

Energy Use in Indiana

INDIANA POWER PLANTS RANK 8TH IN THE NATION FOR ELECTRICITY SALES.

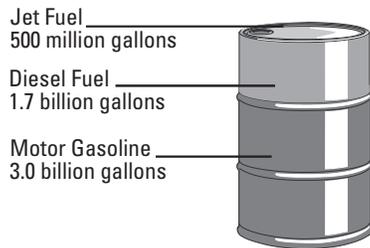
The Indiana electric industry includes utility and merchant power plants. In 2000, the total electric generation was 127,970 million kilowatt hours. Coal-fired power plants accounted for 94% of Indiana power generation and consumed nearly 59 million tons of coal.

Average retail rates of electricity in the state rank as the 9th lowest in the United States and have decreased by almost 40% (real terms) from the statewide average in 1986.

Indiana is a net exporter of electricity.

INDIANA'S TRANSPORTATION SECTOR IS PETROLEUM-BASED.

Indiana relies almost entirely on petroleum as a source of fuel for the transportation sector. Of the total petroleum energy consumption by the state, about 70% is used for transportation fuels.



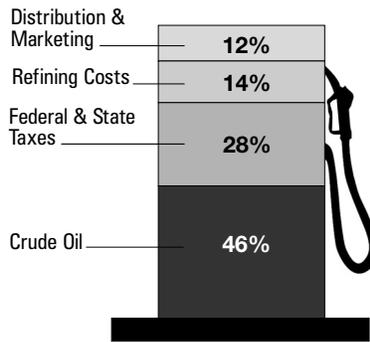
Indiana Annual Consumption of Fuel for the Transportation Sector.

THE SOUTHWEST REGION OF THE STATE HAS ABUNDANT COAL RESOURCES.

- Indiana produced approximately 38 million tons of coal in 2001 and was the #6 producer of coal in the U.S. Most of this coal is used by Indiana electric utilities.
- The demonstrated reserve base of coal in the state is nearly 10 billion tons.
- Approximately 25 to 30% of Indiana's annual energy needs come from indigenous resources consisting mainly of coal.

WHAT DO WE PAY FOR IN A GALLON OF REGULAR GRADE GASOLINE?

2000 U.S. average retail price: \$1.48/gallon

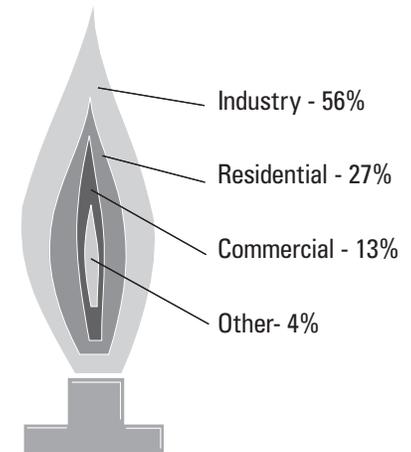


Generally, fluctuations in the crude oil prices have the largest impact on gasoline price swings. Other factors that affect gasoline prices include seasonal demand, local retail station competition, and supply availability. Also, refinery and/or pipeline outages may cause prices to surge.

ESTIMATES OF PRIMARY FUEL DEMANDS IN INDIANA

Fuel Use	Primary Fuel
40% is for generation of electricity at power plants.	coal
22% is for transportation fuels.	petroleum
26% is for non-electric boilers, heaters, and furnaces in residential, commercial, and industrial applications.	natural gas
12% is for non-energy use in products.	mix

NATURAL GAS CONSUMPTION BY SECTOR



INDIANA'S ENERGY CONSUMPTION AND EXPENDITURES BY SECTOR, 1999

Consumers in Indiana spend more than \$14 billion per year on energy expenditures with purchases of petroleum and natural gas accounting for almost 2/3 of the total. Electricity expenditures are 1/3 of the total.

Sector	Energy Consumption** (%)	Energy Expenditures (\$ Billion)
Residential	10.6	3.2
Commercial	5.9	1.7
Industrial	36.2	4.3
Transportation	23.6	5.0
Electrical System Losses*	23.7	---
Total	100.0	14.2

* This is the sum of energy lost during generation, transmission, and distribution of electricity used by all sectors.

** This does not include energy used for exports of electricity.

PRIMARY SOURCES OF ENERGY IN INDIANA

