

January 19, 2012

Mr. Douglas Webber  
Indiana Utility Regulatory Commission  
101 West Washington Street, Suite 1500 E.  
Indianapolis, IN 46204  
dwebber@urc.in.gov

Dear Mr. Webber:

We at O'Neill Management Consulting appreciated the opportunity to serve the Indiana Utility Regulatory Commission (IURC) by performing an independent assessment of the downtown Indianapolis underground network. After we presented that report to the IURC on December 13 (in its final form) and presented it at the public meeting on December 19, the IURC and IPL agreed that it would be important for IPL to follow up within a month with a quantification and calendarization of IPL's response to our recommendations, and that we should be involved in guiding and reviewing that response. We have done so. This letter will serve to inform you of the results of our review.

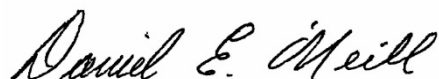
IPL's response consists of over 25 pages of text and five appendices, the first of which is a detailed project schedule with dates assigned for each of the multiple tasks in response to the ten recommendations made in our audit report. Our input into that response included phone and e-mail interaction with the company beginning in the days immediately following the December 19 meeting and through today, and two days on site on January 4-5, 2012, which included a meeting with representatives of Citizens Thermal.

Having reviewed the response document, including the appendices, we find IPL's response to be comprehensive and appropriate, covering all ten recommendations and all aspects of each.

A key part of that response was the agreement that the details of some of the response would need to be monitored by an independent third party for their effectiveness in achieving the stated recommendations. To that end, IPL has agreed to keep our firm involved on a regular basis, detailed in the response, over the next two years, with greater intensity over the next few months.

As you know, on January 16 (Monday of this week), IPL had a 138kV transmission line fault that led to a breaker failure in the Center substation, which resulted in a fire in that substation. IPL has agreed, as noted in their response, that this incident, though apparently unrelated to the incidents and facilities originally targeted in the audit, will also be audited by us, specifically with a review of the IPL's failure analysis and recommendations regarding the root cause of that incident.

Sincerely,



Daniel E. O'Neill  
President and Managing Consultant  
O'Neill Management Consulting, LLC