

Indiana Michigan Power Summer 2008 Preparedness

Presentation to the
Indiana Utility Regulatory Commission

June 3, 2008



I&M Presenters

Helen Murray

President and Chief Operating Officer

JoAnn Grevenow

Director, Customer Services & Marketing

Peak Demand – 2007

	Date	Hour Ending EST	Peak Demand MW
I&M	Aug 7	1500	4,528
AEP System- East Zone	Aug. 8	1400	22,413

Annual Growth in Demand and Consumption Indiana Michigan Power

Year	Peak ¹ Demand	Growth Rate	Energy ² Requirements	Growth Rate
2003	4,223	----	22,865	----
2004	4,016	-4.9	22,939	0.3
2005	4,193	4.4	23,382	1.9
2006	4,650	10.9	24,371	4.2
2007	4,528	-2.6	26,004	6.7

¹ Megawatts

² Gigawatthours

I&M Summer 2008 Peak (projected)

Summer 2008 – Projected MW

	June	July	August
Peak Internal Demand	4,452	4,662	4,569
Committed Off-System Sales	41	41	41
Total Demand	4,493	4,703	4,610
Interruptible Demand	(294)	(294)	(294)
Net Demand	4,199	4,409	4,316

I&M Resources to Meet 2008 Peak

	June	July	August
Installed Capability	5,455	5,455	5,455
Committed Net Sales	564	564	564
Total Capability	4,891	4,891	4,891

I&M Resources -- Reserve Margins

Interruptible Demand = 294 MW

	June	July	August
Total Capability	4,891	4,891	4,891
Total System Demand	4,199	4,409	4,316
Reserve Margins Before Interruptibles (%)	398 8.9	188 4.0	281 6.1
Reserve Margins After Interruptibles (%)	692 16.5	482 10.9	575 13.3

All numbers are MW except where indicated.

Five-Year Reserve Margins

Reserve margin as a percentage of demand (a)

Summer Season	I & M	AEP System-East Zone
2003	19.2	18.4
2004	25.8	22.2
2005	20.2	11.0
2006	9.8	11.4
2007	13.2	9.8
Projected (b)–2008	10.9	14.0 (c)

(a) After Curtailment of Interruptible Customers

(b) Based on Net System Capacity as of 5/14/2008

(c) Using the AEP Coincident Peak forecasted by PJM, the projected AEP System - East Zone reserve margin would be 20.0%

Summer 2008 Peak AEP System-East Zone

Summer 2008 – Projected MW			
	June	July	August
Total Demand	22,650	23,810	23,177
Interruptible Demand	(614)	(614)	(614)
Net Demand	22,036	23,196	22,563

Annual Growth in Demand and Consumption AEP System—East Zone

Year	Peak Demand	Growth Rate	Energy Requirements	Growth Rate
2003	19,688	----	114,745	----
2004	19,615	-0.4	116,645	1.7
2005	20,774	5.9	120,693	3.5
2006	21,898	5.4	121,832	0.9
2007	22,413	2.4	130,527	7.1

Resources and Reserve Margins AEP System-East Zone

Interruptible Demand = 614 MW

	June	July	August
Total Capability	26,452	26,452	26,452
Total System Demand	22,036	23,196	22,563
Reserve Margins Before Interruptibles (%)	3,803 16.8	2,643 11.1	3,276 14.1
Reserve Margins After Interruptibles (%)	4,417 20.0	3,257 14.0	3,890 17.2

All numbers are MW except where indicated.

Questions?