



2015  
**Summer  
Reliability**

Presentation to the IURC  
May 1, 2015  
Jim Stanley and Violet Sistovaris



# 2015 Summer Reliability

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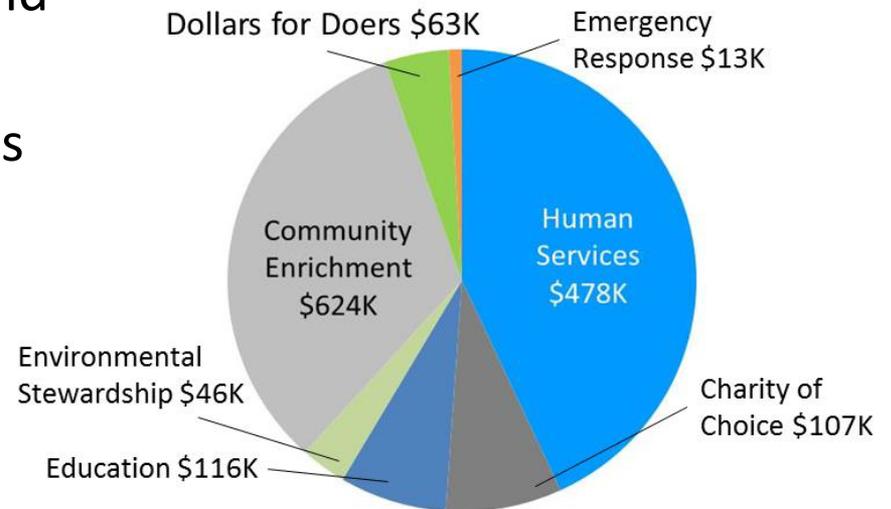
AGC and Division Counsel

# 2015 Summer Reliability

## Working to Become Indiana's Premier Utility

- Prepared to Meet Customer Energy Needs This Summer and Beyond
- Enhancing Safe, Efficient, Reliable Service to Customers
- Strengthening Indiana's Energy Infrastructure
- Improving the Environment
- Committed to Energy Efficiency and Customer Programs
- Engaging Customers, Communities and Key Stakeholders

**\$1.5 Million** Donated (2014)

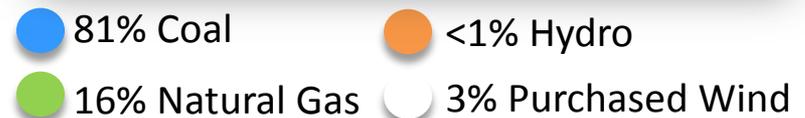
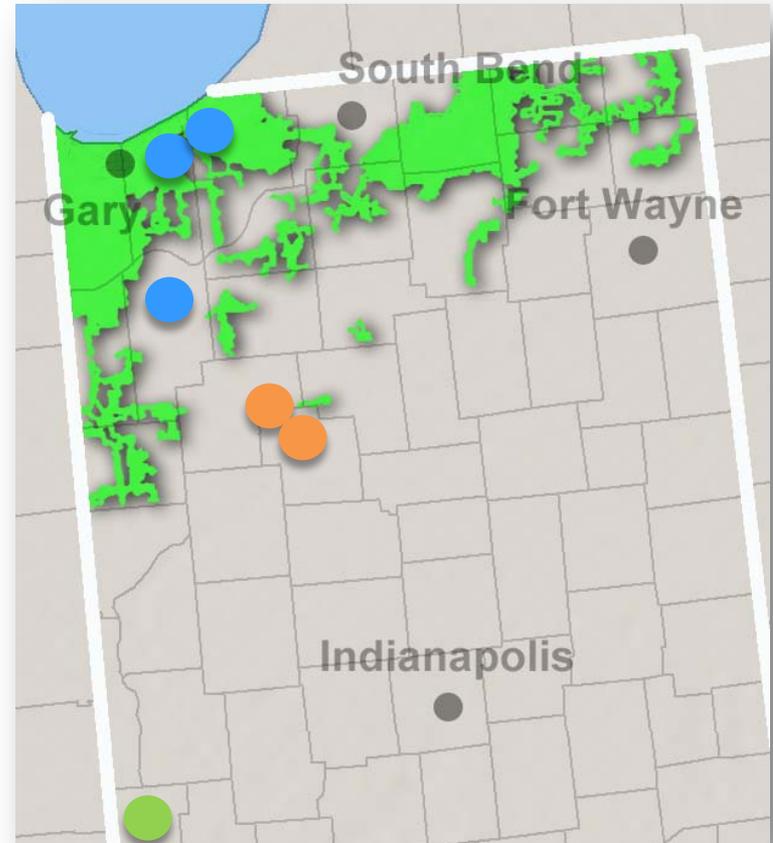


# 2015 Summer Reliability

## NIPSCO Profile

- 3,079 Indiana Employees
- 468,000 Electric Customers in 20 Counties; 821,000 Natural Gas Customers in 32 Counties
- 10,000 Distribution Miles
- 2,800 Transmission Miles
- Interconnect with 5 Major Utilities (3 MISO; 2 PJM)
- Serve 2 Network Customers; Independent Power Producers

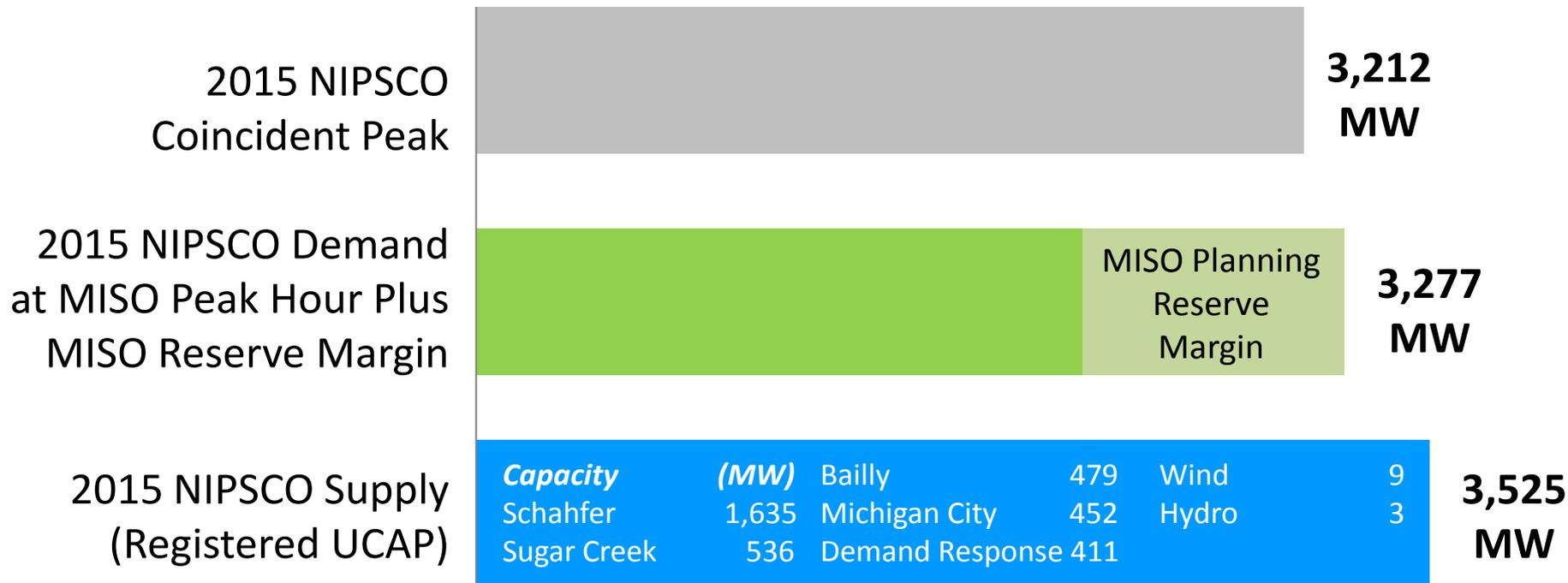
**3,405 Megawatts (MW)**  
Generating Capacity



# Prepared to Serve Customers This Summer

# Sufficient Supply to Meet Customer Demand

NIPSCO Can Serve Customers Now and into the Future



NIPSCO's IRP Meets Demand With at Least a 14.8% Reserve Margin for the Next 20 Years

# Prepared for Storm Season and Summer

## Sustaining Performance During Major Events



2015 NIPSCO Storm Safety Advertisement

### Improving Response and Reducing Outage Restoration Times

- Focused Improvement Efforts on Poor Performing Circuits and Taps through Outage Data Analytics
- Installing Additional Sectionalizing Devices
- Enhanced Assessment Training and Leveraging Technology
- Leveraging Timely Outage Reports from Field Employees
- Improved Customer Communications
- Continued MISO Operations Simulations

5

Major Storm Events (2014)

24-48 hrs.

Avg. Restoration for Major Storm Events (2014)

# Maintaining a Safe and Reliable Electric System

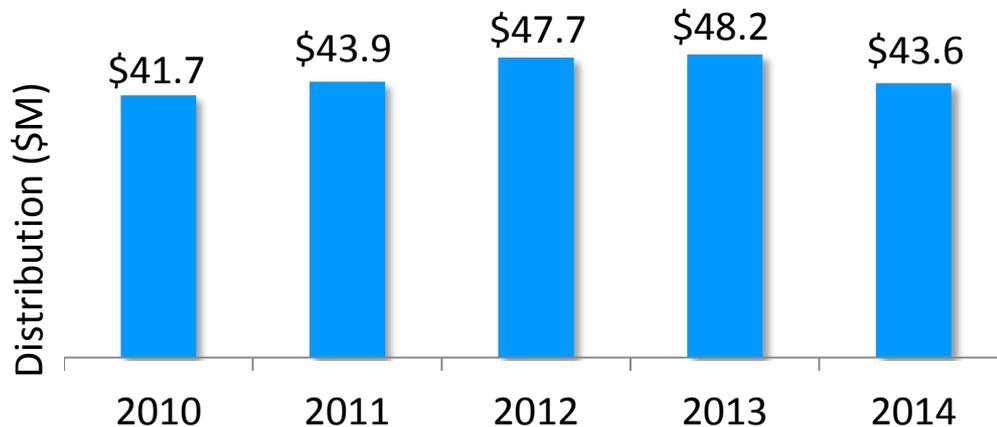
## Improving Electric Reliability Performance

- Continuous System Investments and Modernization
- Improved Sectionalizing Capabilities
- Programmatically Addressing Worst-Performing Circuits/Taps
- Continued Preventative Maintenance, Inspections and Vegetation Management Activities

**Under  
1 hr.**

System Average  
Duration for 99%  
of Outages (2014)

### Sustained Electric O&M Efforts



### NIPSCO Performance

Excluding Major Storms (2014)

**SAIFI**

**.84**

(Top Quartile)

**SAIDI**

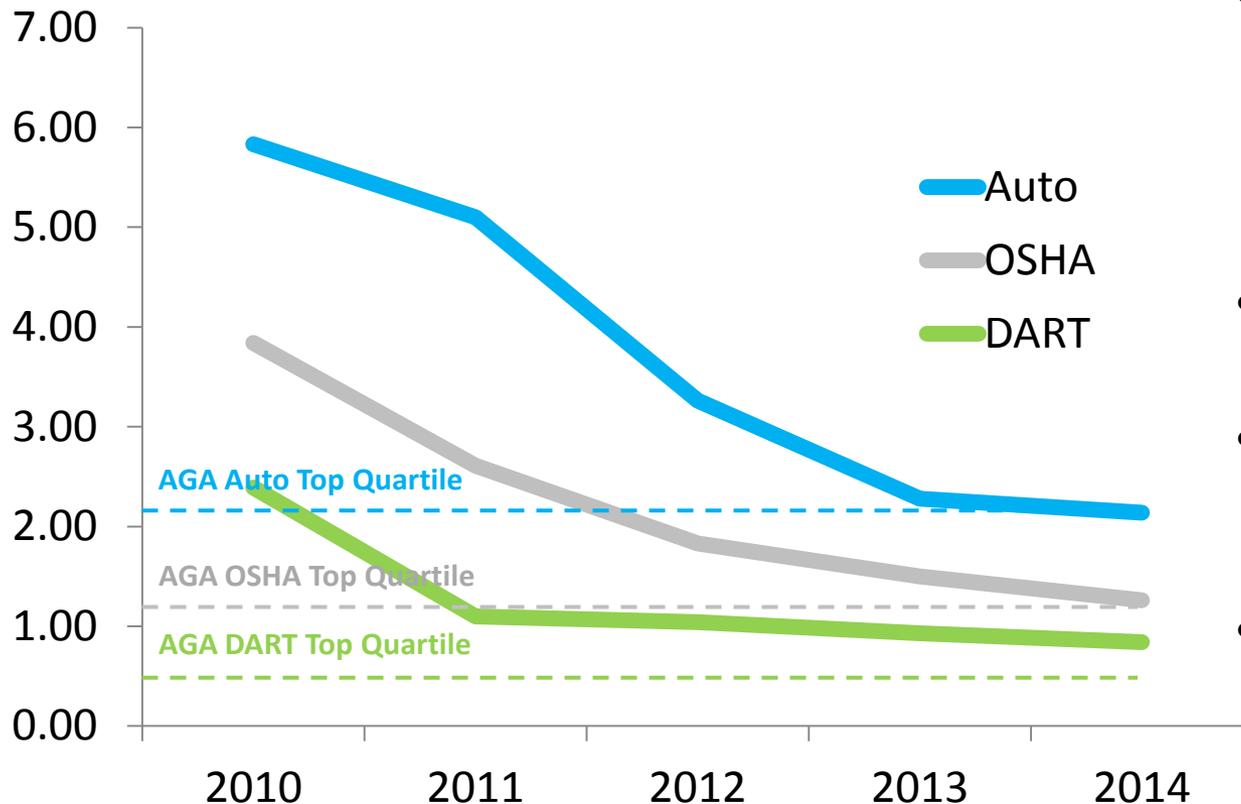
**94 min.**

(Top Quartile)

# Ongoing Focus on Safety

## Improving Safety Performance

**NIPSCO Employee Safety Measurements (2010-2014)**



- Infusion of Human Performance Improvement into Safety Programs and Work Processes
- Safety Programs Driven by Statistical Analysis
- Increased Emphasis on Safety Compliance and Field Presence
- Improvements to Injury Management Process

# Serving Customers into the Future

# Modernizing Our Infrastructure

Investing \$1.07B in Electric Upgrades Through 2020



**\$66.5 Million**

2014 Investments

**\$69.3 Million**

Planned for 2015

## Benefits to Customers

- Continued Safe, Reliable System for the Future
- Improving System Deliverability and Performance
- Reducing Reliability Risk by 30%
- Mitigating Potential Recurring Outages Caused by Aging System Failure
- Supporting Local Jobs, Future Economic Growth and Development

## Notable Projects

- New 138kV and 69kV Substation Construction
- 12.5kV Underground Cable Replacement Program
- Transformer Replacement Program
- Pole Inspection, Replacement and Treatment Program
- 4kV Conversion Program
- Substation Upgrades

# Major Projects Underway

## Successful Project Execution

### Automated Meter Reading Project

- Eliminating Estimated Readings, Reducing Call Volumes and Improving Employee Safety
- Beneficial Use During Storm Restoration Efforts
- 1.06 Million Installed (89% Complete)
- Expected Completion by Q4 2015
- \$90 Million Investment

### Improved Service, Efficiency and Safety



### Electric Transmission Line Construction Projects

- Relieving Transmission Congestion for Indiana Customers
- Improving Deliverability for Renewable Energy
- MISO Multi-Value Projects (MVP)
- Reynolds-Topeka 345kV Transmission Line (100 Miles)
- Greentown-Reynolds 765kV Transmission Line (66 Miles)
  - Joint Project with Pioneer Transmission
- 2015 Expected Construction; 2018 In-Service



# Major Projects Underway

## Investing in Environmental Improvements

### Schahfer Unit 14 and 15 Flue Gas Desulfurization (FGD)

- Both Facilities In-Service
- Ahead of EPA Requirement
- Within Authorized Budget

### Michigan City Unit 12 FGD

- On Track for Fall 2015 In-Service
- Ahead of 2016 EPA Requirement

### Mercury Air Toxics (MATS) Investments

- \$48.5 Million Investment Through 2016
- On Track for Completion; Additional Controls and Projects Underway



*\$3 Billion in NIPSCO  
Projects to Jolt Economy*  
*August 5, 2014*

**THE TIMES**

# Service Delivery Improvements

## Improving Service to Customers

### NIPSCO Alerts



### Automated Alerts from NIPSCO

- Launched in Q4 2014; First in Indiana
- Currently Provide Power Outage Alerts and Billing Reminders
- Customers Can Elect to Receive Text, Email and Voicemail Alerts
- Additional Alert Features Being Developed

### Improved Customer Site Restoration Process

- Centralized Site Restoration Process, New Site Restoration Guidelines and Training
- Increased Proactive Communication to Customers (New Door Hangers/Yard Flags)
- Improved Contractor Management

# Customer-Focused Programs

## Providing Customers with Options

### Electric Vehicle Charging

- \$1,650 Voucher for In-Home Charging Station, Free Overnight Charging
  - 178 Customers Participating
- Public Charging Station Incentives
  - 23 Active Stations (28 Additional Stations In Process)

### Helping Customers Save Energy

- More than a Dozen Programs Available to Residential and Business Customers and Builders
- Programs Include Rebates, Custom Incentives, Home Audits and More

### Customer Generated Electricity

- Customer Sells Power Generated by Renewable Energy to NIPSCO or Receives Credit to Offset Individual Use
- 190 Total Projects – 15.98 MW Solar, 2.06 MW Wind, 14.35 MW Biomass

### Purchasing Green Power

- Attribute a Portion/All Monthly Usage from Renewable Resources (\$1.36/Mo. Additional for 100% Green)
- 942 Participants – 923 Residential, 19 Commercial

# Future Challenges and Opportunities

# Investing in Environmental Improvements

100% Scrubbed by 2016

	Driver	Control Technology	Compliance Date	Status
Schahfer	Consent Decree Cross State Air Pollution Rule	Flue Gas Desulfurization	2014-2016	Complete
Bailly	Consent Decree Cross State Air Pollution Rule	Duct Burners Flue Gas Desulfurization Enhancements	2015	Complete
Michigan City	Consent Decree Cross State Air Pollution Rule Mercury and Air Toxics Standards	Flue Gas Desulfurization	2016	Project On Track
System	Mercury and Air Toxics Standards	Enhanced Mercury and Particulate Controls Flue Gas Desulfurization	2015-2016	Projects On Track
System	Effluent Limitation Guidelines 316(b) Final Rule	Enhanced Wastewater Treatment Intake Structure Modification	2017-2023	Compliance Planning
System	Coal Combustion Residuals Rule	Upgraded Ash Handling and Disposal	2015-2022	Compliance Planning
System	Greenhouse Gas Rules	TBD	2020 –2030	Compliance Planning

# EPA's 111(d) Clean Power Plan



## Key Industry Issues

1. **Legal Uncertainty** – Resolution may come after compliance implementation begins
2. **Timing** – 2020 is too soon to achieve targets
3. **Effects on Market Dispatch and Resource Adequacy** – Potential for uneconomic dispatch and generation/transmission resource shortfall
4. **Aggressive EPA Assumptions and Errors Resulting in a State Goal that is Too Stringent** – EPA assumptions are incorrect, unachievable or too stringent
5. **Uncertainty in Treatment of New Generation Assets** – Draft EPA rule is unclear if new natural gas combined-cycle plants count towards achieving goal
6. **Regional Trading vs. Utility-Specific Compliance** – Uncertainty in the structure of regional trading program or utility-specific compliance requirements

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