

2013 Summer Reliability Duke Energy Indiana



May 15, 2013

Safe Harbor Statement



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Presentation Team



- Doug Esamann, President, Duke Energy Indiana
- Melody Birmingham-Byrd, Senior Vice President, Midwest Delivery Operations
- Steve Immel, Vice President, Midwest Regulated Generation Operations

Overview of Presentation

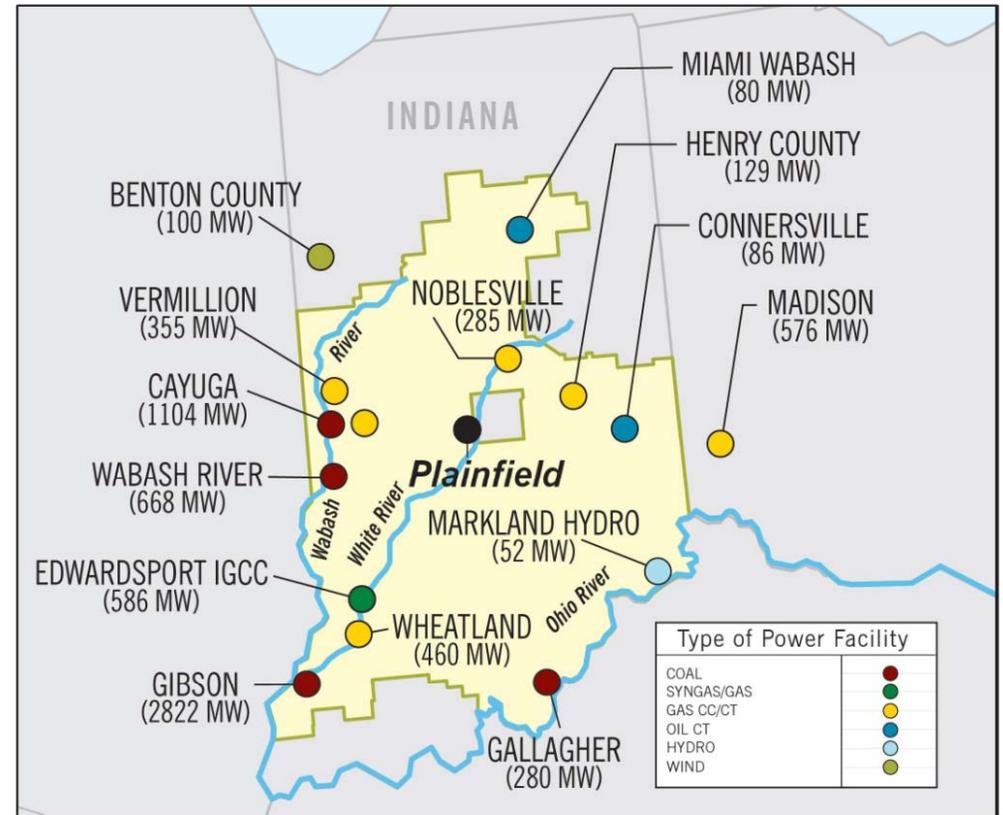


- Duke Energy Indiana at a glance
- Operational challenges / accomplishments since summer 2012
- Preparation for summer 2013
- Long-term outlook

Duke Energy Indiana At A Glance



- Coverage: 69 of 92 counties
- 790,000 Customers
- Capacity by fuel type
 - Coal 64%
 - Syngas/Gas 8%
 - Gas 25%
 - Oil 2%
 - Hydro <1%
- Joint Transmission System: 5,788 miles of transmission lines*



Summer installed capacity (ICAP) ratings shown

* Including IMPA's and WVPA's ownership

Operational Challenges/Accomplishments Since Summer 2012



Transmission & Distribution

- Challenges
 - June 29th storm
- Accomplishments
 - Three self-healing distribution teams

Generation

- Challenges
 - 2012 drought
 - Cycling coal stations due to low gas prices
- Accomplishments
 - Edwardsport IGCC
 - Noblesville Station all-time generation record



Bloomington Self-Healing Recloser Team



Wabash River During 2012 Drought



Edwardsport IGCC Plant

Operational Challenges: Summer 2012 Drought

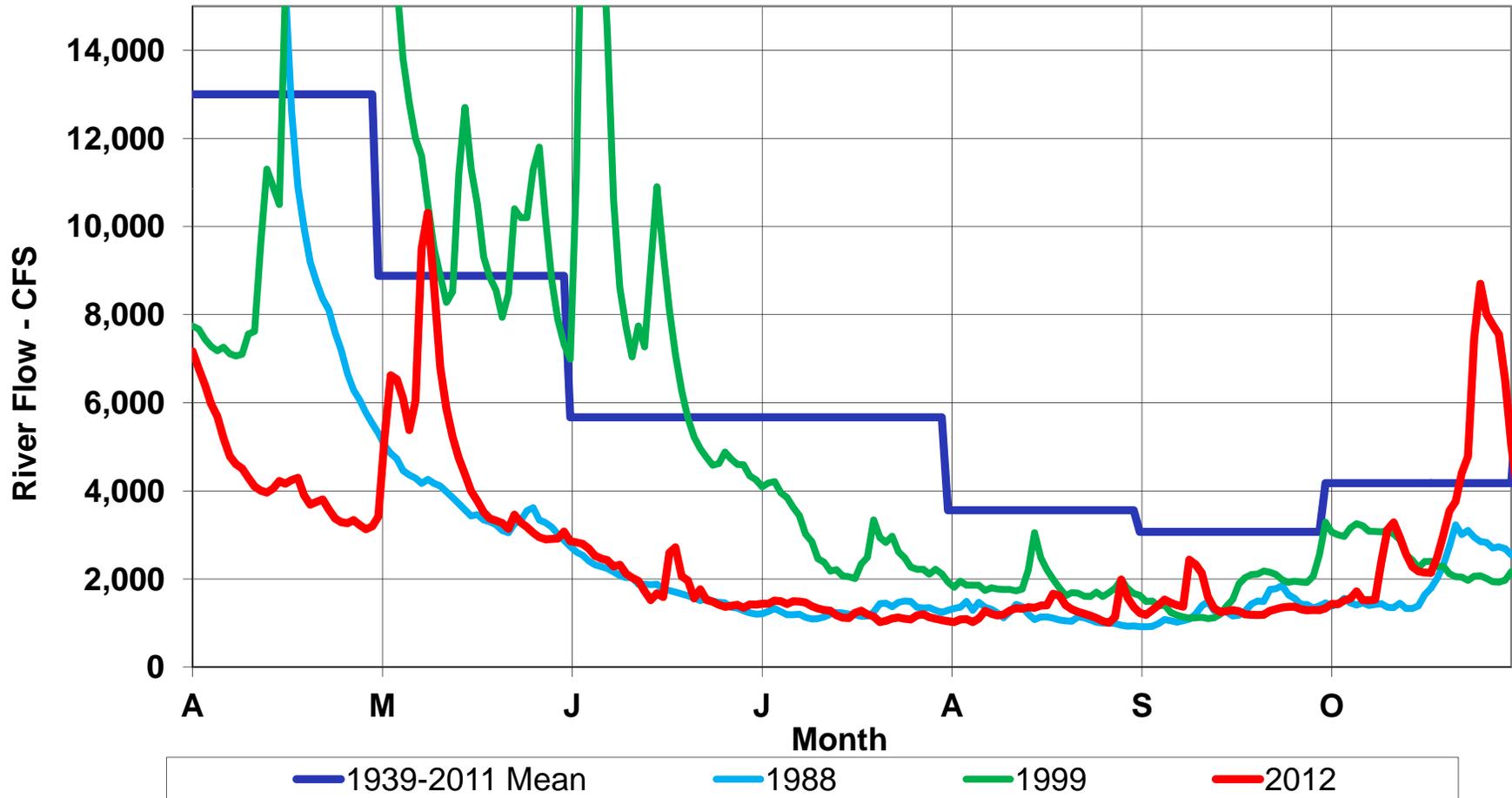


Wabash River During Summer 2012 Drought

Operational Challenges: Summer 2012 Drought



Historical River Flow at Cayuga (April - October Months)



Operational Challenges: Summer 2012 Drought

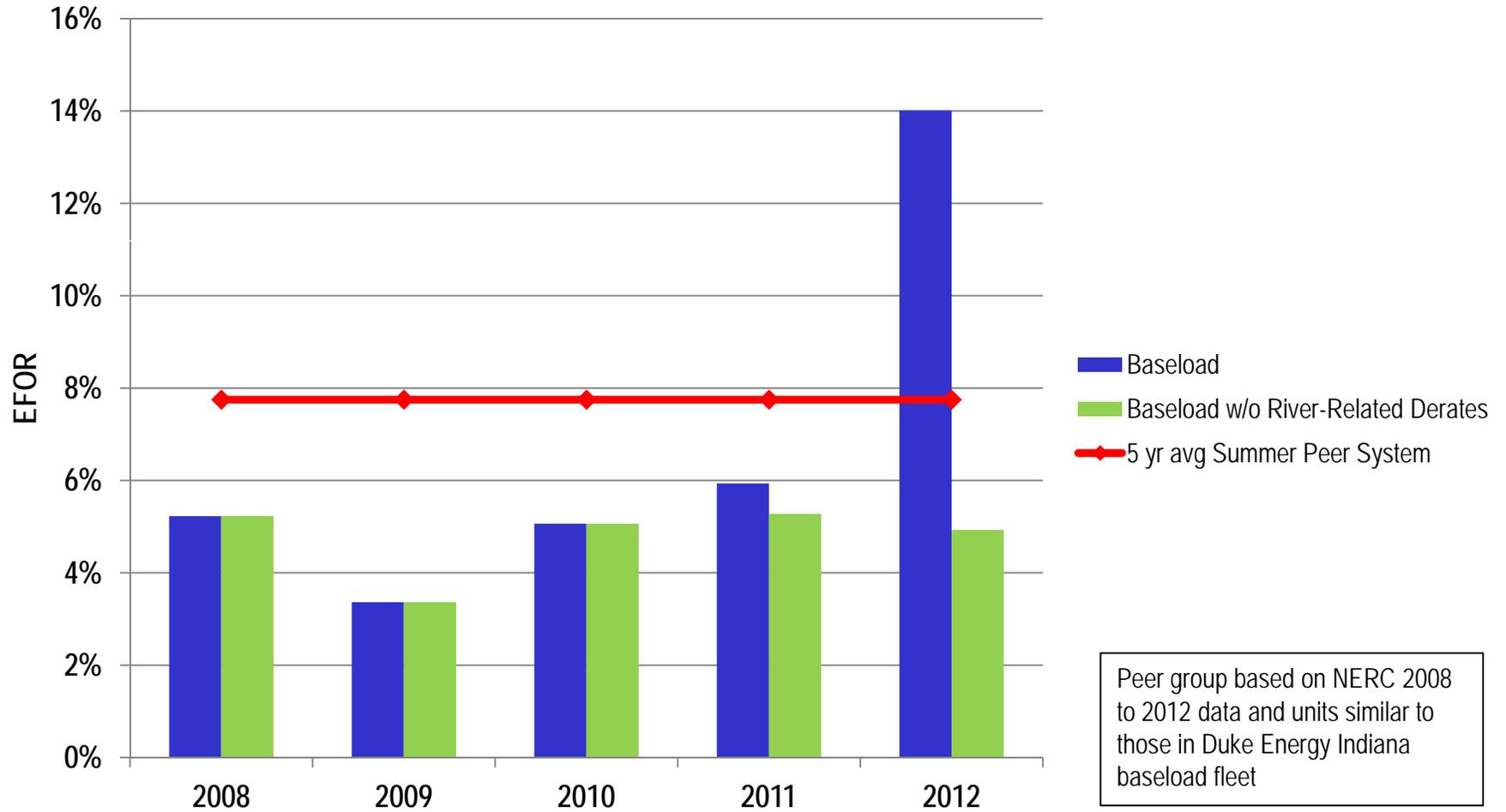


- River flow/levels created challenges in 2012 in addition to river temperature limitations experienced in past years
 - Duke Energy Indiana experienced derates/outages due to insufficient flow to keep condenser circulating systems in service
 - For extended periods, the Wabash River was only 4-6 inches deep
 - IPL experienced derates/outages due to NPDES Permit restrictions associated with low level and high temperatures (>90°F) in the Wabash River
 - NIPSCO suspended hydro operations at 2 dams
 - I&M managed issues with barge loading for coal delivery to 2 plants on Ohio River
- Drought highlighted differing objectives between entities/agencies
 - MISO Reliability vs. IDEM/EPA
 - FERC vs. Fish & Wildlife

Preparation for Summer 2013: Equivalent Forced Outage Rate (EFOR)



Duke Energy Indiana Summer Baseload EFOR



Preparation for Summer 2013: Generation System

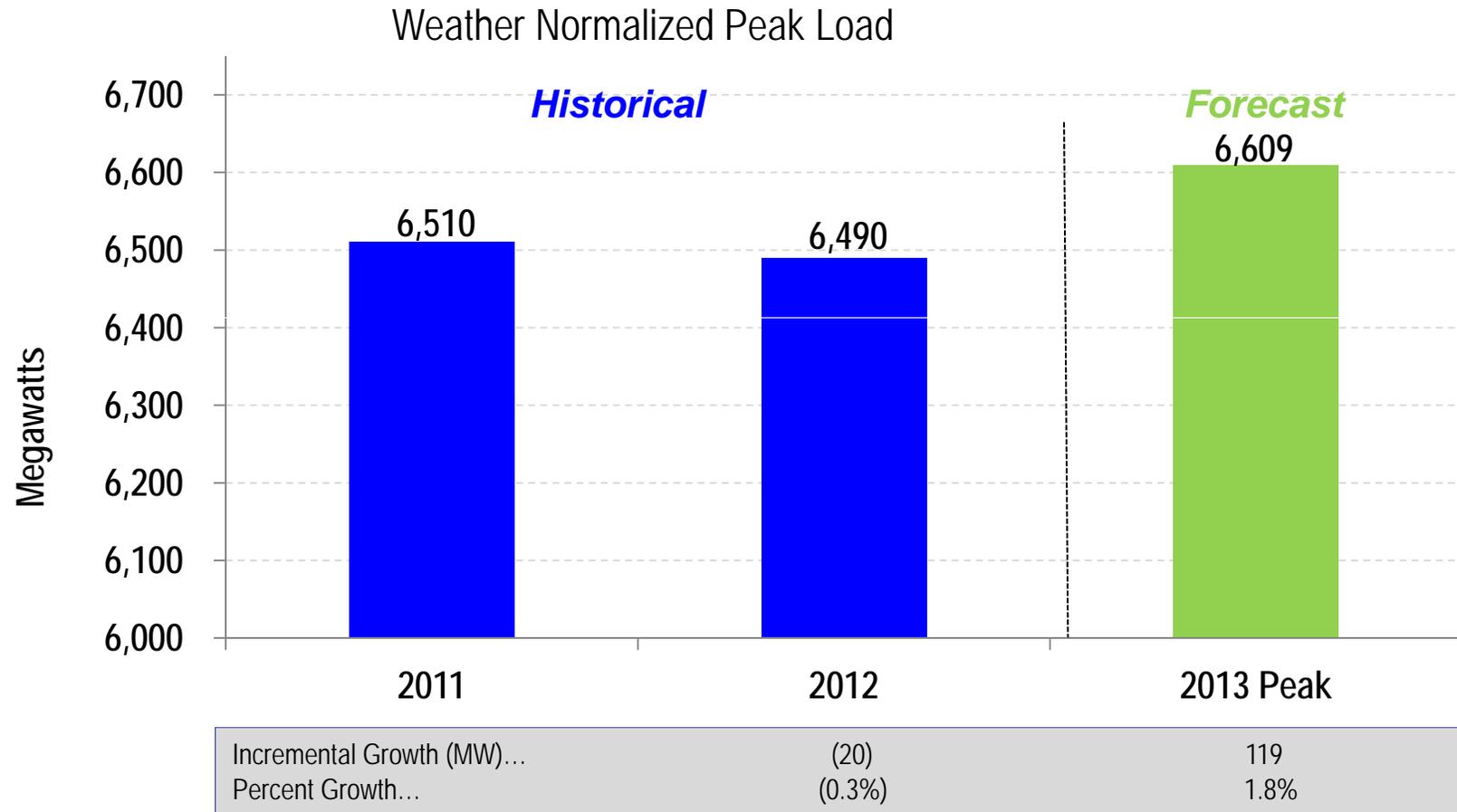


- Over 43 weeks of maintenance outages performed spring 2013
 - \$34M of investments
- All units to be available this summer with the possibility of derates at Wabash River and Cayuga due to low river conditions
- Continued focus on:
 - Summer reliability
 - A program of “availability outages”
 - System-wide and plant-wide contingency planning



Gibson Unit 2

Preparation for Summer 2013: Peak Demand Forecast

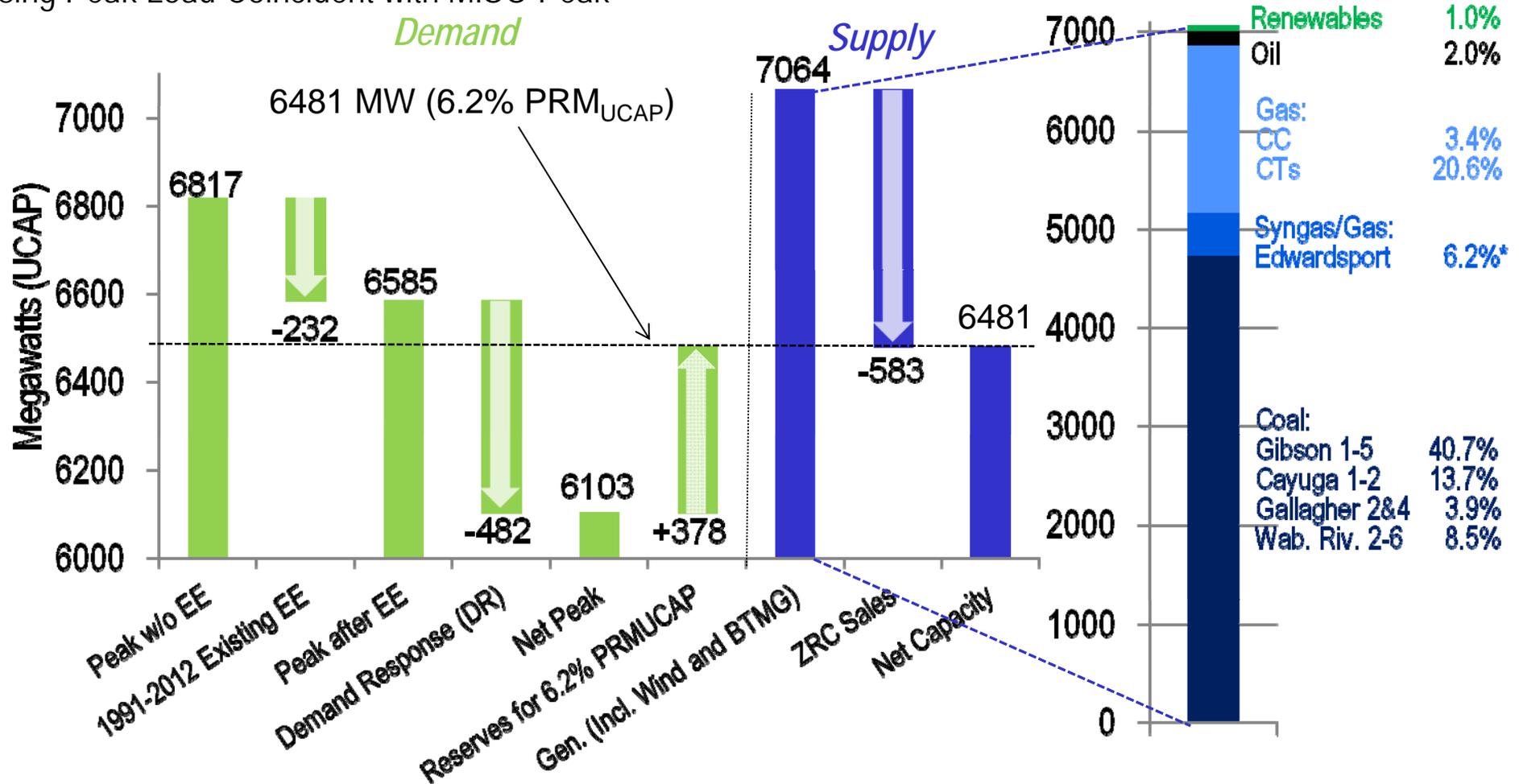


Notes: 1) 2013 Peak shown (July) is non-coincident with MISO peak and is net of 36.7 MW incremental EE.
 2) Peak coincident with MISO Peak is 6585 MW and is not net of incremental EE due to MISO M&V requirements.

Preparation for Summer 2013: Supply / Demand Balance for Summer 2013



Using Peak Load Coincident with MISO Peak



*Using February tested capacity (pre-in service)

Preparation for Summer 2013: Energy Efficiency and Demand Response Programs



- From 1991 through 2012, Energy Efficiency (*i.e.*, conservation) programs have achieved:
 - Approximately 232 Net MW of annual peak demand reductions
 - Over 1,025,000 Net MWh annual energy reductions

- 2013 projected Demand Response reductions in July (adjusted for losses where applicable):
 - Special contracts (*e.g.*, interruptible) 129 MW
 - PowerShare[®]
 - CallOption (customer contractual commitment)
 - Demand Resources (DR) 308 MW
 - Behind-the-Meter Gen. (BTMG)* 17 MW
 - QuoteOption (voluntary, yet compensated)** 4 MW
 - Power Manager – direct load control 45 MW



* ICAP Value; not adjusted for losses

** Due to its voluntary nature, QuoteOption cannot be counted for MISO Resource Adequacy

Preparation for Summer 2013: Transmission & Distribution System Investment



Gibson Station Bus Work



Road Relocation Work
near Burrows

\$177M in long-term T&D investments in 2013 for load growth and system enhancements

- Noblesville NE to Geist Jct new 69 kV line
- Noblesville Plant to Noblesville Jct 69 kV upgrade
- Franklin Sub to Forsythe St new 69 kV line
- Shelbyville NE to Knauf upgrade 69 kV line
- Crawfordsville to Concord Jct upgrade 138 kV
- Carmel SE Sub to Cumberland Jct new 69 kV
- Hortonville to Westfield Jct 69 kV upgrade
- Brownsburg - Avon East upgrade 138 kV line
- Kokomo Webster St replace 230 kV breakers
- Fishers 106th St. 69/12 kV new substation
- Sunman 138/12 kV new substation
- Seymour Cummins 69/12 kV new substation
- Bruceville 138/12 kV new substation
- Campellsburg 138/12 kV new substation
- Ellettsville 69/12 kV upgrade
- Carmel SE 69/12 kV upgrade

Preparation for Summer 2013: Transmission & Distribution System Readiness



- Annual System Optimization Study
 - Summer peak voltage support
 - Loading optimization
 - Capacitor inspection and repair
- Material Inventory Review
- Resources Availability During Major Events
 - 1335 Midwest Distribution
 - 476 Midwest Transmission
 - 2600 support from other jurisdictions
- Regional Mutual Assistance Group (RMAG)
 - Great Lakes
 - Southeast Electric Exchange
- Mobile Substation Readiness
 - Indiana 16 units from 750 kVA to 30 MVA
 - Ohio 8 units from 4 MVA to 78 MVA



15 MVA 69/12 kV Mobile Substation

Long-Term Outlook: Transmission & Distribution



Terre Haute 13847 Line



Vegetation Management

- Grid Reliability and Integrity
 - Replace aging infrastructure
 - Poles, protective devices, transformers
 - Increase functionality
 - Integrated telemetry
 - Control
 - Communications
- Vegetation Management
- Mobile Data
 - Data integration
 - Improved information latency

Long-Term Outlook: Compliance with EPA Regulations



- Investments for EPA compliance (2000 - 2012)
 - NOx SIP Call \$ 728M
 - CAIR/CAMR \$1,078M
 - MATS \$ 56MIncludes \$123M investment since 1/2009
- Implementing Phase 2 MATS compliance plan
- Continuing MATS compliance planning, including stack testing
- Planning for future regulations
 - Greenhouse gases
 - 316(b)
 - Coal Combustion Residuals
 - Effluent Guidelines
 - NAAQS
 - Tracking court challenges
- Resource mix continues to shift from coal to gas
 - Wabash River Units 2-5 likely to be retired
 - Wabash River Unit 6 likely to be converted to natural gas or retired



Cayuga SCR Ammonia System Foundations



Stack Testing on Gibson 5



Sorbent Trap

Long-Term Outlook: Generation

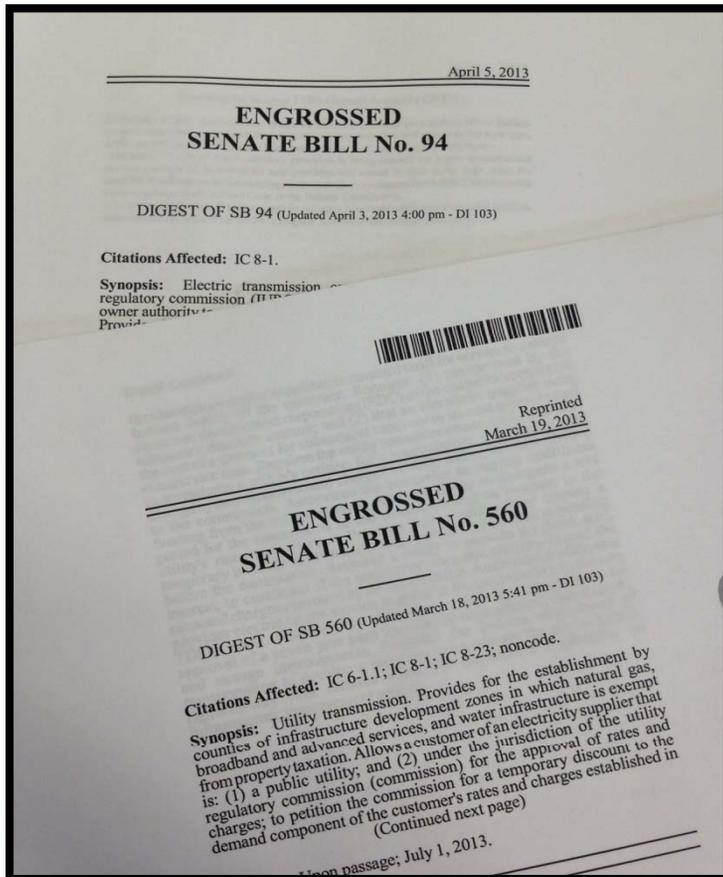


- Low load growth
- Increasing EE
- EPA regulations will continue to put pressures on existing coal-fired plants
- New generation is expected to be gas-fired CTs/CCs and renewables
- Distributed generation will likely increase
- Battery storage



Clay Terrace

Long-Term Outlook: 2013 Legislation Impact



Positive Impact for Duke Energy Indiana and Its Customers

SB 560 – Transmission, Distribution, Storage Improvement Charge (TDSIC)

- Allows for timely T&D investment for system modernization
- Currently analyzing seven-year plan; no immediate plans to file

SB 560 – Forward Test Year/Statutory Deadline/Interim Rates

- Test period flexibility aligns rates more closely with actual costs
- New rate case procedural schedule promotes efficiency

SB 94 – Right of First Refusal (ROFR)

- Maintains incumbent control over reliability of the system
- Advances larger and critical transmission projects

Duke Energy Indiana is prepared with adequate resources and infrastructure to meet its customers' needs during summer 2013.

