2012 Summer Reliability Outlook

Carl Chapman
Chairman, President and CEO

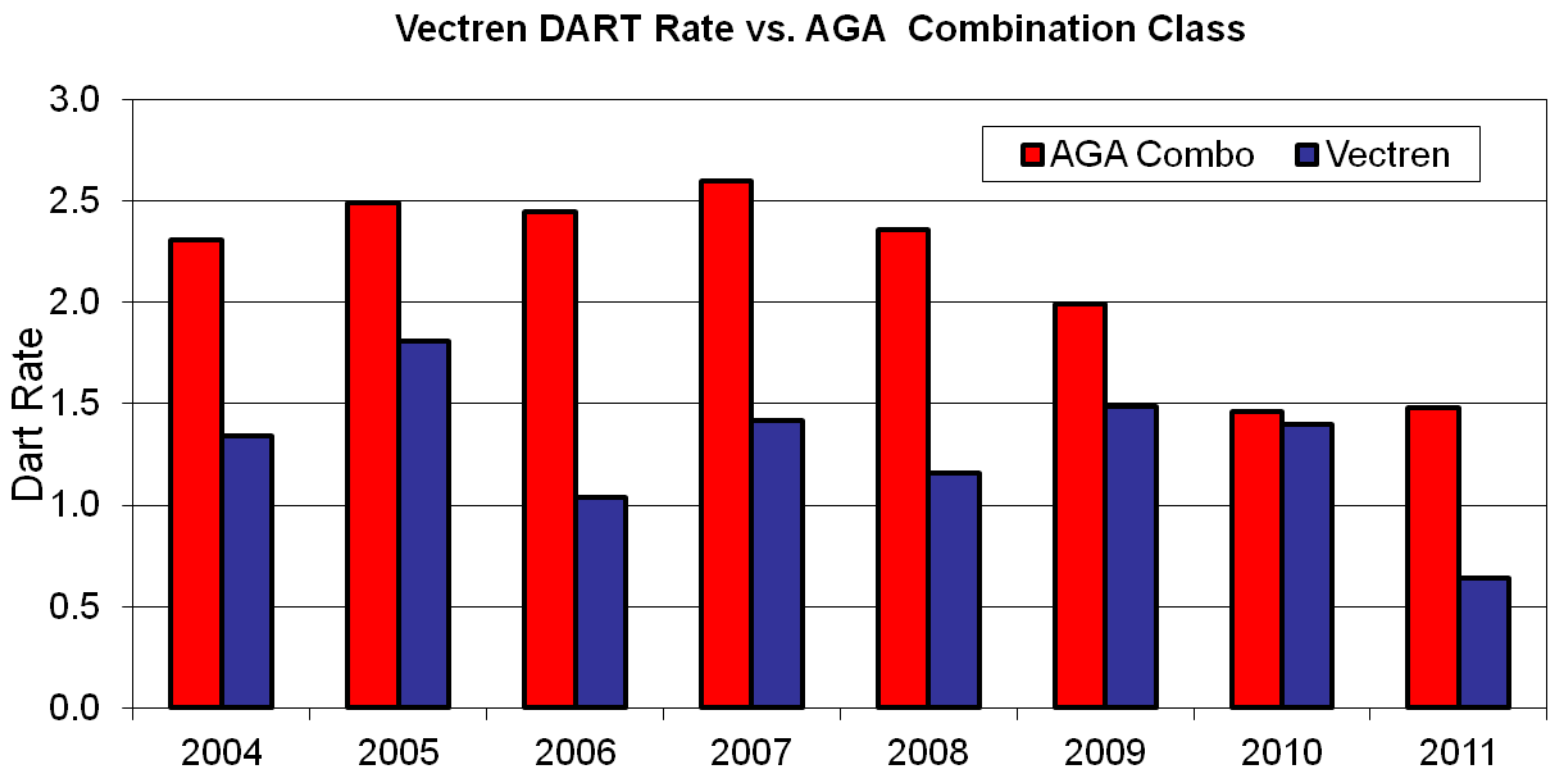
VECTREN
Live Smart

Attendees

Carl Chapman	*Chairman, President and Chief Executive Officer*
Wayne Games	*Vice President, Power Supply*
Bob Heidorn	*Vice President, General Counsel and Chief Compliance Officer*
Scott Albertson	*Director, Regulatory Affairs*
Mike Chambliss	*Director, Network Operations and Dispatch*
Angila Retherford	*Director, Environmental Affairs*
Robbie Sears	*Director, Conservation*

Summer 2012 Reliability Outlook

Vectren – A Culture of Safety

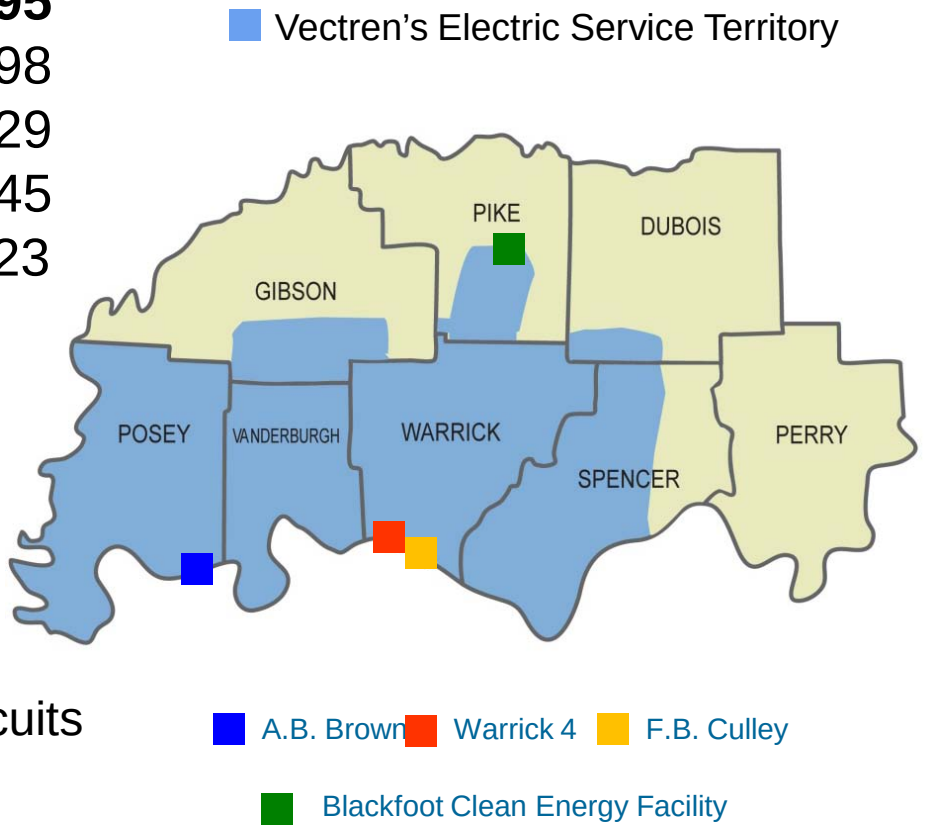


2011 AGA Best in Class Safety Achievement Award for having no fatalities and the lowest DART rate among peer companies

Top quartile performance-American Gas Association (AGA) Peer Group (Combination Gas and Electric Companies)- 7 of the last 8 years

Vectren Electric System

Customers	**141,000**
2011 Retail Sales (GWh)	**5,595**
▪ Residential	1,498
▪ Commercial	1,329
▪ Industrial	2,745
▪ Other	23



Transmission System

- 960 miles of transmission circuits
- 46 transmission substations

Distribution System

- More than 4,200 miles of distribution circuits
- 28% of distribution underground
- 105 distribution substations

Vectren Generating Facilities

A.B. Brown Power Plant –
Mt. Vernon, Ind., Posey County
- 4 units (2 coal, 2 natural gas) – 640 MW

F.B. Culley Power Plant –
Newburgh, Ind., Warrick County
- 2 units (coal) – 360 MW

Warrick Unit 4 –
Newburgh, Ind., Warrick County
- 1 Unit shared with Alcoa (coal) – 150 MW of 300 MW

Natural Gas Peaking Units –
Evansville, Ind., Vanderburgh County
- 4 units – 135 MW

Vectren Capacity

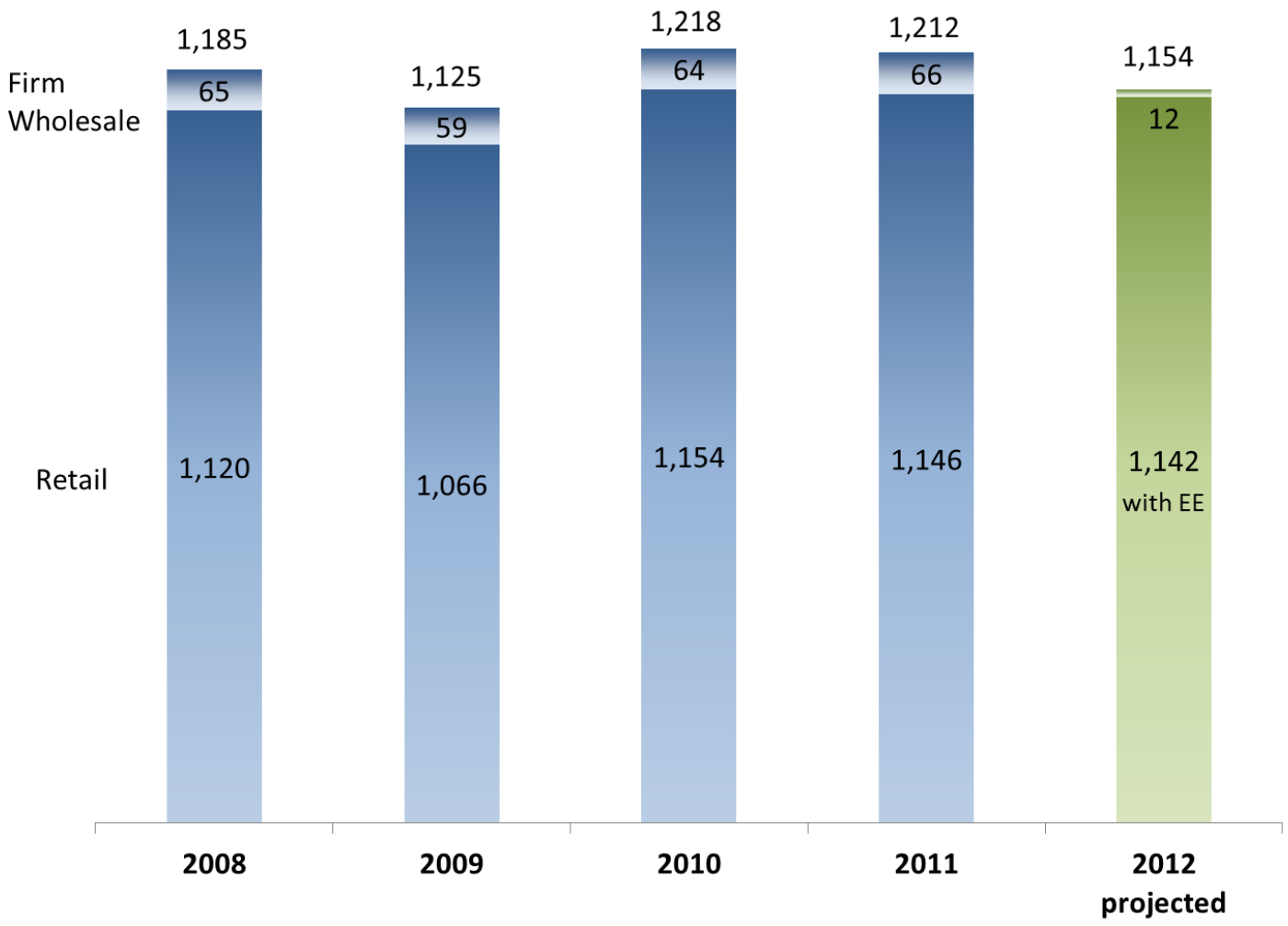
Vectren Installed Capacity
Coal - 1,000 MW
Gas Peaking - 285 MW
Landfill Gas - 3 MW
Vectren Installed - 1,288 MW

Other Capacity
Capacity Purchase - 100 MW
Wind Purchase - 80 MW
OVEC - 30 MW
Total Other - 210 MW

Total Capacity 1,498 MW

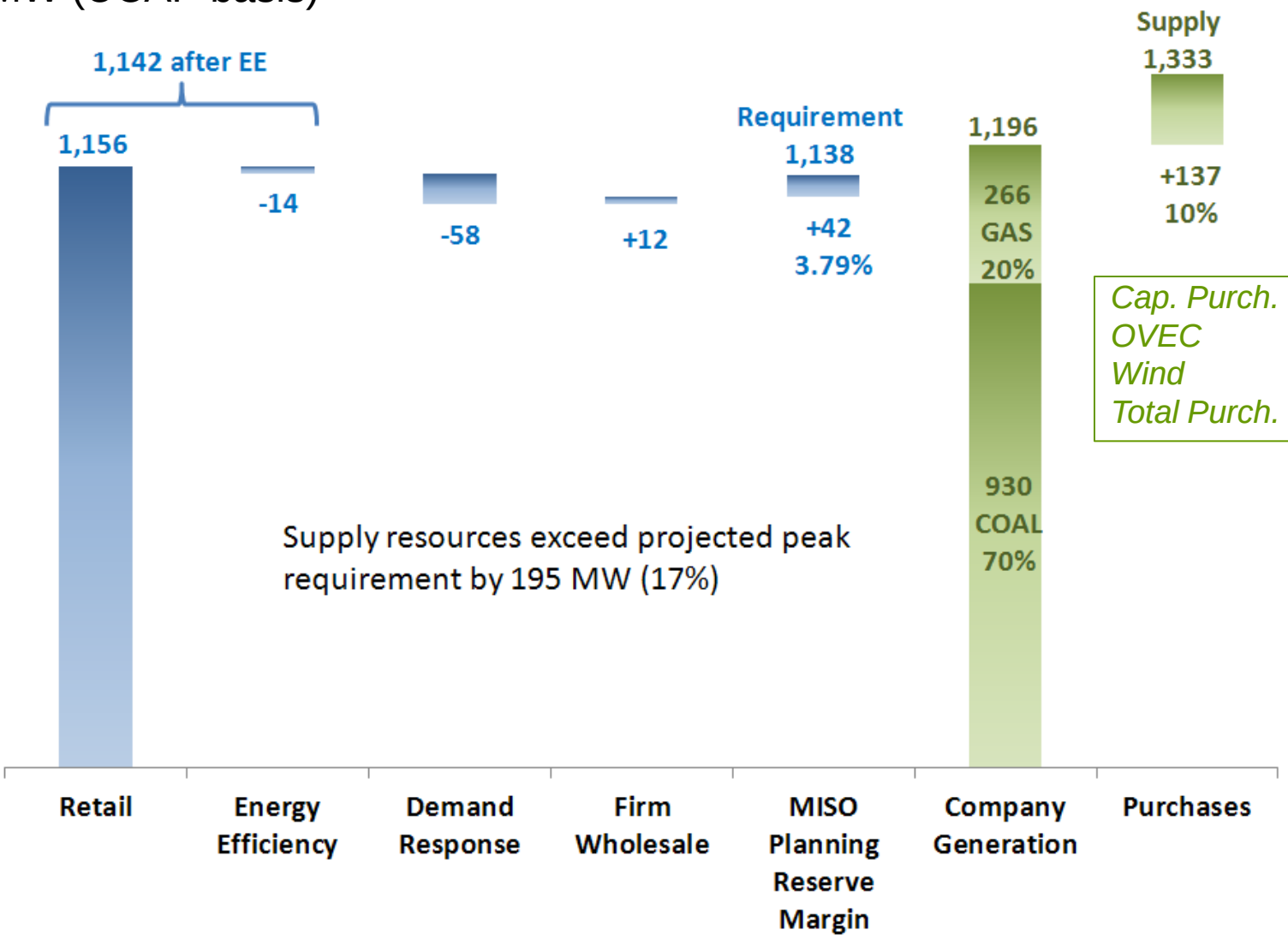
Vectren Peak Load

Weather Normalized Peak Load (MW)



Vectren Resources at Peak

MW (UCAP basis)



Cap. Purch.	*100 MW*
OVEC	*29 MW*
Wind	*8 MW*
Total Purch.	*137 MW*

Vectren Resources at Peak

Demand & Requirements	
Peak Demand	**MW**
Vectren Retail	1,156
Firm Wholesale Obligations	12
Energy Efficiency and Demand Response	
Energy Efficiency	(14)
Interruptible Load	(33)
Direct Load Control	(25)
Total Demand	***1,096***
MISO PRM of 3.79%	**42**
Total Requirements	***1,138***

Supply	
Steam Generation	**UCAP MW**
Brown 1	227.9
Brown 2	231.9
Culley 2	82.1
Culley 3	247.5
Warrick 4	140.9
Total Steam	930.3
Peaking Generation	
Brown 3	72.0
Brown 4	69.1
Broadway 1	45.8
Broadway 2	61.8
Northeast	17.3
Total Peaking	266.0
Purchases	
Firm	129.3
Wind	7.8
Total Supply	***1,333***

Supply exceeds Demand by 237 MW (22%)

Supply exceeds Requirements by 195 MW (17%)

Renewable Energy and Energy Efficiency

In 2011 Renewable Energy and Energy Efficiency accounted for 4.4% of Vectren's retail sales

- Wind PPA's
  - *209,170 MWh*
- Blackfoot Landfill gas project
  - *12,199 MWh*
- Energy Efficiency
  - *26,452 MWh*

Voluntary Clean Energy Portfolio Standard (SB 251)

- Vectren is well positioned to meet the 2013-2018 goal of 4%.

Energy Efficiency Programs

Energizing Indiana programs

Core programs currently offered

- Residential Lighting
- Residential Home Energy Assessment
- Residential Low Income Weatherization
- School Energy Efficiency
- Commercial & Industrial Prescriptive

Vectren energy savings

Actual

- 2011 achieved – 26,452 MWh

Goals

- 2012 – 60,467 MWh
- 2013 – 66,908 MWh

Vectren programs

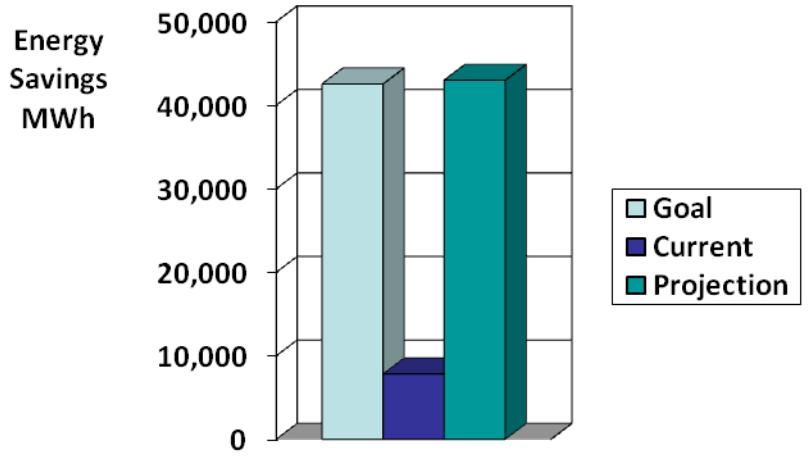
Core Plus programs currently offered

- Residential Refrigerator & Window A/C Recycling
- Residential HVAC
- Residential Behavioral Savings
- Residential Multi-Family Direct Install
- Residential Direct Use
- Commercial & Industrial Audit & Custom Efficiency
- Commercial & Industrial New Construction

Energy Efficiency Programs

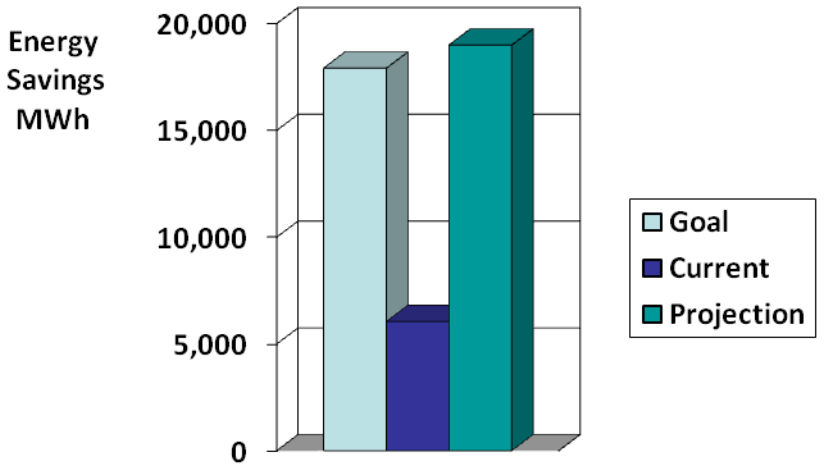
Core Programs

- Have been slow to ramp up but have gained momentum
- Currently projected to slightly exceed savings target of 42,549 MWh



Core Plus Programs

- Slightly ahead of YTD energy savings targets
- Currently projected to exceed savings target of 17,916 MWh



Vectren Concerns

- Customers' ability to pay bills
- Transmission cost allocation for Multi-Value Projects (MVP)
  - Customer cost impacts versus benefits
- Major weather event
- Economic cycling of base load coal plants
  - O&M cost and reliability implications
- Environmental regulation
  - Continued regulatory uncertainty
  - Compliance with one rule may create potential compliance concerns with other rules

Environmental Compliance Planning

Air

- **Cross State Air Pollution Rule (CSAPR)**
- **Mercury and Air Toxics Standards (MATS)**
  - Well-positioned to comply with both rules as currently proposed without significant, new capital investments. Actions could be required to enhance efficiencies of existing controls

Water

- **NPDES Permits**
  - New equipment and processes required to comply with mercury limits
- **Clean Water Act 316(b)**
  - Anticipate ability to comply with draft regulation without significant plant modifications

Ash

- **Ash Disposal Regulations**
  - Completed dry fly ash conversions and participating in beneficial re-use
  - Concerns that new regulations could require premature and costly closing of existing impoundments and construction of new landfills

Vectren Generating Facilities' Environmental Controls

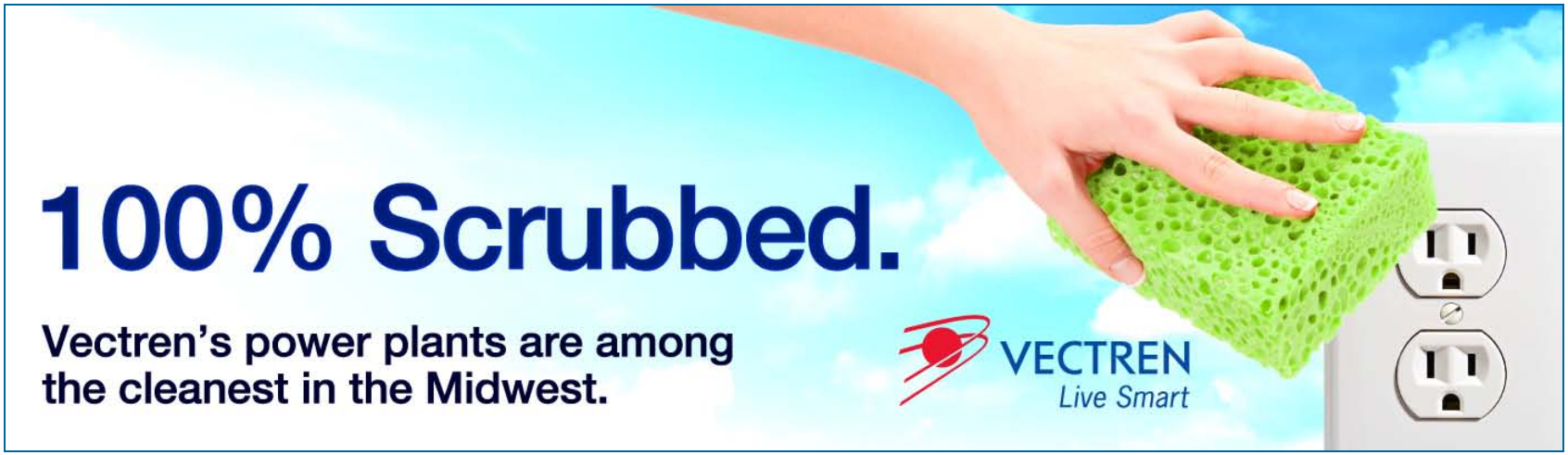
Coal-Fired Generation

- 100% of capacity is scrubbed for SO2
- 91% of capacity has post combustion NOx controls (SCR)
- 52% of capacity has fabric filters for particulate controls (remainder electrostatic precipitators)

Environmental Awareness Campaign – May 2012

Campaign illustrating Vectren's environmental investments and their positive effects on local air quality

- Television
- Billboards
- Radio
- Micro-site (Vectren.com/CleanAir)
- Student Essay/Art Contest
- Employee Testimonials



Conclusion

Vectren is prepared and confident in our ability to meet the electric needs of our customers in Southwest Indiana

High plant availability

- Summer Equivalent Availability above 90% for each of the past four years

Transmission investments

- Brown to Reid 345 KV scheduled for 2012 completion
  - 25-mile line from A.B. Brown Station to Big Rivers Reid Station near Sebree, Ky.
- Northeast to Oak Grove 138 KV scheduled for 2012 completion
  - 6-mile line in Evansville

Available resources in excess of requirements

- Supply resources exceed projected peak requirements by 195 MW (17%)