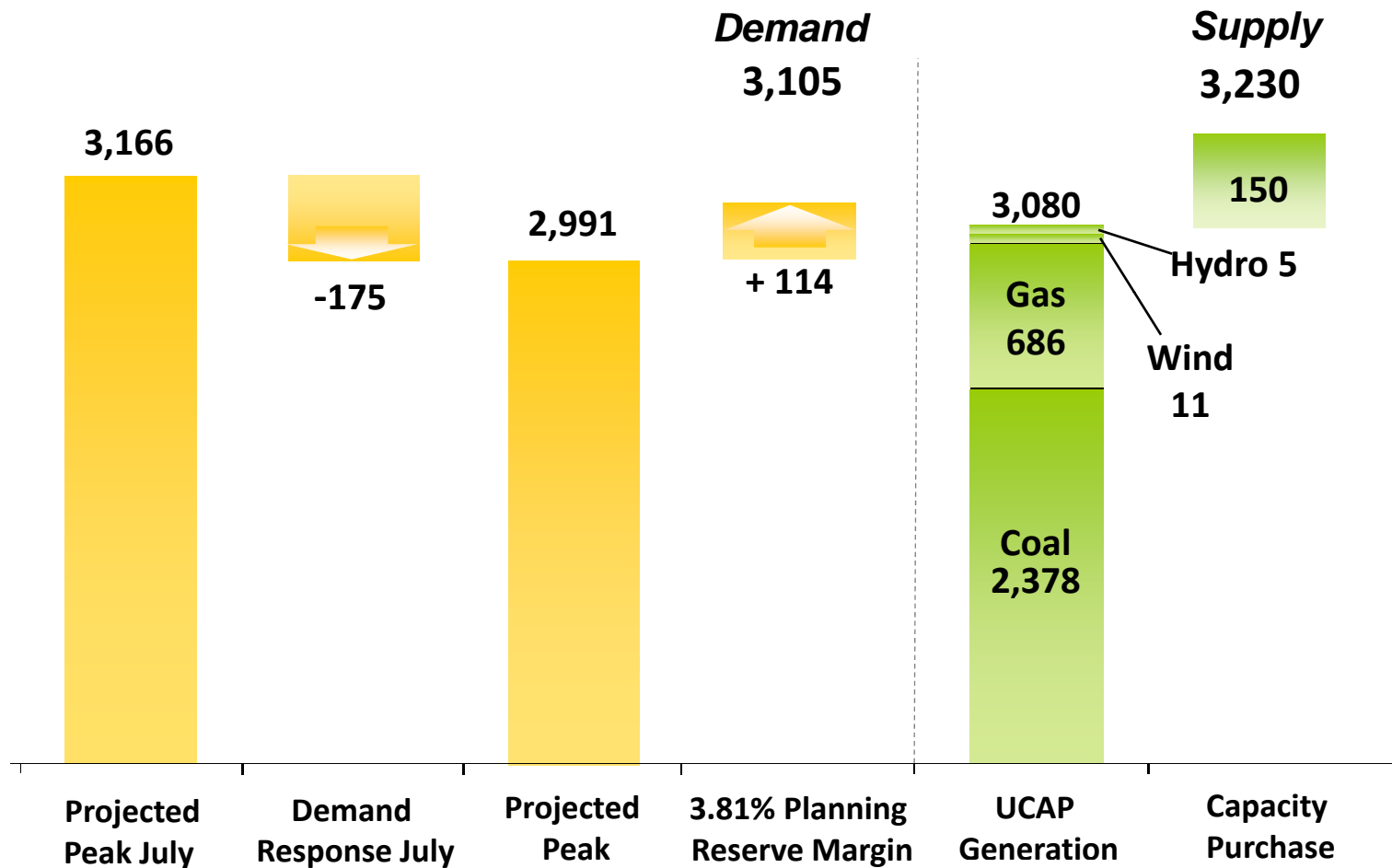
NIPSCO's Peak Demand Forecast

Weather Normalized Peak Load (MW)



Summer 2011 Supply/Demand Outlook

Capacity (MW) In Place to Meet Customers' Needs

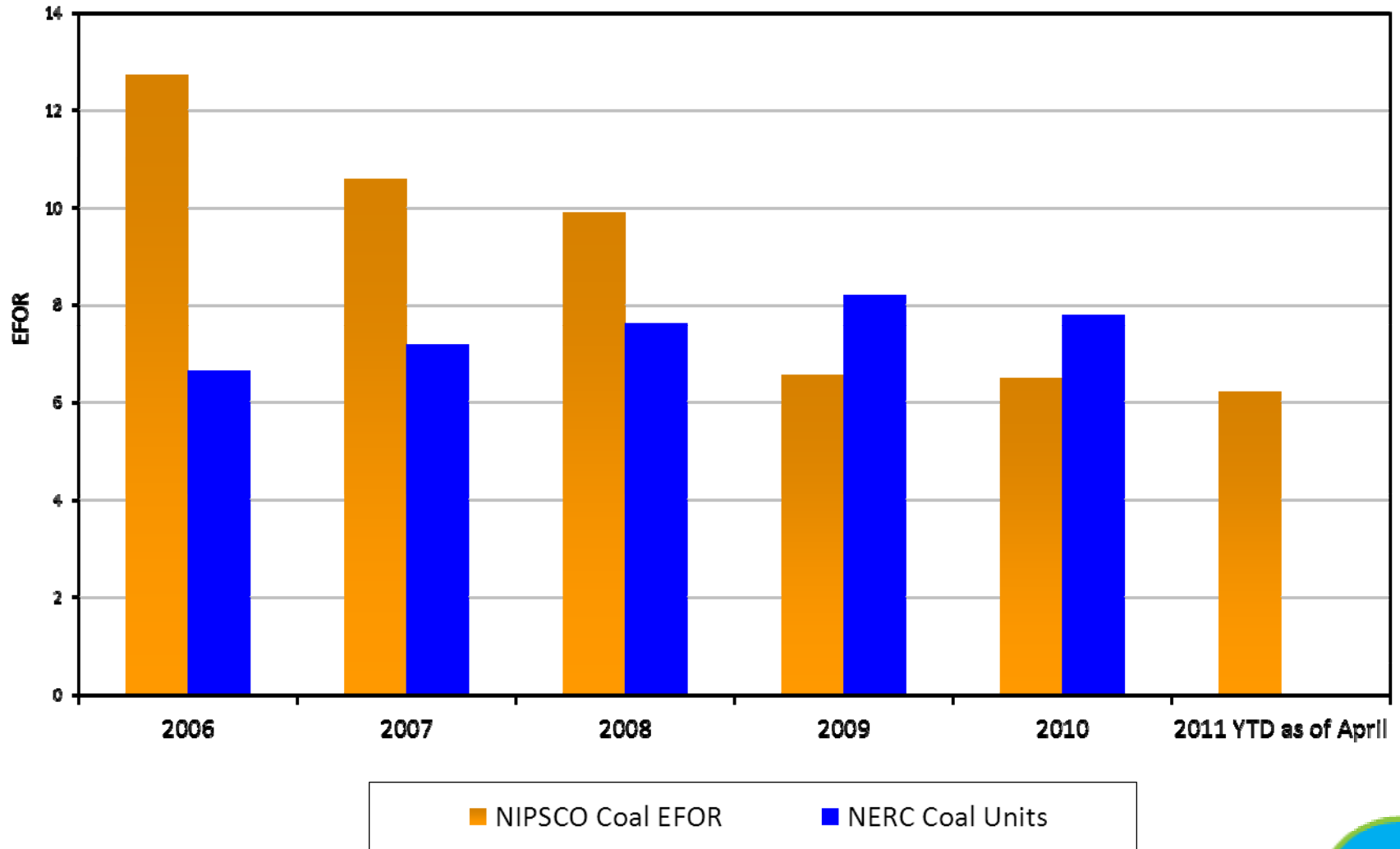


Generation System and Reliability Improvements

- **\$71 Million O&M and Capital Outage Investment**
 - Fall 2010: Bailly Unit 7 and Michigan City Unit 12 completed standard boiler outages
 - April 2011: Schahfer Unit 14 completed boiler, turbine overhauls, rewinding generator rotor and stator
 - May 2011: Schahfer Unit 15 completed standard boiler outage
 - May 2011: Bailly Unit 8 completing standard boiler outage
 - June 2011: Bailly Unit 7 completing standard boiler outage and generator work
 - September 2010 – May 2011: Total of 39 weeks of planned maintenance outage
- **Ongoing Reliability Improvement Plan**
 - Fall 2011: Schahfer Unit 18
 - Spring 2012: Michigan City Unit 12, Bailly Units 7 & 8 and Schahfer Unit 17
- **Solid Coal Inventory Position**
 - At system target inventory of 40 days
 - Pricing flexibility provided by 20% spot market purchases
- **Natural Gas Supplies Available, Prices Stable**



Solid Generation Reliability



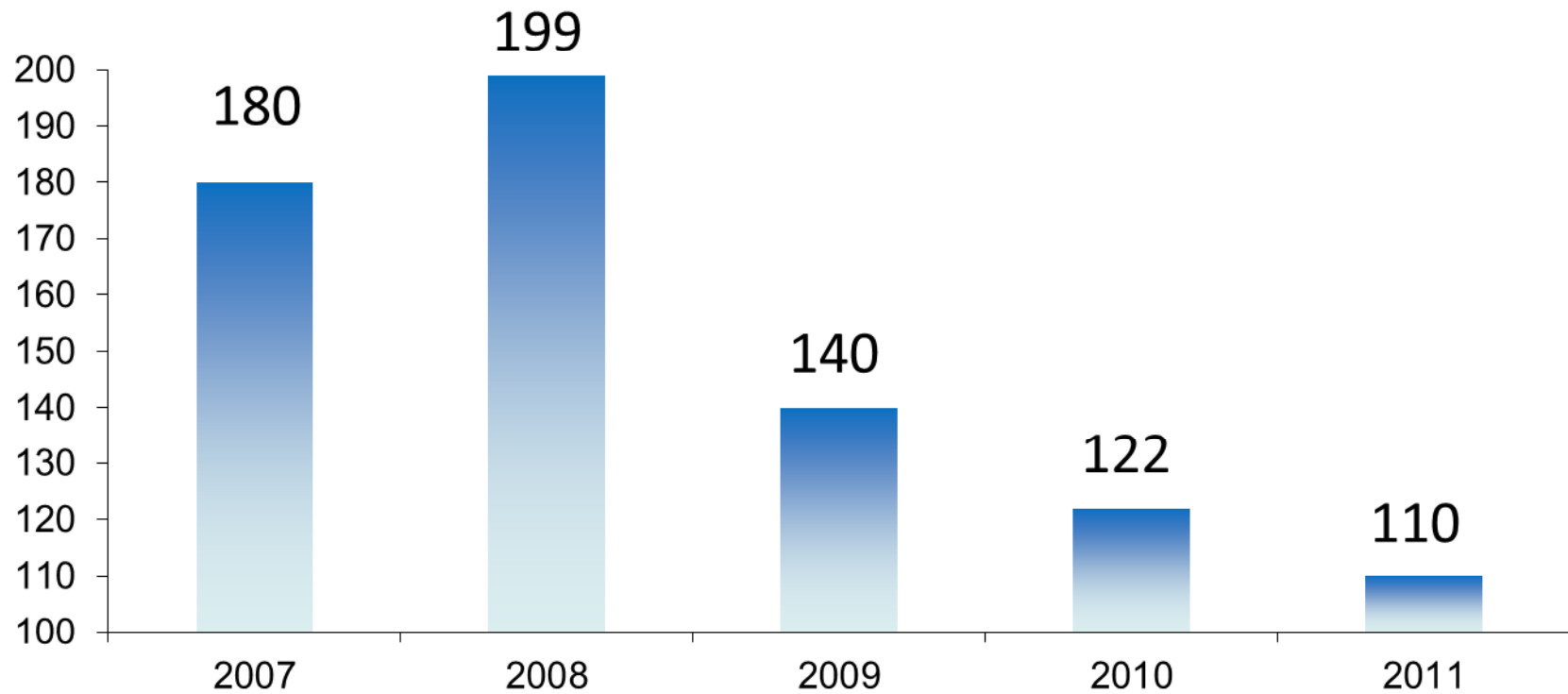
Transmission & Distribution System, Technology Upgrades

- **\$26 Million in Transmission, Distribution Reliability Investment**
- **Added Capacity for Peak Day Deliverability**
 - New 345/138KV transformer at Green Acres substation
 - Two new and three upgraded distribution substations with new circuit feeders in NW Indiana
- **Replaced Aging Substation Equipment to Ensure Reliability**
 - Transmission substation relays and circuit breaker replacements
 - Transformer replacements in various distribution substations
- **Prepared Electric System for Summer Operations**
 - Infrared inspections of substation equipment
 - Transmission operating guides, emergency plans reviewed with MISO
- **Enhanced Restoration Capabilities**
 - Automated callout system in dispatch center
 - Integrated Outage Management System with in-vehicle, GPS enabled, mobile computers



Significant Improvement in Distribution Reliability

SAIDI Improvement Trend



Enhancing Cyber Security

- **Leadership Role in Cyber Security**
 - Chair the NERC Regional Reliability Organization (*ReliabilityFirst*) Critical Infrastructure Protection Committee
 - Assist in the development of national grid security alerts with NERC
 - Participate in the development and execution of national level cyber security and disaster exercises, including the U.S. Department of Homeland Security's Cyber Storm III exercise
- **Comply with Federal CIP Standards**
 - Comprehensive written cyber security policy
 - Implemented plans and procedures to support policy
 - Comprehensive incident response plan, including reporting any attempted probe or breach to the FBI



Enhancing Energy Efficiency Programs

Energy Conservation “Core” and “Core Plus” Programs

- Residential Appliance Recycling Program (August 2010)
- Commercial & Industrial Custom Incentive Program and New Construction Program (January 2011)
- Residential Conservation/Home Energy Report Program (March 2011)
- Core Residential Lighting Incentive Program (*May 2011*)
- A/C Cycling Program (*August 2011*)
- Core School Energy Education Kits (*November 2011*)



Participation in Demand Response Programs

- **NIPSCO Customers Will Participate in MISO Demand Response Programs**
 - Seven customers (172.8 MW) registered for Demand Response Resource Type I - Energy Only Program
 - Five customers (185.8 MW) registered for the Emergency Demand Response - Energy Only (EDR) program
- **MISO Awaiting FERC Approval for Tariff Changes**



Feed-In Tariff and Net Metering

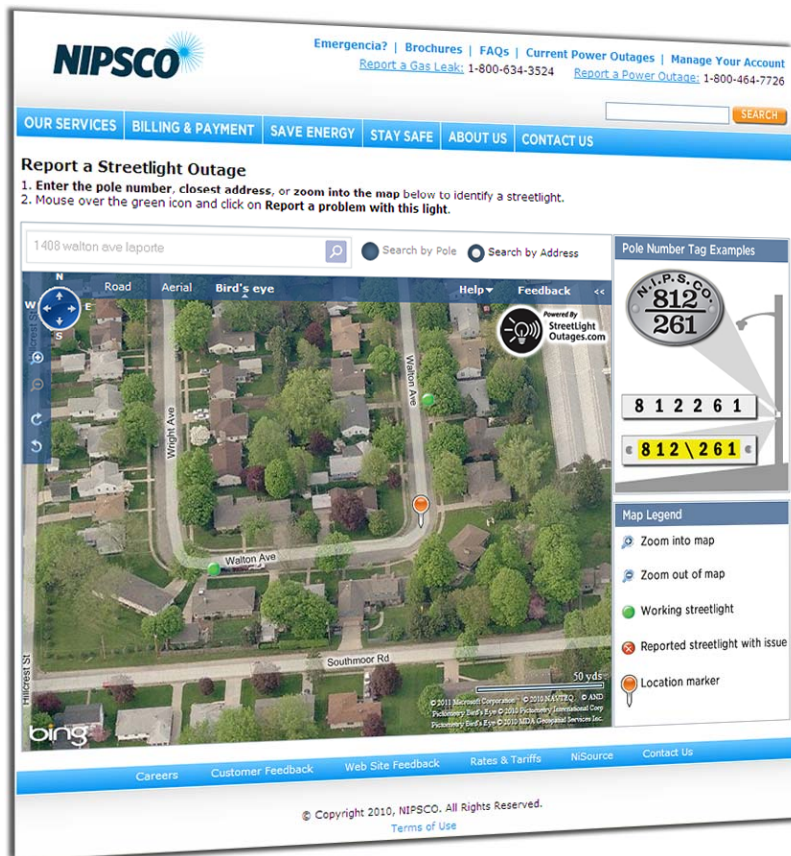
- Gives customers the option to generate their own power from renewable energy
- Settlement Filed April 18, 2011



Net Metering	Feed-in Tariff
Credit applied to bill, offsets individual usage	NIPSCO buys electricity, customer receives a check
Available to all NIPSCO electric customers (projects up to 1 MW)	Available to all NIPSCO electric customers (projects from 5 kW - 5 MW)
Wind, solar, hydro	Wind, solar, small hydro, biomass
Expands existing net metering program	Supports statewide policy and economic development



Leveraging Technology to Improve the Customer Experience



- **Electrical Outage/Streetlight Reporting**
 - Report streetlight out via web (available now)
 - View electric outage information via mobile device (Q4 2011)
 - Report electric outage online via web, mobile device (Q1 2012)
 - Provide outage restoration times via IVR (Q1 2012)
 - Report streetlight out via mobile device (Q1 2012)
- **Mobile Payment Program (Q4 2011)**
 - View current balance, amount due, due date via mobile device
 - Pay bill via mobile device
- **Social Media (Q2 2011)**
 - Facebook launch
- **At-Home Agent Program (Q3 2011)**
 - Remote Customer Service Representative (CSR) pilot program
 - CSRs are first responders during storms and emergencies
- **Email (Q4 2011)**
 - Customers receive alerts, energy efficiency tips
- **“Voice of the Customer” Initiative**



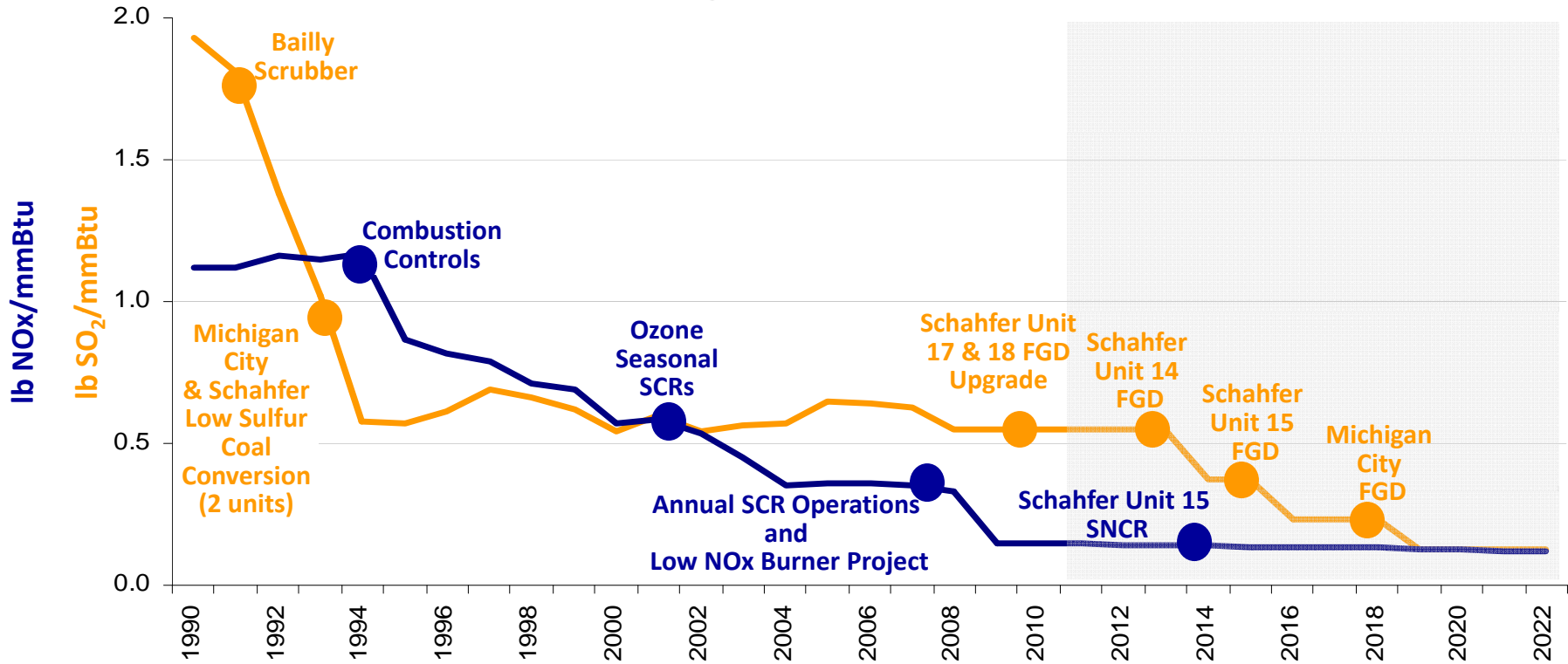
New Source Review Consent Decree Settlement

- Settlement Between EPA, U.S. Dept. of Justice and IDEM Signed January 13, 2011
- Court Expected to Finalize in Q2/Q3 2011; Implementation Underway
- In Line with Other Utility Settlements: Limitations on NO_x, SO₂ and PM
- Resolves New Source Review Past Claims and Some Future Claims
- Avoids Cost and Risk Associated with Litigation



Continued Strong Environmental Commitment

Investments Result in Significant NO_x and SO₂ Reductions



Future Opportunities

- **Revitalizing NW Indiana Economy**
 - Build a modern energy infrastructure to attract and retain business
 - Develop creative economic development solutions
- **Meeting Customer Needs**
 - Enhance customer assistance programs
 - Make it easy to do business with us
 - Enable customers to use less energy
- **Modernizing Generation Fleet**
 - Continued aggressive EPA regulation with compressed compliance timeframes
 - Balance market demands and aging infrastructure



Conclusion

NIPSCO has adequate resources and infrastructure to meet our customers' needs during summer 2011.

