



A unit of American Electric Power

Summer Preparedness 2012

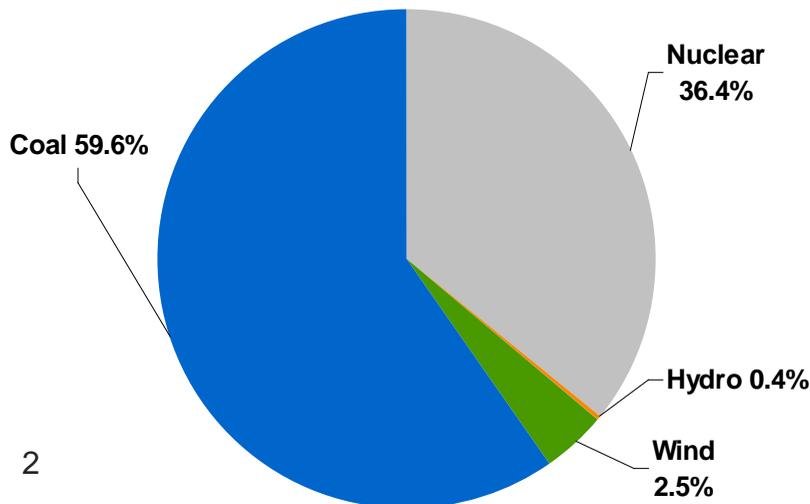
Paul Chodak III

President and Chief Operating Officer

May 30, 2012

I&M At-a-Glance

- Serving 455,000 Indiana customers in 24 counties
- 5,927 MW total rated capacity
- Average age of coal plants: 37 years
- 12.7 million tons of coal burned annually
- 3,980 miles of transmission lines



Two units
2,160 MW



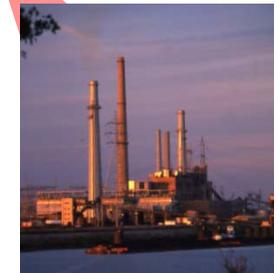
Purchased Power
Fowler Ridge 150 MW
Wildcat 1 100 MW (2013)



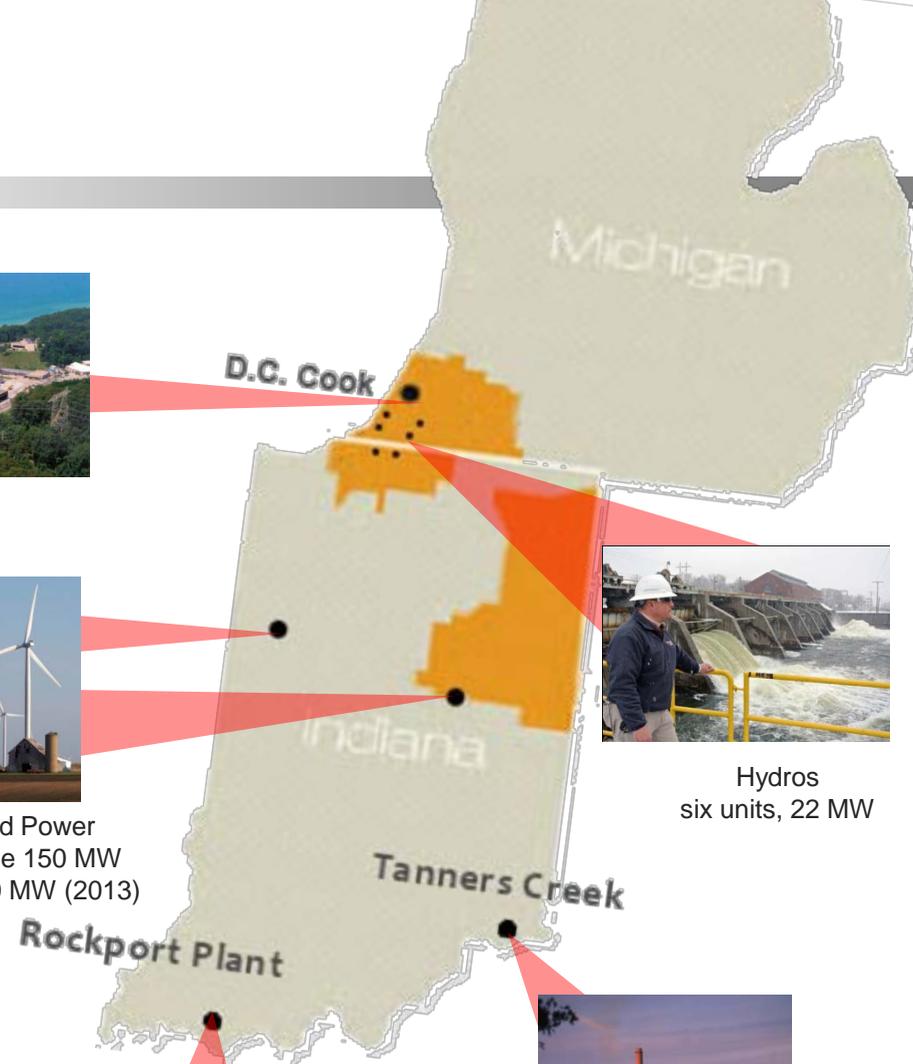
Hydros
six units, 22 MW



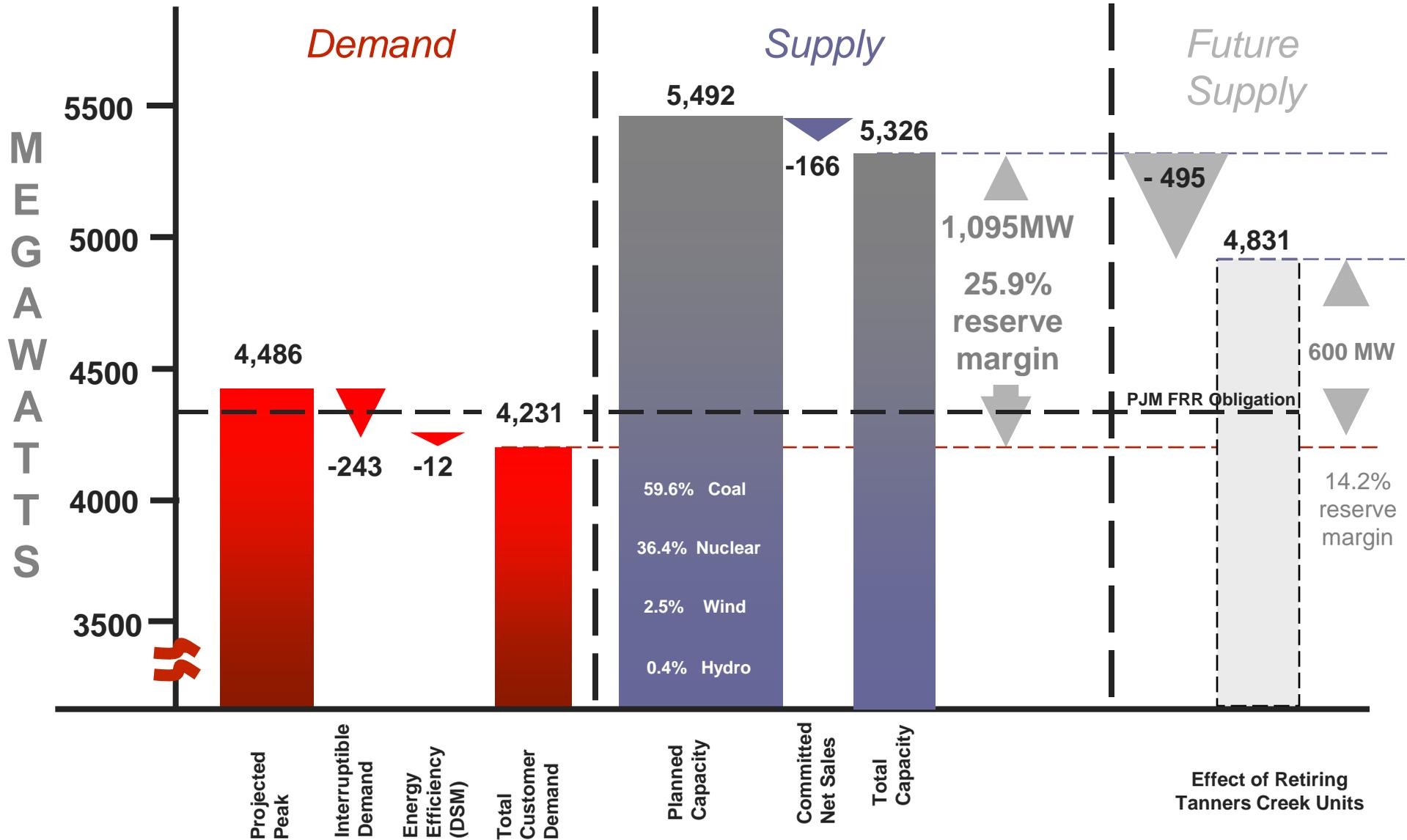
Two units
2600 MW



Four units
995 MW



Summer Energy Outlook



Based on August data: the month forecast for highest demand

Coal Generation

- Rockport
- Tanners Creek
- Environmental Regulations



All coal units are scheduled to be available

Nuclear Generation

Cook Nuclear Plant

- Life Cycle Management
- Dry Cask Storage
- EPA 316b Regulations
- Fukushima Impacts



Cook is preparing to meet the needs of I&M customers for years to come

Transmission



I&M and AEP are actively engaged in building new transmission in Indiana

- **IM Transco**
 - Separate affiliate for larger transmission projects
 - Relieves capital pressures on I&M
- **Transource Energy LLC**
 - FERC Order 1000
 - Competitive projects

Renewable Power and DSM

New Renewable Power Sources

- Wildcat 1 Wind Farm
 - Near Elwood, IN
 - 100 MW PPA with E.On
 - Power available by 2013
- Distributed Generation

Demand-Side Management

- Energy Efficiency Programs
 - 18 programs
 - New 3-year plan to be filed in 2013
 - Exploring ways to be more creative



Voltage Optimization

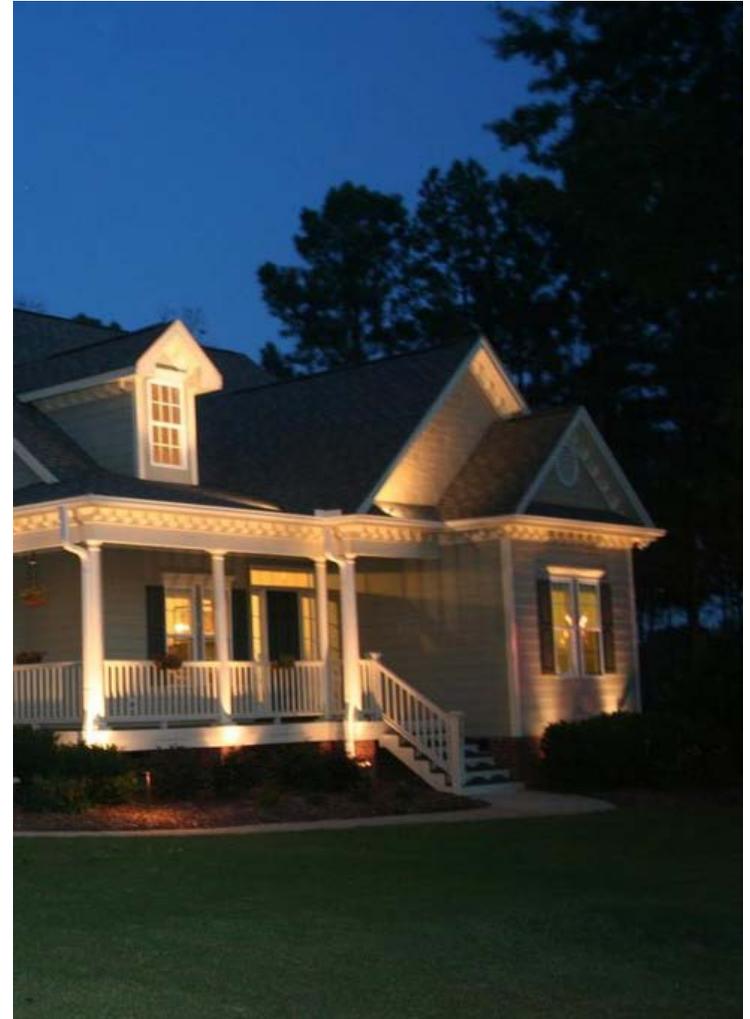
Voltage is normally sent out at the high end of the allowable range so it is still in acceptable limits when it reaches the end of the distribution line – an inefficient use of energy.

By reducing line voltage slightly, major savings are possible.

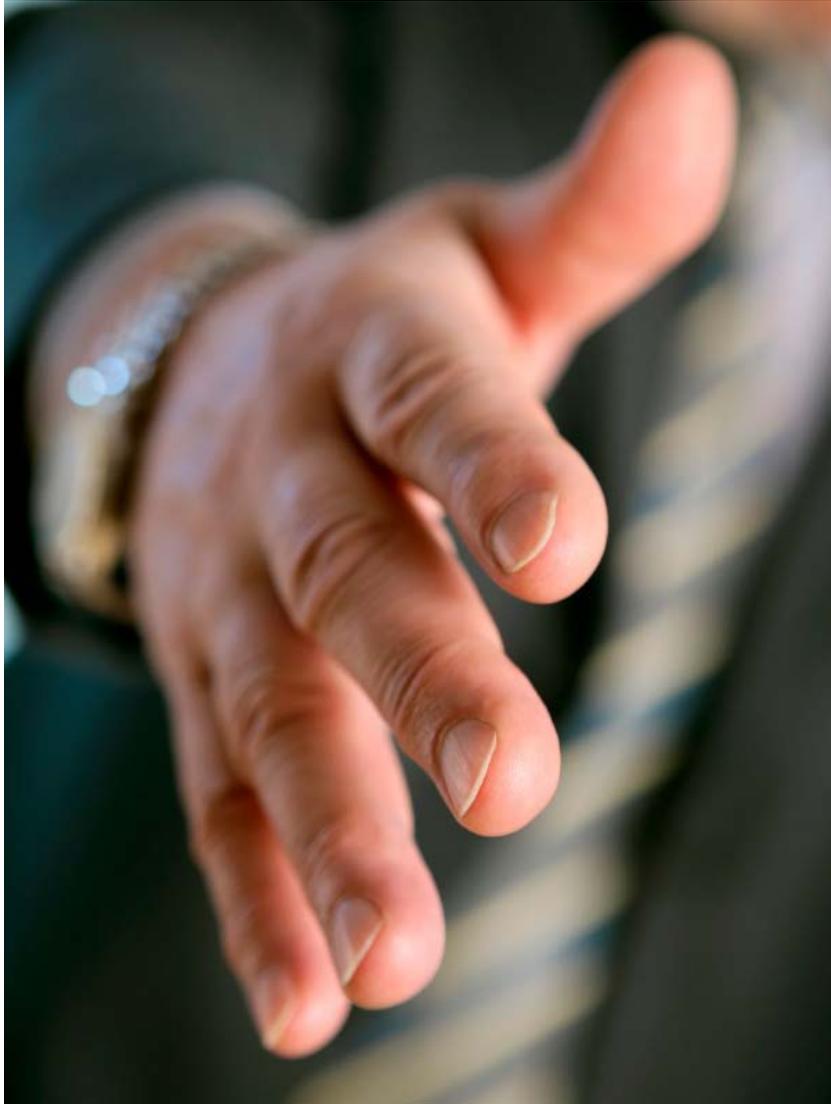
Automated controls ensure that circuits provide the right amount of voltage to each customer.

Voltage reductions are invisible to customers, but reduce overall energy consumption as much as 2-3%

Working within the Collaborative process



Local Banking Partnership



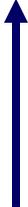
- Senior unsecured three-year loan agreement with regional and local banks
- Diversifies I&M's local lender base
- Promotes community prosperity within I&M service territory

Conclusion

Indiana Michigan Power is prepared with adequate resources and infrastructure to meet customer needs during summer 2012



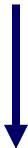
Environmental Regulations



Cross State Air Pollution (CSAPR)

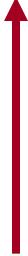
- Sets state-specific SO₂ and NO_x limits in two phases (now assumed 2012 & 2014)
- Initial compliance assumed January 2013

FINALIZED RULES



Mercury and Air Toxins (MATS)

- Sets HCl limit at 0.002 lb/mmBTU, PM limit at 0.030 lb/mmBTU, Hg limit at 1.2 lb/TBTU
- Compliance April 2015



Coal Combustion Residual (CCR)

- Requires lined wet ash ponds and/or conversion to dry ash handling
- Assumed finalization in late 2012

PROPOSED RULES



Water (316b)

- Impingement and entrainment requirements
- Assumed finalization by Mid-2012

Effluent Guidelines (EFG)

- Establishes wastewater discharge limits
- Assumed finalization by January 2014