

Summer Preparedness 2010

Helen J. Murray

President and Chief Operating Officer

Presentation to the
Indiana Utility Regulatory
Commission
May 21, 2010





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Agenda

Accomplishments and Challenges in 2009

Historic Demand and Supply Trends

Summer 2010 Capacity and Demand

Preparation for Summer of 2010

Demand Side Management

Environmental Compliance and Sustainability

2009 Accomplishments

Generation

Donald C. Cook Nuclear Plant

- Unit 1 turbine repaired and in service
- Key reliability modifications completed
- Maintained excellent operational rating
- Receiving two Top Industry Practice Awards from the Nuclear Energy Institute

Rockport and Tanners Creek Plants attain NERC-Critical Infrastructure Protection compliance

Added 50 MW from Fowler Ridge Wind Farm



*Cook-1 Training Simulator
November 2009*

2009 Accomplishments

Emerging Technologies - NaS Battery



- First megawatt-class battery installed in Indiana – (Churubusco)
- Rated at 2 MW, capable of supplying 14.4 megawatt-hours of energy
- Source of back-up power (islanding)
- Supplemental power source during peak loading (shaving)
- Modeling for use with renewable energy sources

2009 Accomplishments

Emerging Technologies -South Bend Pilot

- 9,536 smart meter customers
- 104 SMART Shift customers
- 88 SMART Cooling customers
- Web portal provides near real-time feedback on energy consumption
- Partnering with manufacturers to test impact of plug-in electric vehicles on the grid
- Distribution automation system reduces frequency and duration of interruptions



2009 Challenges

Donald C Cook Nuclear Plant

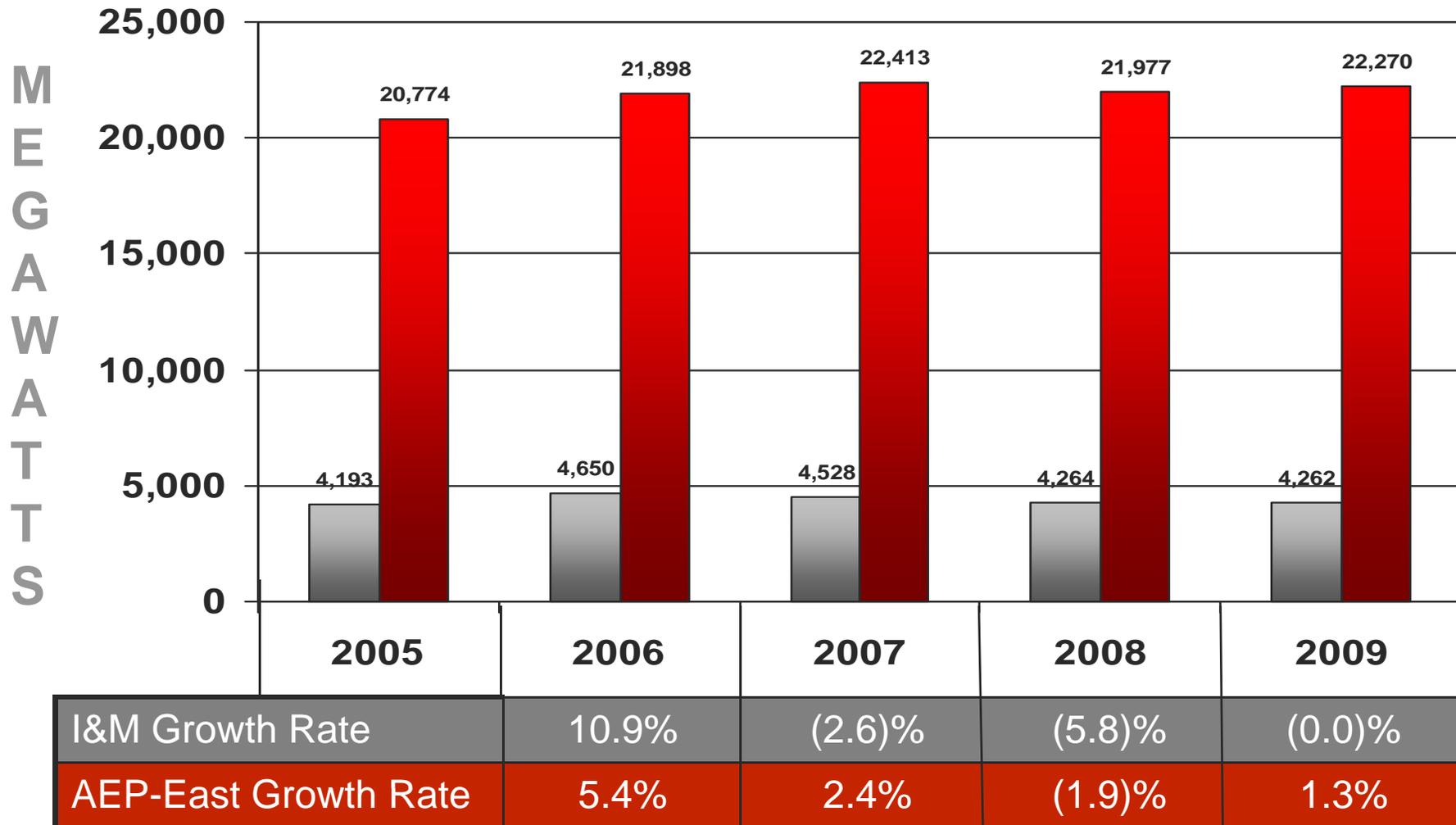
- Unit 1 operating at reduced capacity due to repaired turbine
- Replaced reactor coolant pump seal on Unit 2



Turbine work at D.C. Cook Nuclear Plant

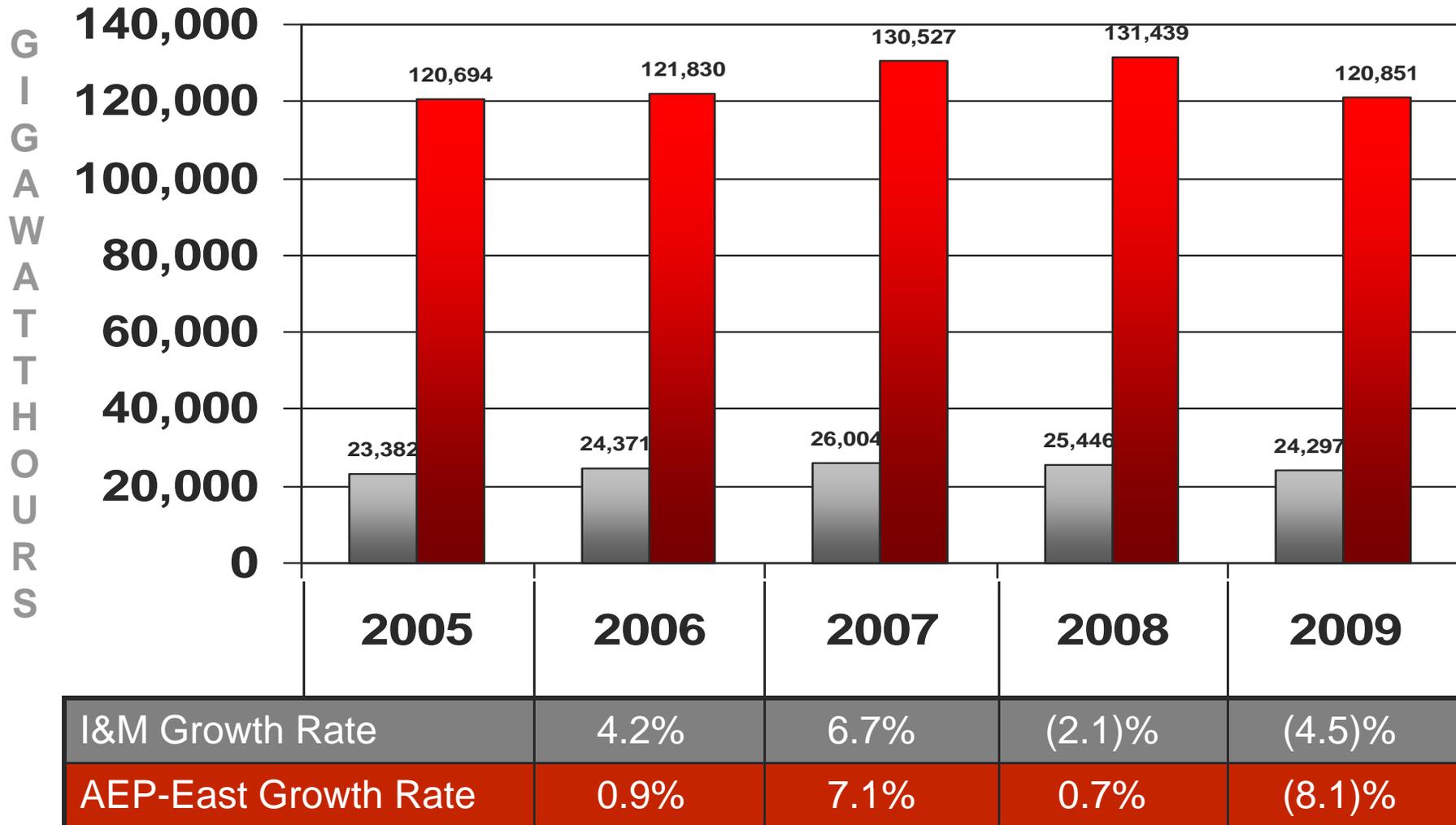
Historic Demand and Supply Trends

Demand Trend



Historic Demand and Supply Trends

Energy Consumption Trend

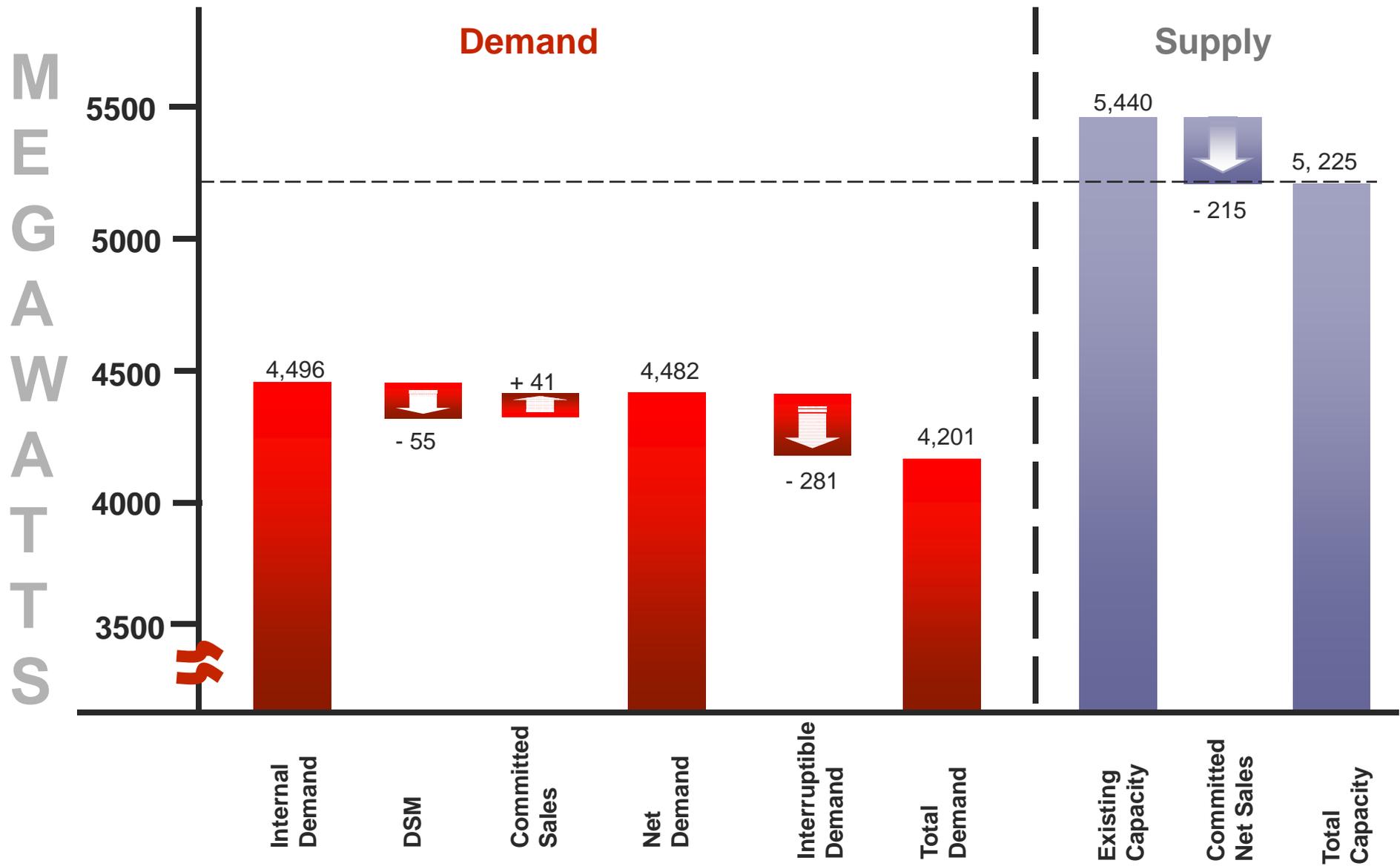


Historic Demand and Supply Trends

Reserve Margins AEP System – East Zone

	PJM Peak Load Forecast	Committed Capacity (UCAP)	Reserve Margin (UCAP)	AEP (EFOR)	Reserve Margin (ICAP)
2005	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A
2007	20,826	22,951	2,125	7.42%	2,295
2008	21,063	23,944	2,881	7.79%	3,125
2009	21,375	24,217	2,842	8.21%	3,096
2010 Projected	20,395	23,377	2,982	11.18%	3,357

Summer 2010 Capacity and Demand*



Preparation for Summer of 2010



D.C. Cook Nuclear Plant

Enhancements:

- Permanent modifications for Cook to prevent derates and shutdowns due to high lake temperatures
- Main condenser cleaning in late spring maximizes efficiency during summer months

Preparation for Summer of 2010

Generation Availability

Rockport-Unit 2 repairs expected to conclude in early June.

Cook-1 de-rated by 35 MW pending completion of permanent turbine repair.

Tanners Creek de-rated by 20 MW during summer months

No unit outages scheduled for summer 2010 in AEP-East.



Rockport Plant

I&M and AEP- East generation resources are expected to be adequate to meet projected peak demand for summer 2010 and accommodate load and capacity contingencies

Preparation for Summer of 2010



Fowler Ridge Wind Farm, Benton County Indiana

Purchase Power Agreements

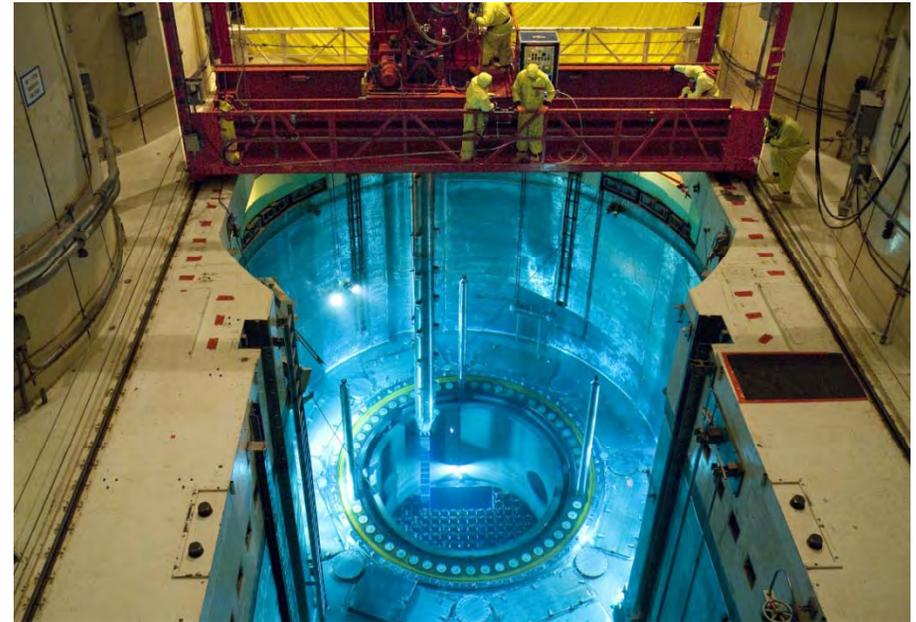
PPA Source	Capacity
Fowler Ridge (150MW under contract)	19.5 MW
OVEC (Ownership Share)	170 MW
Mone Plant (MLR Share)	8.3 – 8.7 MW
Total	197.8 -198.2 MW

I&M will draw upon the most cost-effective resources of the AEP-East zone or the PJM system to meet demand.

Preparation for Summer of 2010

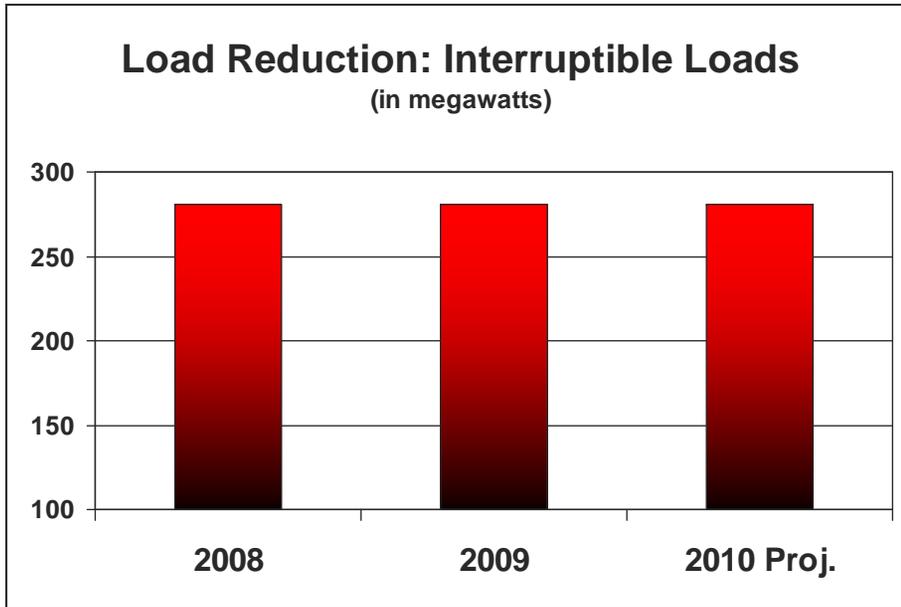


Fuel Supply



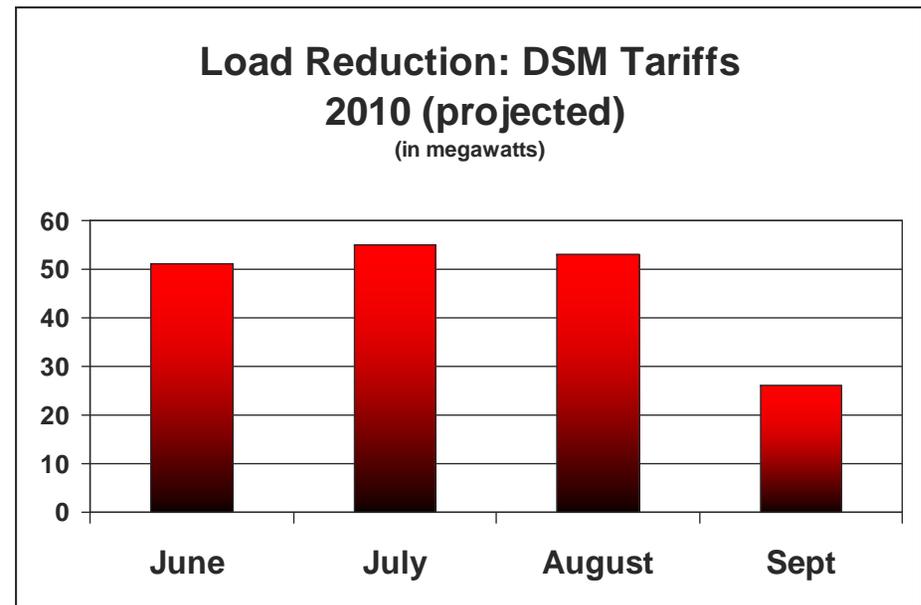
- Sufficient supplies of coal and uranium are available at or near forecasted costs
- Purchases are made to assure adequate supplies at the lowest reasonable cost

Demand Side Management



- Interruptible contracts are in place to reduce peak demand levels
- Energy Curtailable and Energy Price Curtailable Service riders are available
- Experimental Real Time Pricing also available

- 2,700 Indiana customers currently use time-of day tariffs
- 15,700 residential customers have installed off-peak water heating systems



Demand Side Management

SMART Programs

Saving Money And Resources Together®



Pick up some cold cash.

When we pick up your old fridge.

Get \$30 back when you recycle your old fridge.
Plus, save up to \$150 a year in energy costs.

An old fridge or freezer in your garage or basement may be costing you more than you think. It uses up to four times the energy of a newer model, consuming up to \$150 per year in energy costs. Why not let us recycle it? We'll haul it away for FREE and give you a \$30 check. Plus, it's good for the environment. Now that's SMART-Saving Money And Resources Together®.

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Refrigerators and freezers must be in working condition and must be between 10 and 30 cubic feet in size, using inside measurements. IBM contracts with JACO Environmental, a appliance recycler, to pick up and recycle refrigerators and freezers. This program is funded by IBM and is available to its residential customers in Indiana on a first-come, first-served basis until funding is expended. Customers must own the unit being recycled. Limit two units per residential address. A check will be mailed within 4-6 weeks after the appliance collection. Some restrictions apply. ©2010 Indiana Michigan Power.

Indiana energy efficiency programs
launching in 2010:

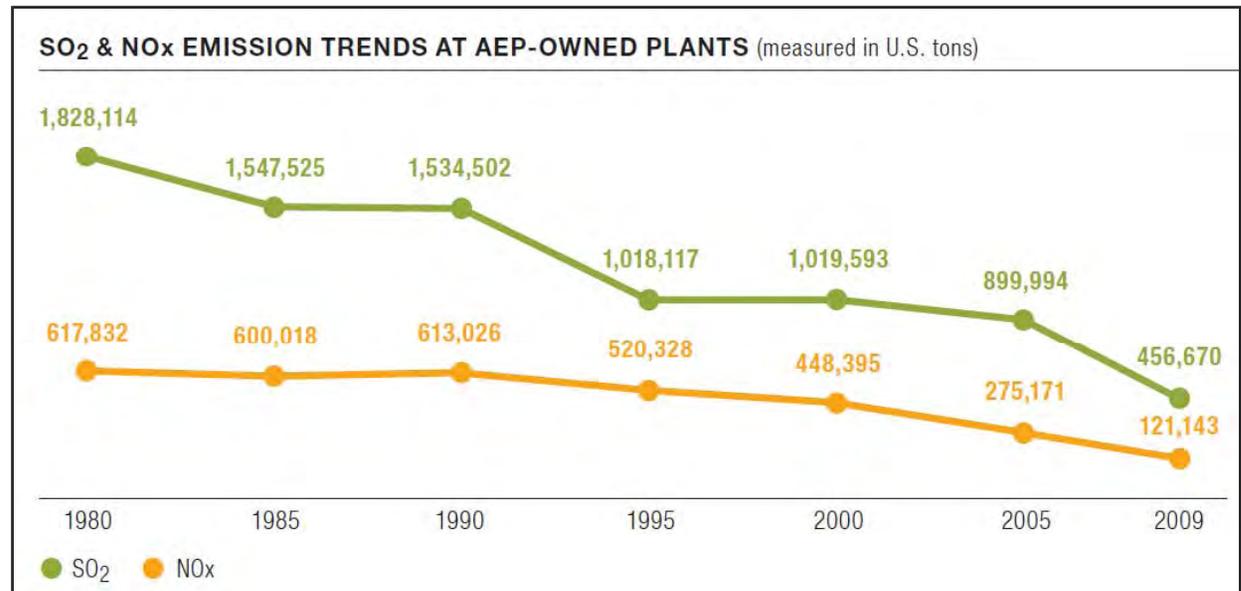
- Residential Appliance Recycling Program
- Residential Rebates Program
- Residential Whole House Program
- Commercial & Industrial Rebates Program

Environmental Compliance and Sustainability

Installed Activated Carbon Injection (ACI) at Rockport

Bottom ash pond inspection and monitoring programs

Active in potential carbon legislation and new EPA regulation debates



Conclusion

Indiana Michigan Power is prepared with adequate resources and infrastructure to meet our customers' needs during summer 2010.



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