Summer 2011 Outlook

May 24, 2011

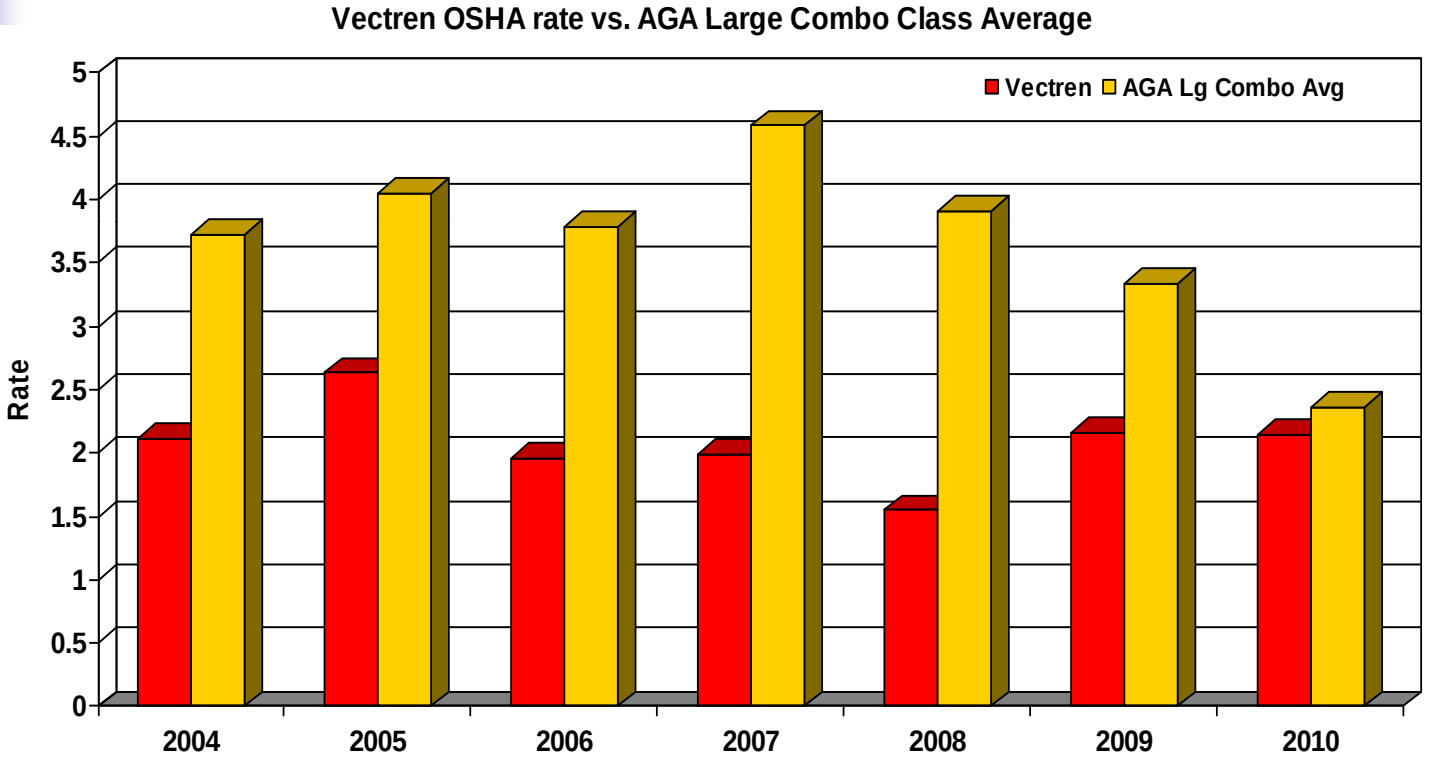
Carl Chapman
Chairman, President and CEO

Attendees

- Carl Chapman, Chairman, President and Chief Executive Officer
- Bill Doty, Executive Vice President Utility Operations
- 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

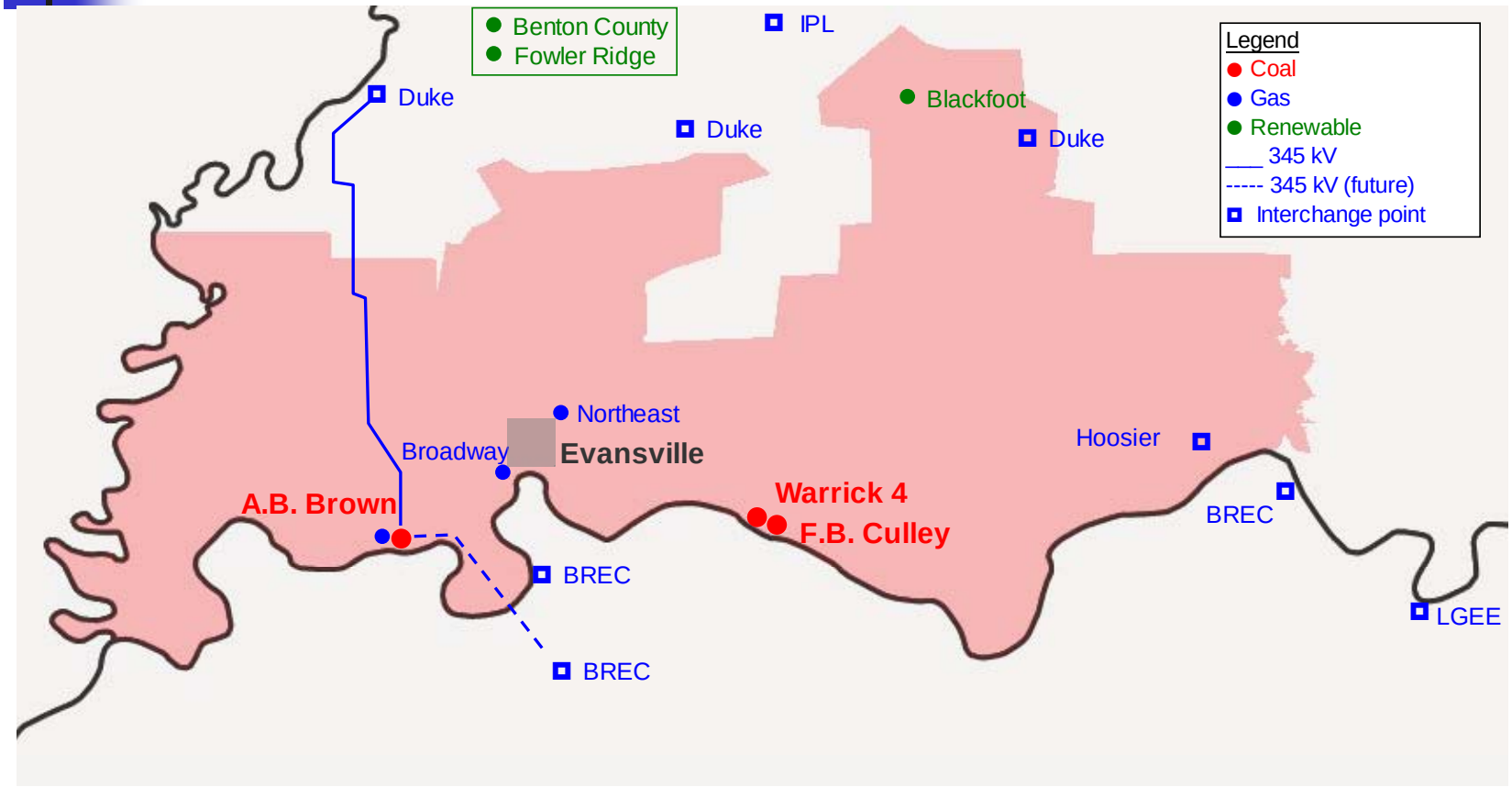
Summer 2011 Outlook

Vectren: A Culture of Safety



- Top quartile performance-American Gas Association (AGA) Peer Group (Combination Gas and Electric Companies)- 6 of the last 7 years
- AGA Industry Leader Award last 7 years - based on safety record compared to our industry
- Winner of the Koselke Safety Award for the last three years presented by the Indiana Energy Association-lowest DART (Days Away Restricted and Transferred) rate in our class

Vectren Electric System



Vectren Electric System

- Customers 146,240
- 2010 Retail Sales (GWh) 5,617
  - Residential 1,604
  - Commercial 1,600
  - Industrial 2,391
  - Other 22
- Transmission System
  - 959 Miles of transmission circuits
  - 46 transmission substations
- Distribution System
  - More than 4,200 miles of distribution circuits
  - 28% of distribution underground
  - 104 distribution substations

Vectren Generation Facilities

			Environmental Controls		
Generator Name	Capability MW net	Commercial Year	SO2	NOX	Particulate
A.B. Brown 1	245	1979	scrubber	SCR & LNB	fabric filter
A.B. Brown 2	245	1986	scrubber	SCR & LNB	precipitator
F.B. Culley 2	90	1966	scrubber	low nox burners (LNB)	precipitator
F.B. Culley 3	270	1973	scrubber	SCR & LNB	fabric filter
Warrick 4	150	1970	scrubber	SCR & LNB	precipitator
Total Coal	*1,000*		*100% scrubbed*	*90% SCR*	*52% fabric filter*
A.B. Brown 3	80	1991			
A.B. Brown 4	80	2002			
Broadway 1	50	1971			
Broadway 2	65	1981			
Northeast 1	10	1963			
Northeast 2	10	1964			
Total Gas	*295*				

A.B. Brown units are black start capable

Renewable Energy and Energy Efficiency

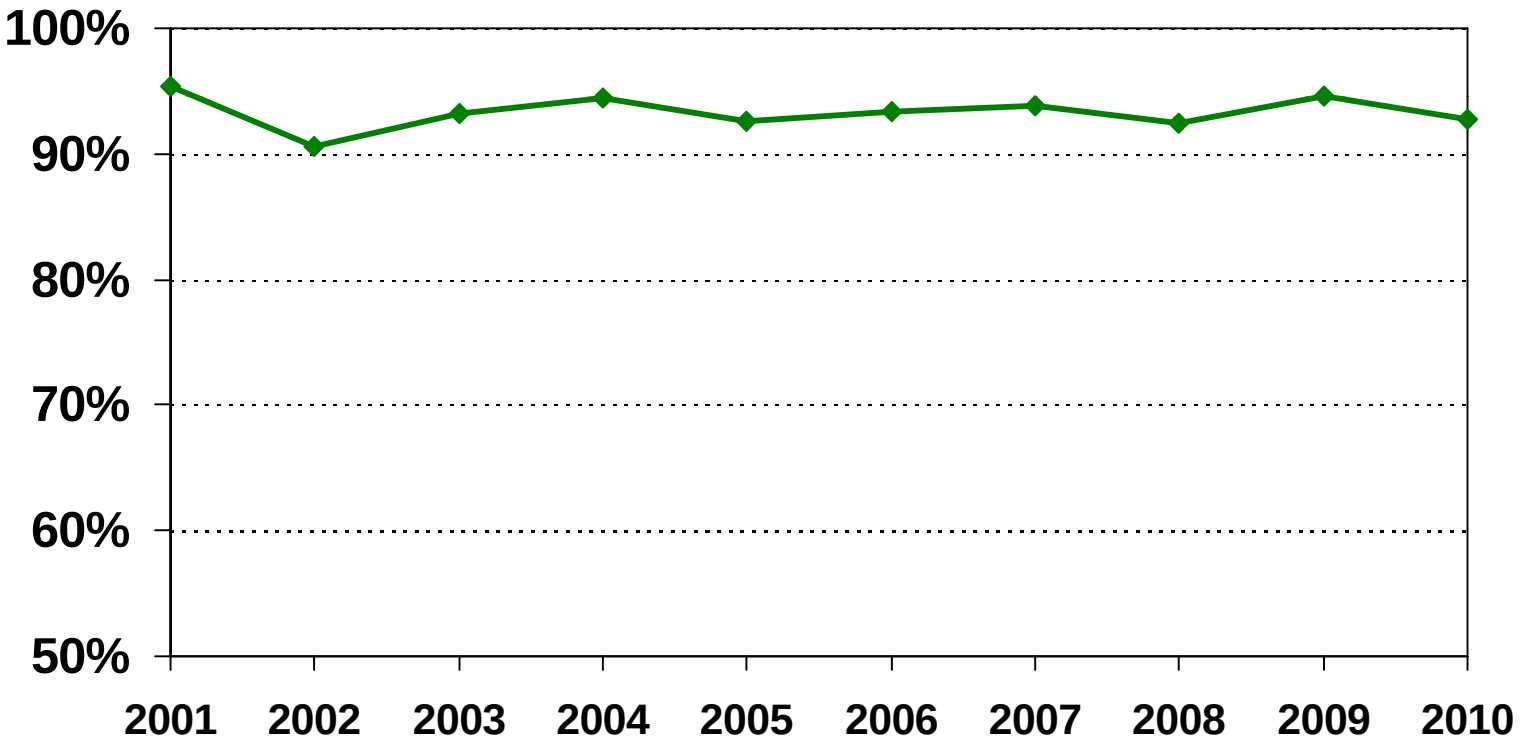
- In 2010 Renewable Energy and Energy Efficiency accounted for 4.2% of Vectren's retail sales
  - Fowler Ridge wind PPA
    - 129,464 MWh
  - Benton County wind PPA
    - 85,154 MWh
  - Blackfoot Landfill gas project
    - 17,088 MWh
  - Energy Efficiency
    - 1,978 MWh
- Voluntary Clean Energy Portfolio Standard (SB 251)
  - Vectren is well positioned to meet the 2013-2018 goal of 4%.

Vectren System Capacity Meets Summer Projected Peak

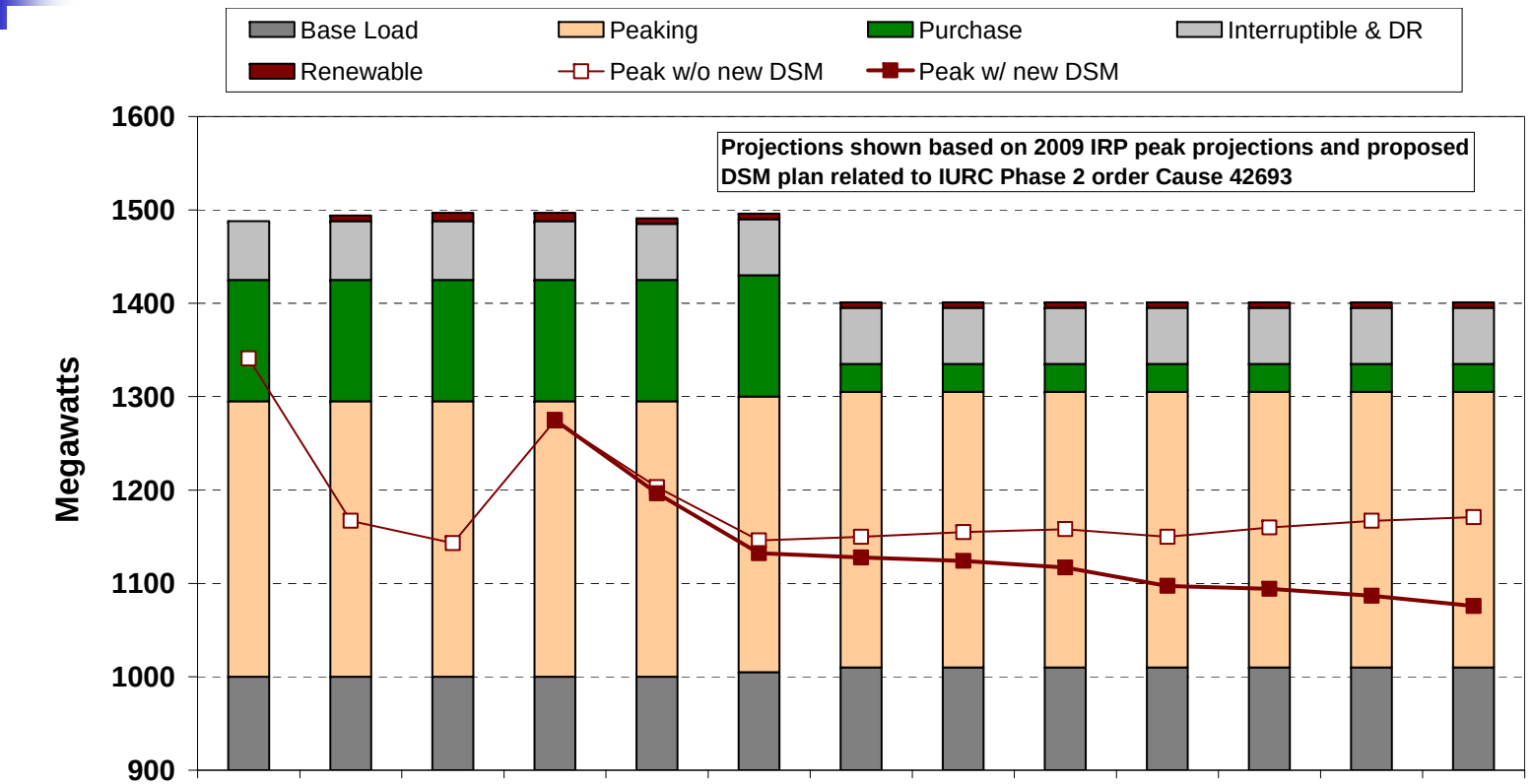
- System Capability (see Appendix)	1431 MW
- Interruptible / Demand Response	60 MW
- Total Capability	1491 MW
2011 PROJECTED PEAK	1136 MW
-firm wholesale	67 MW
	1203 MW
Reserve Margin (24%)	288 MW
Capacity Margin (19%)	228 MW

Electric Reliability

June through September Steam System Equivalent Availability



FUTURE DEMAND



Reserve Margin	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
w/o new DSM	11%	28%	31%	17%	24%	31%	22%	21%	21%	22%	21%	20%	20%
w/ new DSM						32%	24%	25%	25%	28%	28%	29%	30%

Peak contribution of firm wholesale: 57MW expires end of 2011, 10MW expires end of 2015

CONCLUSION

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

- High plant availability
- Transmission Investments
- 24% reserve margin
- 19% capacity margin

VECTREN CONCERNS

- Customers Ability to Pay Bills
- Lack of cost effective technically feasible solution to GHG regulations
- Transmission Cost Allocation
- Major Weather Event
- New regulation/legislation that does not credit plants that have already made environmental investments

Environmental Compliance Planning

- **Clean Air Transport Rule (CATR)**
  - Vectren fleet is well positioned to comply with rules as currently proposed
- **Hazardous Air Pollutants (HAPs)**
  - Vectren fleet is well positioned to comply with rules as currently proposed
- **Clean Water Act 316(b)**
  - Anticipate ability to comply with draft regulation without significant plant modifications
    - A.B. Brown Station: Cooling Towers
    - F.B. Culley Station and Warrick 4: once through cooling systems on Ohio River
- **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

MISO Related Activities

- **Transmission Reliability**
  - Significant investments in the transmission system
    - Interchange Capability improvement of approximately 200 MWs above 2010 capability
      - AB Brown to Big Rivers Reid Station 345 kV line to be completed in 2012
    - System Reliability
      - Alcoa Warrick Operations reliability enhancements
      - SCADA communications enhancements

Cyber Security

- Vectren safeguards both customer and corporate data using a series of protections to detect and thwart cyber threats
  - Systems and procedures are monitored and tested regularly
  - Vendors proactively update systems to enhance integrity
- Vectren has developed a robust Critical Infrastructure Protection (CIP) program to comply with NERC requirements
  - Cross Department teams to include TSO, Generation, Engineering, IT, HR, Corporate Security, and others have been established.
  - Policies and procedures developed
  - Staff members have been added to ensure compliance
  - Reliability First audit completed during 2010

Electric DSM Programs

- **Actively engaged with Demand Side Management Coordination Committee (DSMCC) in support of Phase II generic DSM Order in Cause No. 42693**
- **Third party statewide program administrator and evaluation administrator selections currently being challenged by interveners**
- **Core Plus programs currently offered (implemented in 2010)**
  - Residential Refrigerator& Window A/C Recycling
  - Residential New Construction
  - Commercial New Construction
  - Commercial Audit & Custom Efficiency
- **Core programs currently offered**
  - Residential Lighting (implemented in 2011)
  - Low Income Weatherization (implemented in 2011)
  - School Education (implemented in 2010)
- **Core programs planned for implementation in 3rd quarter 2011**
  - Residential Audit & Direct Install
  - Commercial & Industrial Prescriptive
- **Vectren estimated MWh savings goals:**
  - 2011 – 38,098*
  - 2012 – 46,506*
  - 2013 – 56,046*

  *Dependent upon approval of Cause No. 43938 and DSMCC selected statewide Third Party Administrator (TPA) to meet savings targets

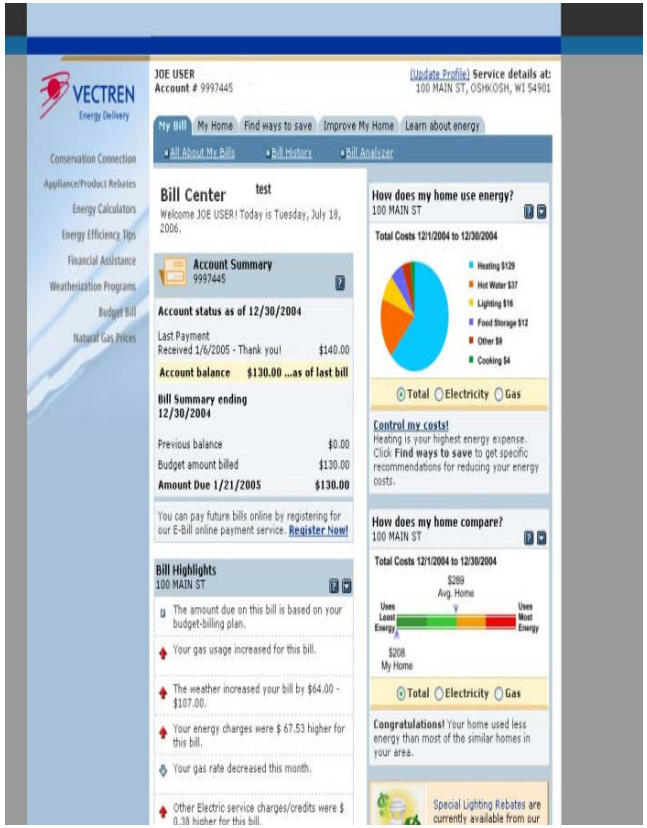
2011 Electric DSM Programs

Program	Participants/Measures	Energy Savings (MWh)	Peak Demand Savings (kW)	Annual Budget ($000)
Residential Refrigerator Recycling	1,200	1,976	228	$270
Residential Window A/C Recycling	200	21	180	$28
Residential New Construction	25	24	5	$120
Residential HVAC	1,520	737	412	$472
Residential Multi-Family	1,500	1,056	168	$213
Residential Lighting*	97,000	6,596	388	$806
Low Income Weatherization*	435	844	113	$1,247
School Education*	3,200	1,984	346	$472
Residential Audit & Direct Install*	2,500	1,760	280	$631
Residential Behavioral Savings	24,250	6,790	1,213	$420
Total Residential	***131,830***	***21,788***	***3,333***	***$4,679***
Commercial & Industrial Custom	124	2,053	357	$824
Commercial & Industrial Prescriptive*	1,033	13,697	2,066	$2,079
Commercial & Industrial New Construction	20	560	108	$311
Total Commercial & Industrial	***1,177***	***16,310***	***2,531***	***$3,214***
Total Program Targets	**133,007**	**38,098**	**5,864**	**$7,893**

*Pending approval of Cause No. 43938

Online Conservation Tools

- Tools include-
  - Bill Analyzer
  - Online Energy Audit
  - Conservation Tips
  - Rebate Information
- The monthly average number of customer “hits” for the bill analyzer/energy audit is nearly 5,000

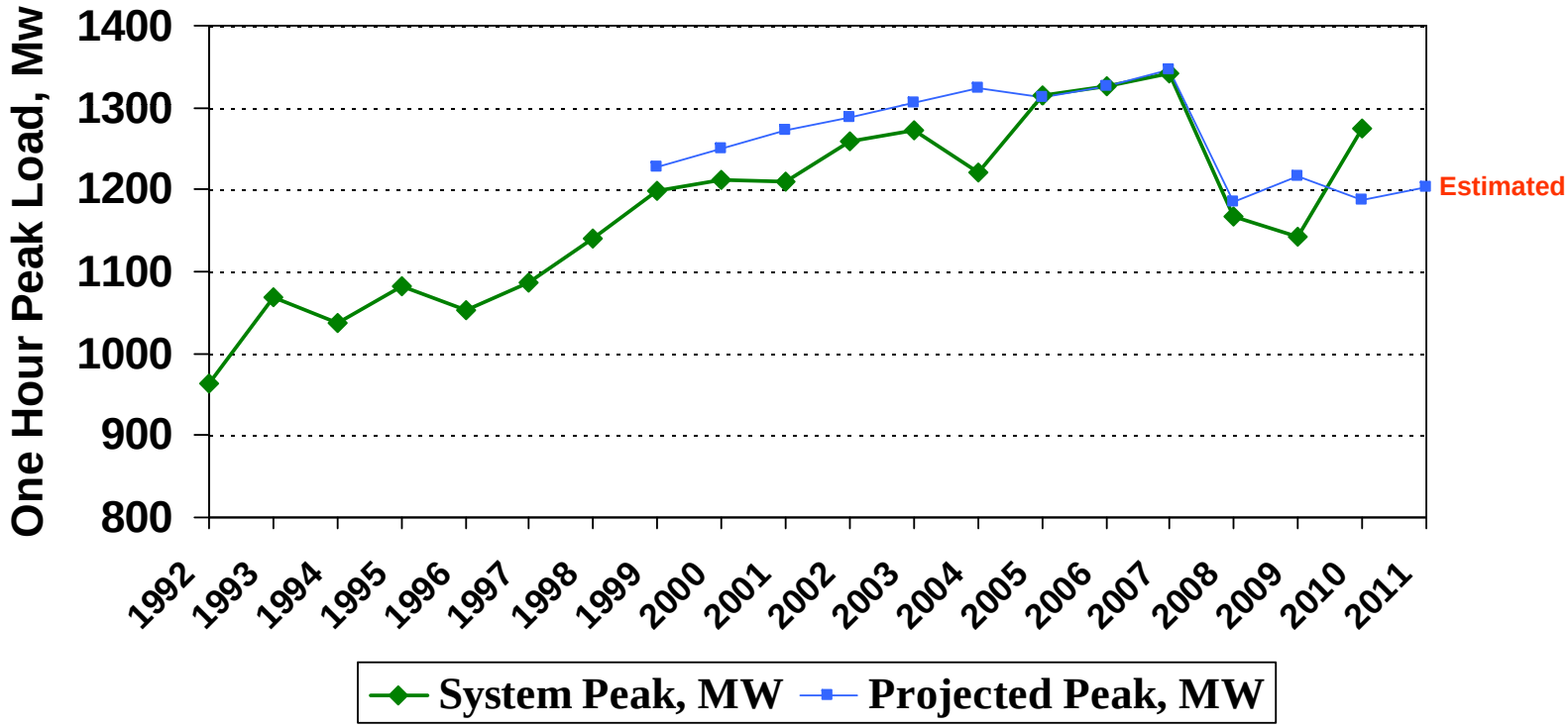


Appendix

Vectren System Capacity
Summer Supply Resources

- Coal Generation	1000 MW
- Combustion Turbine	295 MW
- OVEC (Ohio Valley Electric Corporation)	30 MW
- Purchased Capacity	100 MW
- Renewable Capacity Credit (per MISO)	6 MW
Supply Side Resources	1431 MW
- Interruptible Customers / Demand Response	60 MW
TOTAL	1491 MW

Summer Peak Load Demand Forecast



2009 economic conditions

2010 weather (102 degF peak day)

Contingencies to Meet Summer Projected Peak

- MISO Contingency Reserves — MISO Controlled
- Capacity Contract — 100 MW
- Contractual Capacity Reserves — 60 MW
  - Industrial Interruptible
  - Direct Load Control
- Internal Use Reduction Plans — 10 MW
- Conservation Request — 30 MW
- Emergency Load Reduction Plan — Last Resort

Electric Reliability

Transmission / Distribution (excluding major events)

• SAIDI (Minutes)	2005	2006	2007	2008	2009	2010
	137	151	89	133	110	89

• SAIFI (Outages)	2005	2006	2007	2008	2009	2010
	1.68	1.51	1.23	1.42	1.20	1.02

• CAIDI (Minutes)	2005	2006	2007	2008	2009	2010
	82	100	72	94	92	88

Generation

• EFOR –Equivalent Forced Outage Rate (percentage)

	2005	2006	2007	2008	2009	2010
•Culley	6.73	3.34	4.69	5.61	11.49	7.48
•Brown	3.67	3.62	4.47	4.87	3.45	10.47
•Warrick	10.39	10.33	15.24	10.54	6.32	6.46