



IPL's 2009 Summer Capacity

Presentation to IURC

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Supporting Staff

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Presentation Overview

- Customer demand assessment
- Customer Demand Response options
- Installed Capacity
- Planning Reserve margins
- Equivalent Forced Outage Rate (EFOR)
- Significant Events
- Tree Trimming Practices
- Future Opportunities



IPL Historical Summer Peaks

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
MW *	3,118	3,116	3,139	2,844
Date	July 25	July 31	August 8	Sept 2
Hour	4:00 PM	4:00 PM	3:00 PM	3:00 PM
Temp.	95°F	93°F	94°F	91°F

*Net Demand—these peaks are net of demand response resources that were called (except for 2008)



IPL 2009 Summer Projected Peaks (MW)

	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>
Total Demand	2,938	3,176	3,082	2,697
Demand Response	76	76	76	38
Net Demand	2,862	3,100	3,006	2,659



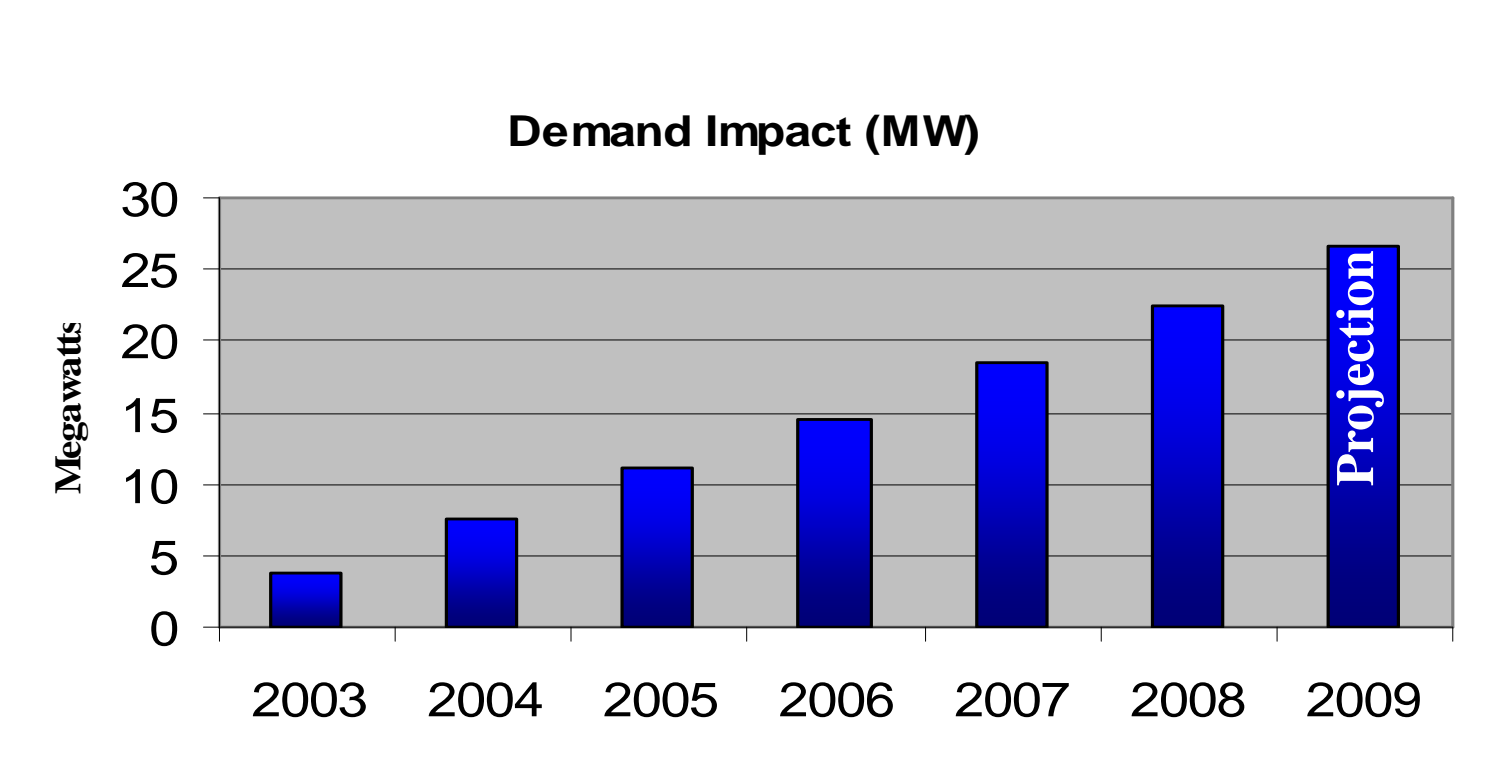
Customer Demand Response Options Summer Demand Impacts (MW)

Projected
2009

Real-time interruptible	12
Customer-owned generation	36
Other interruptible	2
Air Conditioning Load Mgmt	26
Total	76



Demand Response-ACLM "CoolCents"





IPL Installed Capacity

Unit Type	Fuel	MW	%
Steam Turbine	Coal	2,645	79.4%
Steam Turbine	Oil	138	4.1%
Combustion Turbine	Oil	60	1.8%
Combustion Turbine	Gas	316	9.5%
Combustion Turbine	Dual (oil/gas)	160	4.8%
Generator	Diesel	14	0.4%
		3,333	



Establishing Planning Reserve Requirements 2008

IPL was a member of the MISO
Planning Reserve Sharing Group

- Reserve Margin was 14.3%

- Planning Reserve Requirement (MW)

 - Net Demand x 1.143



Establishing Planning Reserve Requirements 2009

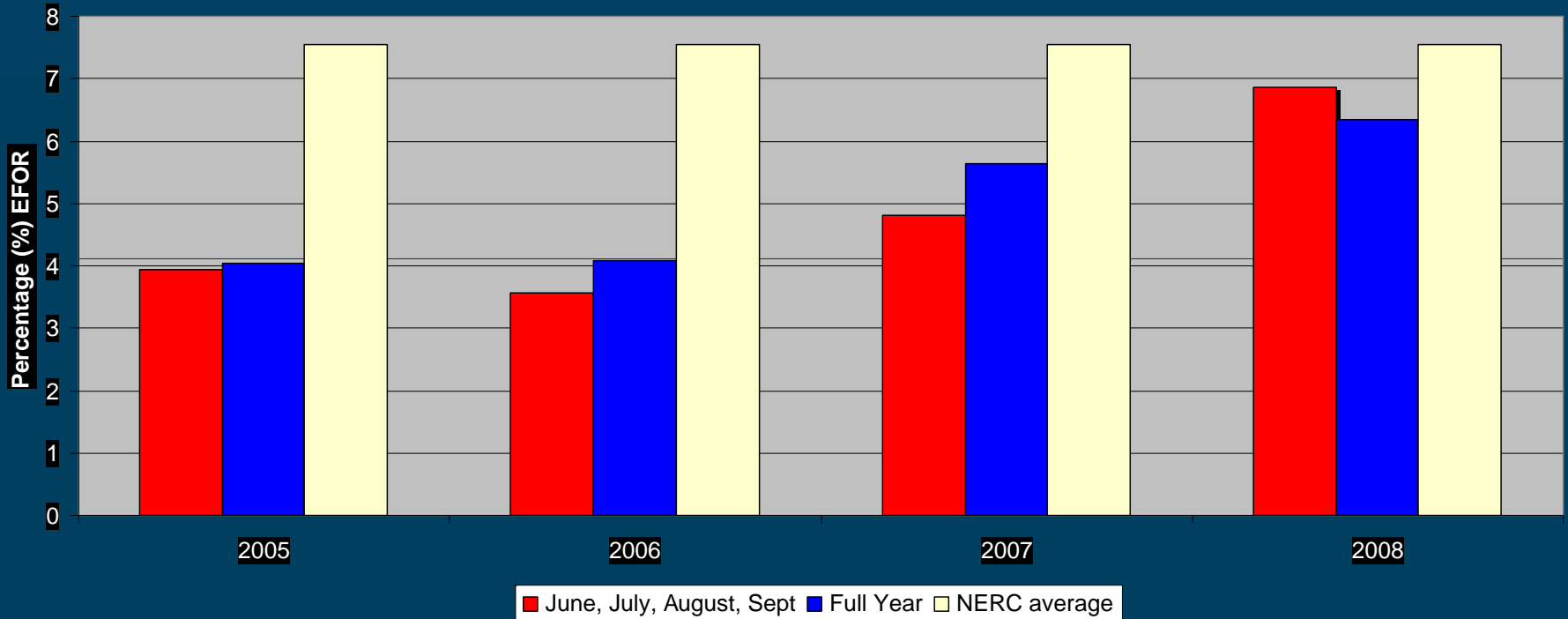
- MISO now establishes IPL's Planning Reserve Requirement
- Reserve Margin (%) after accounting for MISO coincident peak is 12.69%
- Resources credited at Unforced Capacity levels
 - After taking into account unit specific, historic unavailability
- Planning Reserve Margin UCAP (%) (PRM_{UCAP})
 - Planning Reserve Margin corrected for MISO system average unit unavailability
 - 5.35% = UCAP Reserve Margin
- UCAP Planning Reserve Requirement (MW)
 - Net Demand x 1.0535



Establishing Planning Reserve Requirements (MW)

	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>
UCAP Planning Reserve Requirement	3,015	3,266	3,167	2,801
IPL Resources (MISO UCAP Ratings)	3,125	3,125	3,125	3,125
IPL Position Prior to Accounting for Capacity Sales & Purchases	+110	-141	-42	+324
IPL Net Sales (-) & Purchases (+)	-110	+145	+145	-55
Current IPL Position	even	4 Long	103 Long	269 Long

Equivalent Forced Outage Rate (EFOR)—Base Load Units



EFOR is an industry measure that represents the effect on unit reliability due to unit forced outages and/or unplanned derates.

NERC 5 yr average EFOR of 7.55% is used (for the period 2003-2007)



2008 Weather Events



- Three Level 3 Storms—first time IPL has experienced multiple Level 3 storms in one year
 - May 30 Indianapolis Tornado
 - Worst damage since 1988 Ice Storm
 - June 9 Heavy Rain & Severe Thunderstorms
 - Eagle Valley Flood
 - Sept. 14 Hurricane Ike Remnants
 - Once our own repairs were made, IPL was able to send crews to assist Vectren and Dayton P&L



Hoosier Wind Project

IPL/enXco Wind Farm

- Purchase Power Agreement was approved by the IURC 10/01/08
- 20 year, 106 MW PPA
- Groundbreaking was on 4/17/09
- Projected to be in-service by 10/31/09
- Indiana has the fastest wind generation growth rate in the nation—IPL has an RFP out for up to 200 MW of additional renewable resources



IPL Tree Trimming Practices

- IPL trims and removes trees for safety and reliability purposes
- IPL follows ANSI A300 trimming standards
- We are committed to implementing the most appropriate scientific approaches and Industry Best Practices in order to promote both Safety and Reliability
- We have extensive communication processes in place to notify our customers of planned tree trimming

Energy Systems Network “Project Plug-IN”



- First of its kind commercial scale pilot of plug-in electric vehicles and smartgrid technology working together
- Pilot will span territories of IPL and a neighboring electric utility
- Indiana has the necessary manufacturing, technical expertise and support at all levels
- Nissan electric test vehicle shown above—Nissan plans to sell an all electric car in the U.S. beginning in 2010



Home Warranty and Service Program— Inside Electric LineProtect[®]

- Recently introduced to Residential customers
- IPL is partnered with a leading home service provider—Cross Country
- Three levels of service available to cover unforeseen electrical repairs or replacements
- No long-term commitment required



Next generation technology



- Implemented the use of Automated Meter Reading (one-way metering) for IPL’s energy-only meters nearly a decade ago
- Currently evaluating how to best leverage this technology and to phase in Advanced Metering Infrastructure (“AMI”) - two way metering
- Testing AMI in a sandbox proof of concept with Landis + Gyr
 - Primary focus is on demand-billed meters for this test
- Proposed testing of Home Area Networks within IPL’s DSM filing, pending before the IURC
 - Phase II of DSM filing will consider transition to AMI and time-based rates



Shaping the future

- Federal legislation has already and will continue to dictate significant change in the electric industry
 - IPL is actively pursuing the interests of our customers and other stakeholders through our individual efforts and through the collaboration of utilities via the Edison Electric Institute
- American Recovery and Reinvestment Act of 2009
 - IPL is exploring the possibility of stimulus funding opportunities, especially for our advanced DSM project
- Proposed Waxman-Markey Bill
 - Evaluating the possible impacts of this proposed bill
 - Working with the Indiana Energy Association to develop a consistent set of assumptions



Summary

- IPL plans for a 0.7% increase in the 2009 summer peak over the weather adjusted 2008 July peak
- IPL is well positioned to serve our customers this summer and be in compliance with MISO's planning reserve margin
- We are also taking steps to be prepared for summers to come