



**VECTREN**

# **Summer 2008 Outlook**

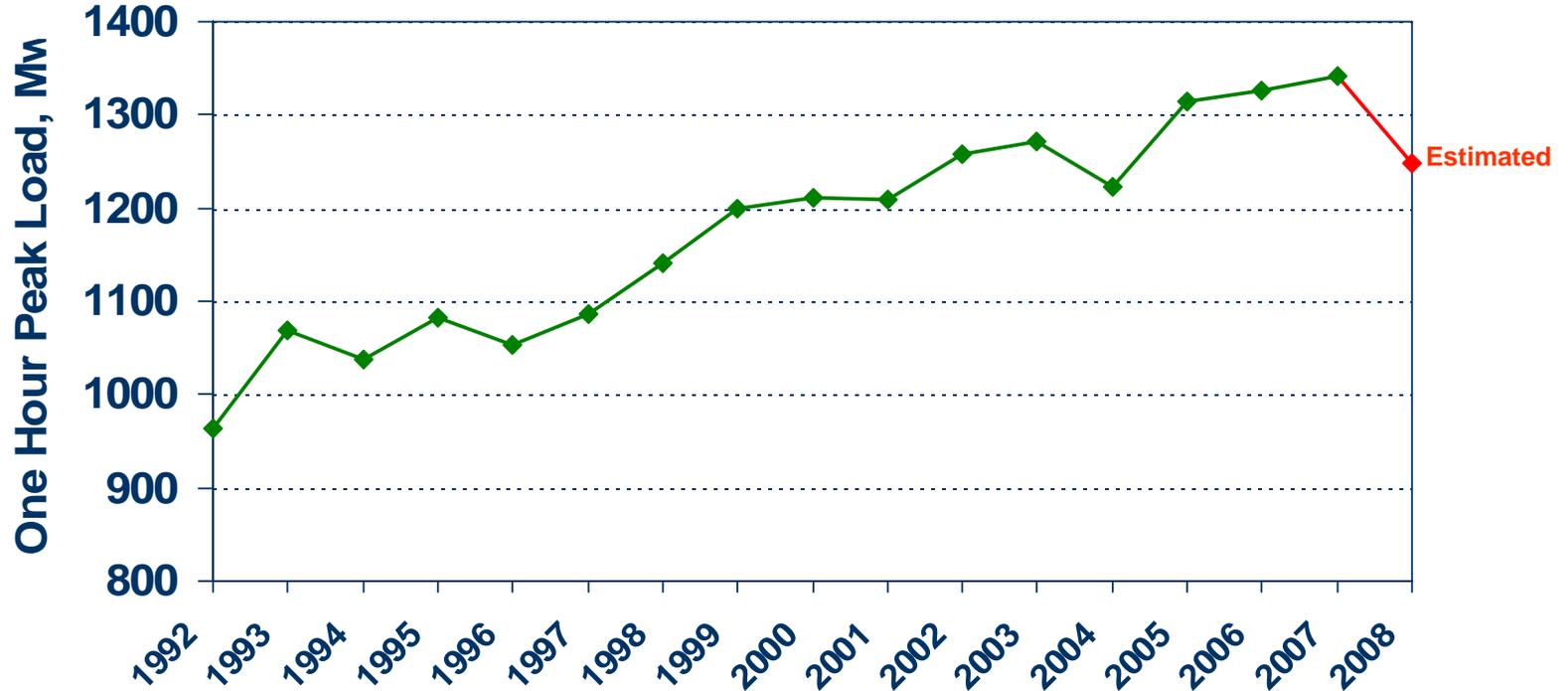
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# Summer 2008 Outlook

- Demand Forecast
- Supply Resources
- Demand Side Management
- Contingencies
- Operational Performance
- Asset Management
- MISO
- Conclusion

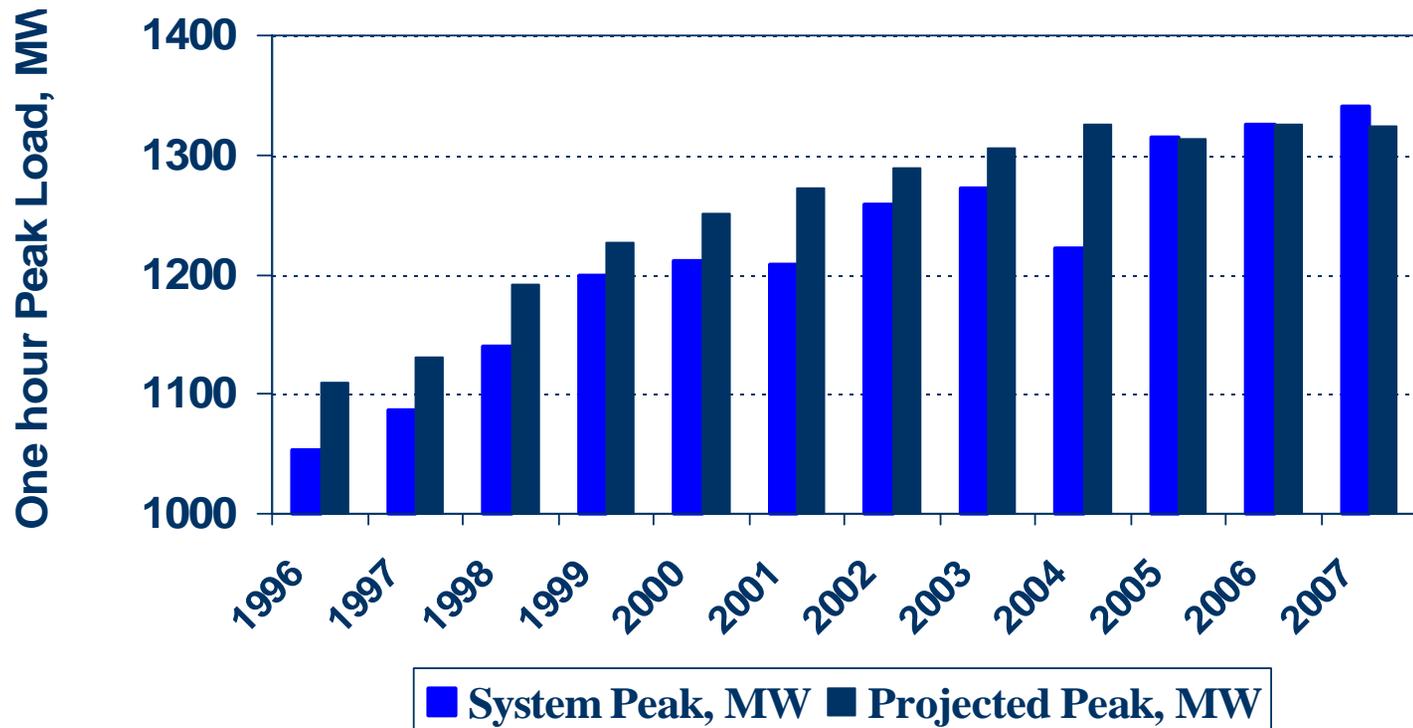
# Summer Peak Load

## Demand Forecast



# Summer Peak Load

## Peak Forecast vs Actual Peak



# Vectren System Capacity

## Summer Supply Resources

|   |              |
|---|--------------|
| - Coal Generation                         | 1000 MW      |
| - Combustion Turbine                      | 295 MW       |
| - OVEC (Ohio Valley Electric Corporation) | 30 MW        |
| -Purchased Peaking Capacity               | 100 MW       |
| <u>-Wind Capacity</u>                     | <u>5 MW</u>  |
| Supply Side Resources                     | 1430 MW      |
| <br>                                      |              |
| - Interruptible Customers                 | 38 MW        |
| - Direct Load Control, normal             | <u>25 MW</u> |
| TOTAL                                     | 1493 MW      |

# Vectren System Capacity Meet Summer Projected Peak

|                                |                     |
|--------------------------------|---------------------|
| - System Capability            | 1430 MW             |
| - Interruptible                | 38 MW               |
| - DLC (normal)                 | <u>25 MW</u>        |
| - Total Capability             | 1493 MW             |
| <b>2008 PROJECTED PEAK</b>     | <b>1183 MW</b>      |
| <b>-firm wholesale</b>         | <b><u>66 MW</u></b> |
|                                | <b>1249 MW</b>      |
| <b>Reserve Margin (19.5%)</b>  | <b>244 MW</b>       |
| <b>Capacity Margin (14.5%)</b> | <b>181 MW</b>       |

# Demand Side Management

## Meet Summer Projected Peak

- Continuation of Direct Load Control Program
  - 25-50 MW (based on cycling strategy)
  - 39,800 Residential Switches ( 25% of customers)
  - 2,400 Business Switches (4% of customers)
  - Marketing Efforts
    - Targeted Marketing to Multi-Family Residents
    - Newspaper Articles
    - Bill Inserts
    - Web Site ([www.vectren.com](http://www.vectren.com))
    - Future - new DSM thru collaborative
- Net Metering Tariff Available

# Contingencies

## Meet Summer Projected Peak

- MISO Automatic Reserve Sharing      **As Needed**
- Contractual Capacity Reserves      **25 – 150 MW**
- Internal Use Reduction Plans      **10 MW**
- Conservation Request      **30 MW**
- Emergency Load Reduction Plan      **Last Resort**

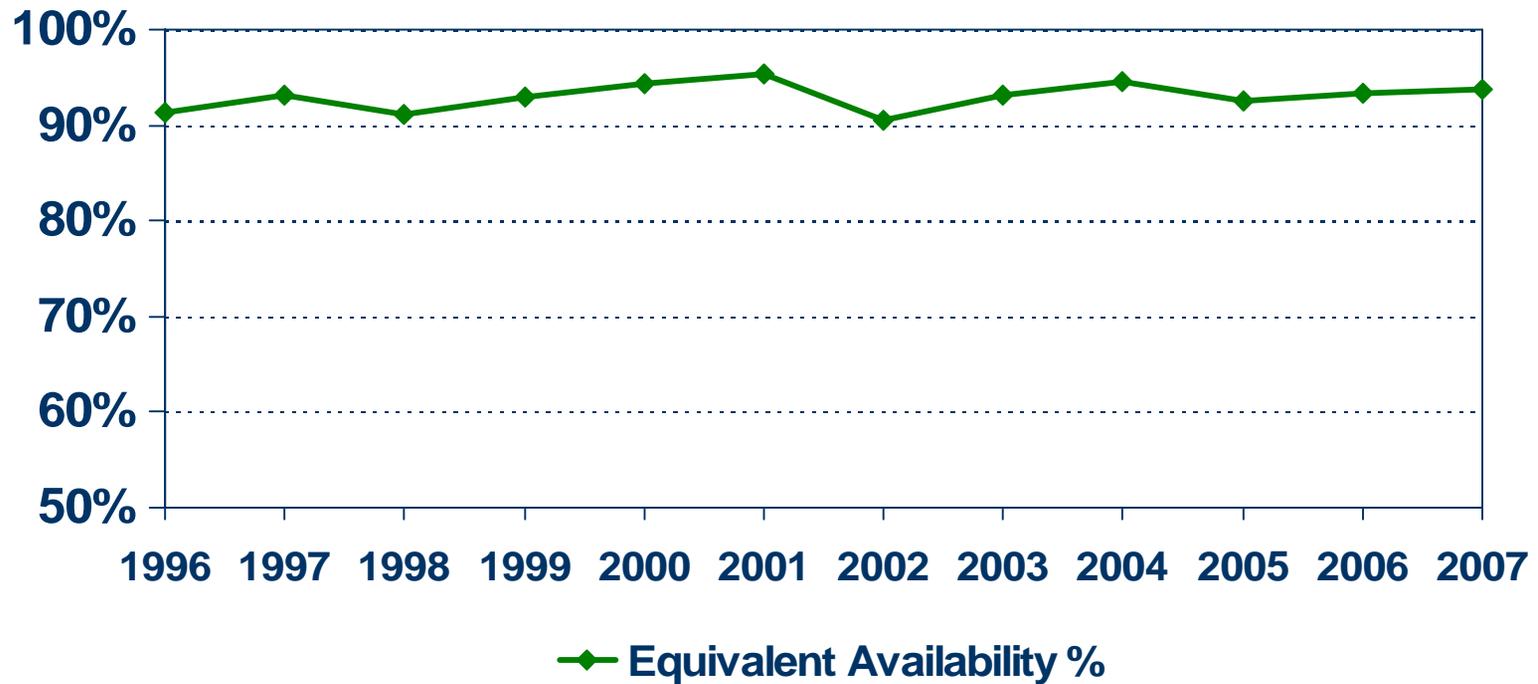
# Contingencies

## Meet Summer Projected Peak - Conservation

- News Release
- Media Spots
- Key Account Managers Request Major Customer Load Reduction
- Contact Center – Request Usage Reduction

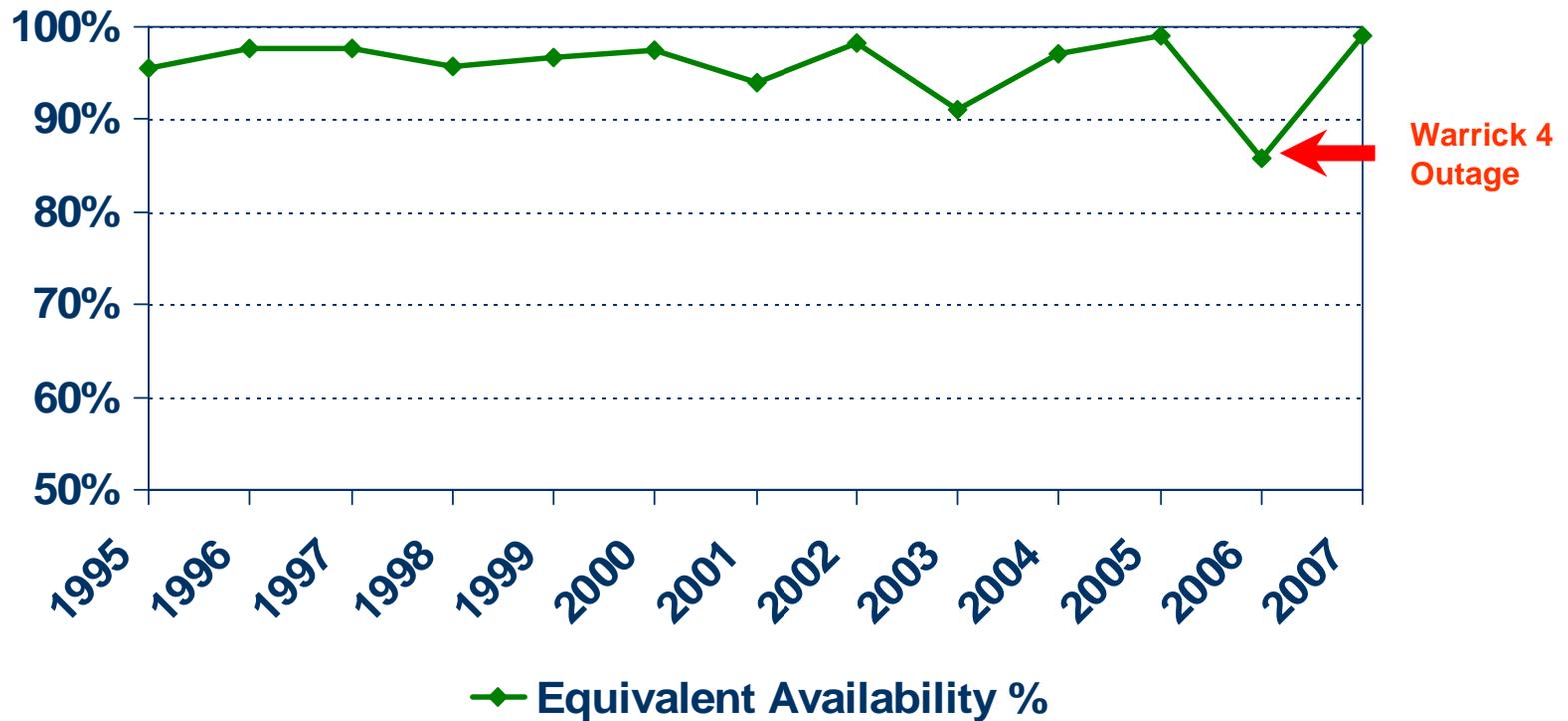
# Operational Performance

## June through August Equivalent Availability



# Operational Performance

## Summer Peak Hour Equivalent Availability



# Asset Management Generation

- **Scheduled Outages**
  - Scheduled outages to ensure the reliability of the generating fleet.
- **Capital Improvements**
  - Continue to identify/evaluate asset risks for replacement or improvements.
- **2007 Equivalent Availability Highest in History of the Company**

# Asset Management

## Transmission & Distribution

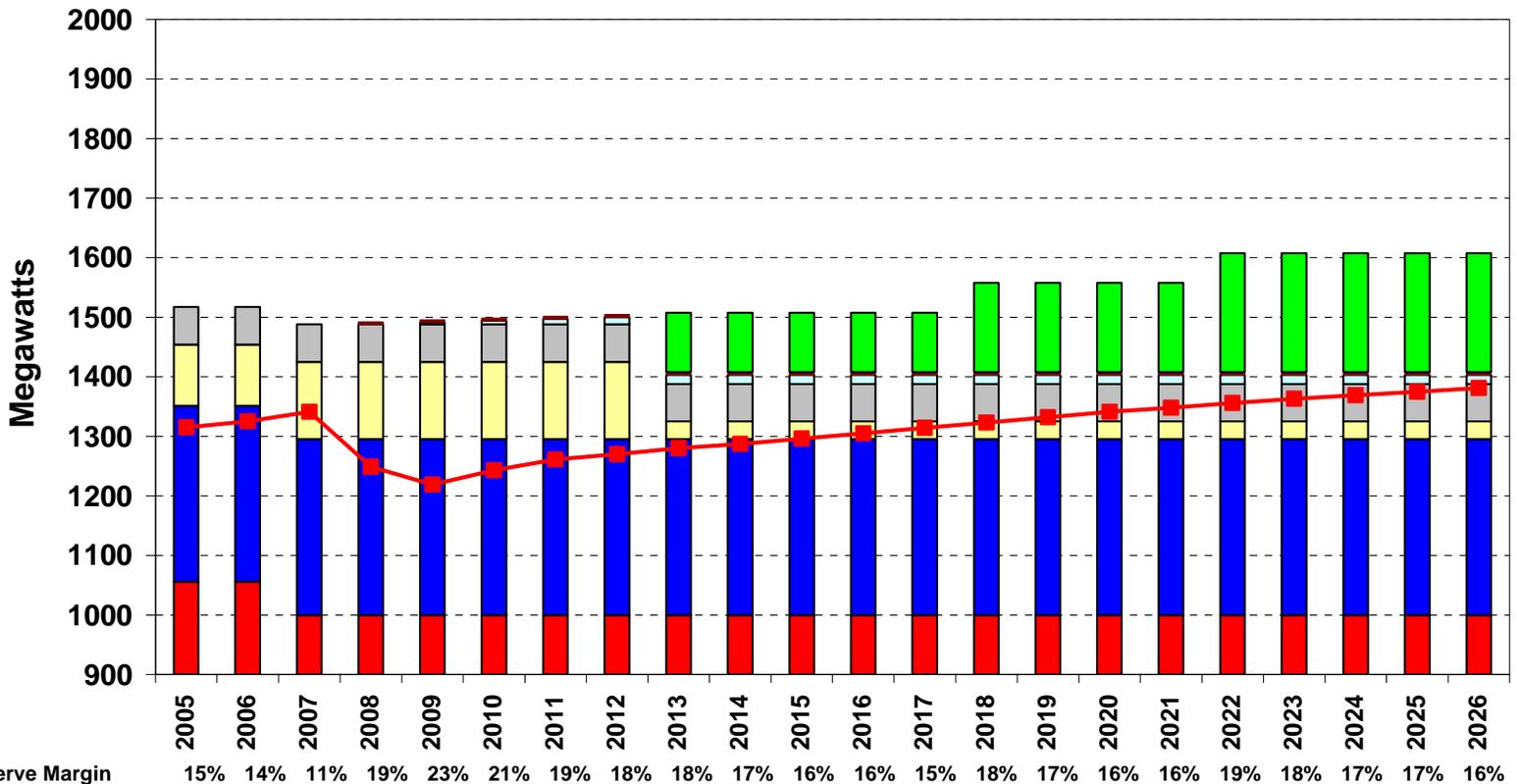
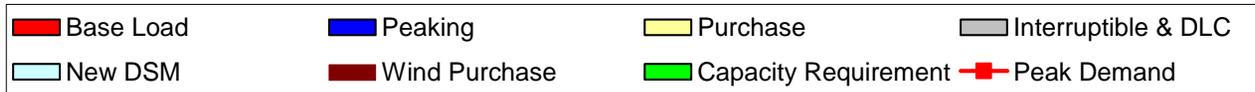
- Capital Improvements
  - Identification of needed system improvements and upgrading of existing facilities.
  - Developed and implemented a transmission and distribution pole inspection/replacement program.
- Enhance Reliability/Improve Transfer Capability
  - New 138/69kv Substation
  - Multiple distribution substation upgrades

# MISO

- **Transmission Reliability**
  - Reliability Coordination
  - Regional Transmission System Planning
- **Energy Market**
  - Planning Reserve Sharing (PRSG)
- **In the Future**
  - Ancillary Services
  - Demand Response
  - Black Start

# FUTURE DEMAND

## Meet the Demand



## CONCLUSION

**Based on normal equipment availability we are confident that the Vectren System, plus contractual sources in Indiana, will be able to meet the needs of Southwestern Indiana customers in the Summer of 2008.**