

VECTREN CORPORATION

Summer 2005 Outlook



Before



During



After

A B Brown 1 SCR.

Specifications: [110 Ft Tall x 80 Ft Long x 60 Ft Wide] 800 Tons

Task Accomplished: MOVED 106 FEET – SCHEDULE MET



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Not just power. Possibility.

Summer 2005 Outlook

- **Summer Supply Resources**
- **Demand Forecast**
- **Contingencies Plan**
- **Demand Side Management**
- **Transmission System Upgrades/ MISO**
- **MISO**
- **Generation Capacity Planning / IRP**
- **Conclusion**



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Summer Supply Status

Summer Supply Resources

- **High Unit Availability**
 - SCR Impacts
- **Spring Maintenance Activities**
 - Completion of SCR Project
 - Culley 1 Repairs
- **Availability Goals**
 - 2005 – 87%
- **MISO Capacity Status**



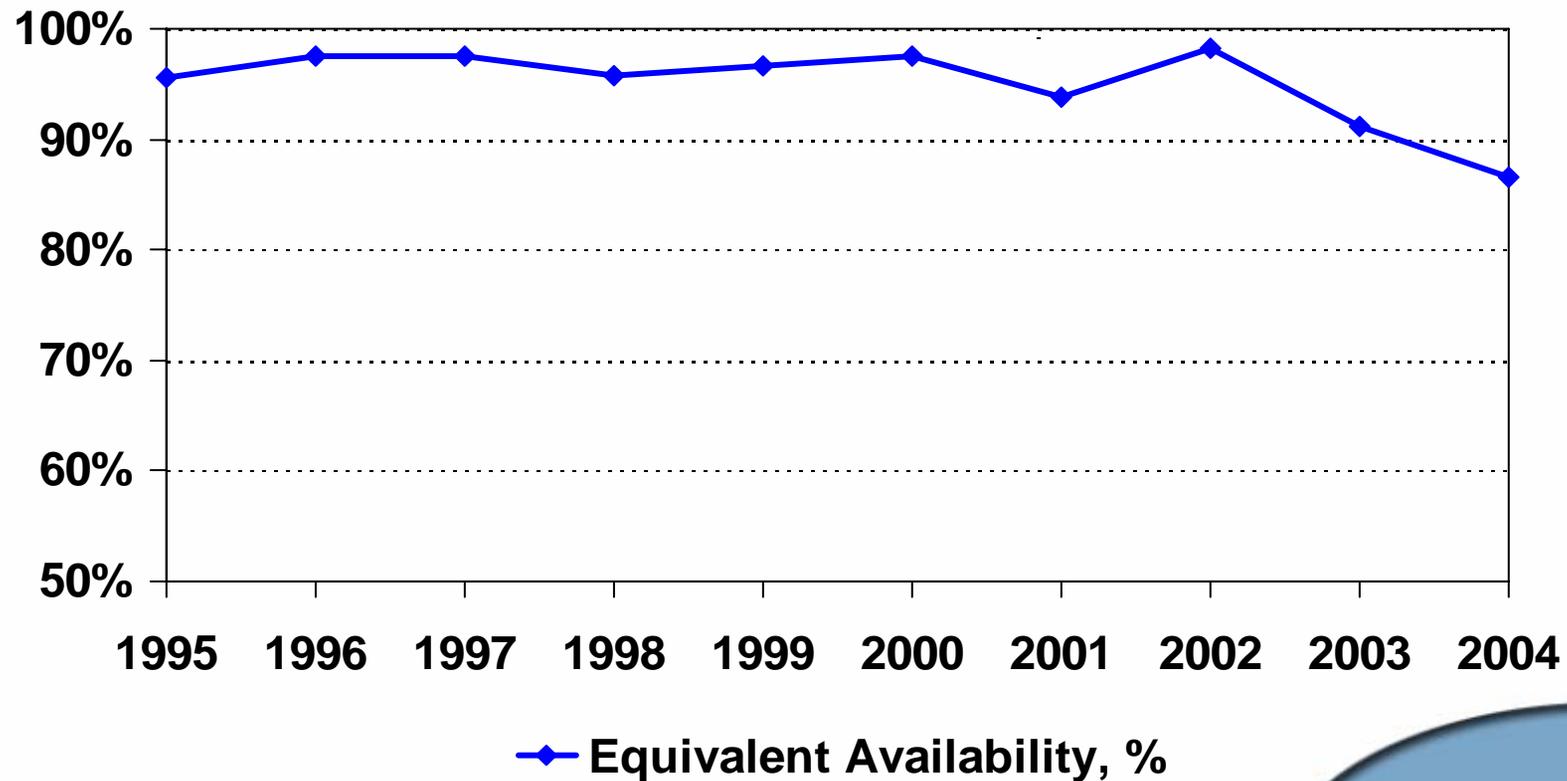
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Historical Operating Availability

Summer Supply Resources

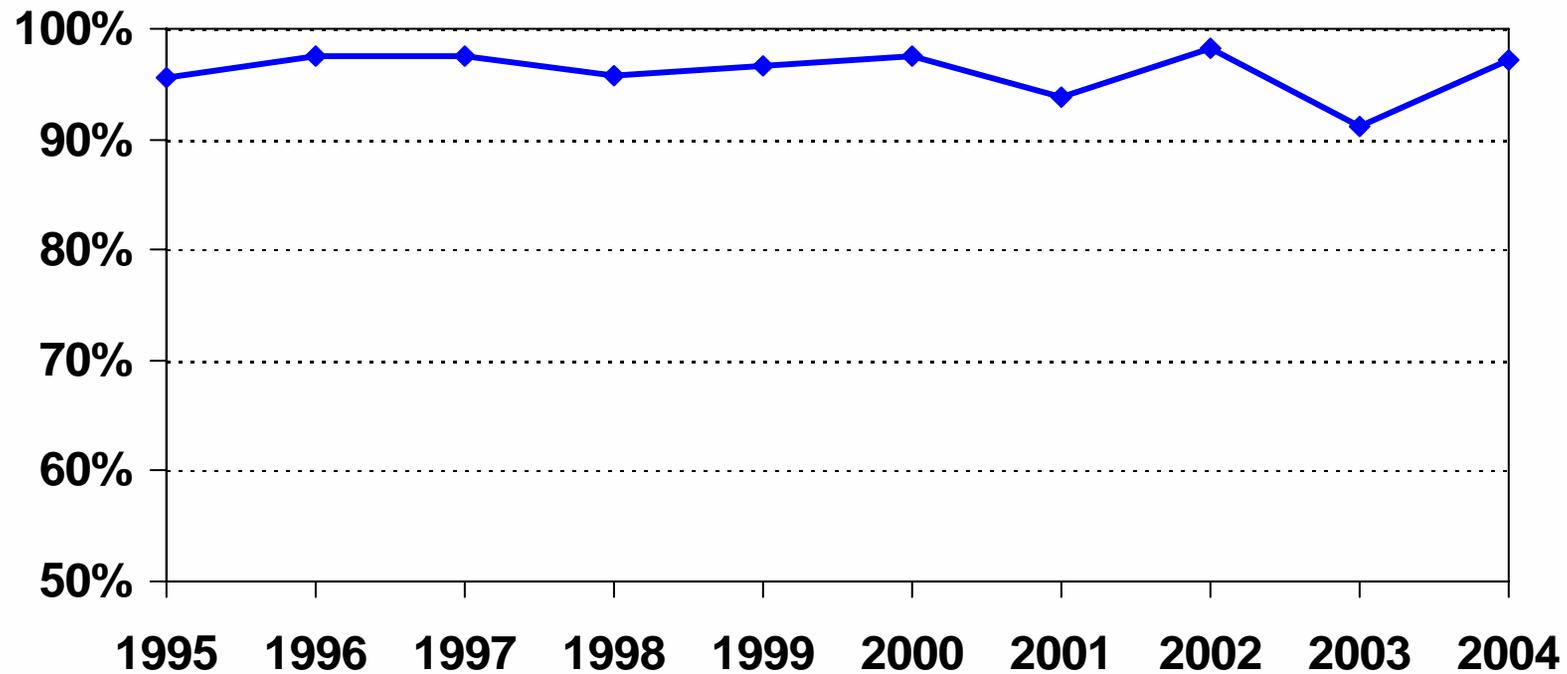
COAL FIRED STEAM SYSTEM



Availability at Summer Peak Hour

Summer Supply Resources

COAL FIRED STEAM SYSTEM



—◆— Equivalent Availability, %

VECTREN System Capacity

Summer Supply Resources

•Coal Generation	1056 MW
•Combustion Turbine	295 MW
•OVEC	30 MW
•Purchased Peaking Capacity	<u>73 MW</u>
Total	1454 MW



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Interruptible DLC Capabilities

Summer Supply Resources

- Interruptible Customers 40 MW**
- DLC, normal 25 MW**
- DLC, emergency 50 MW**

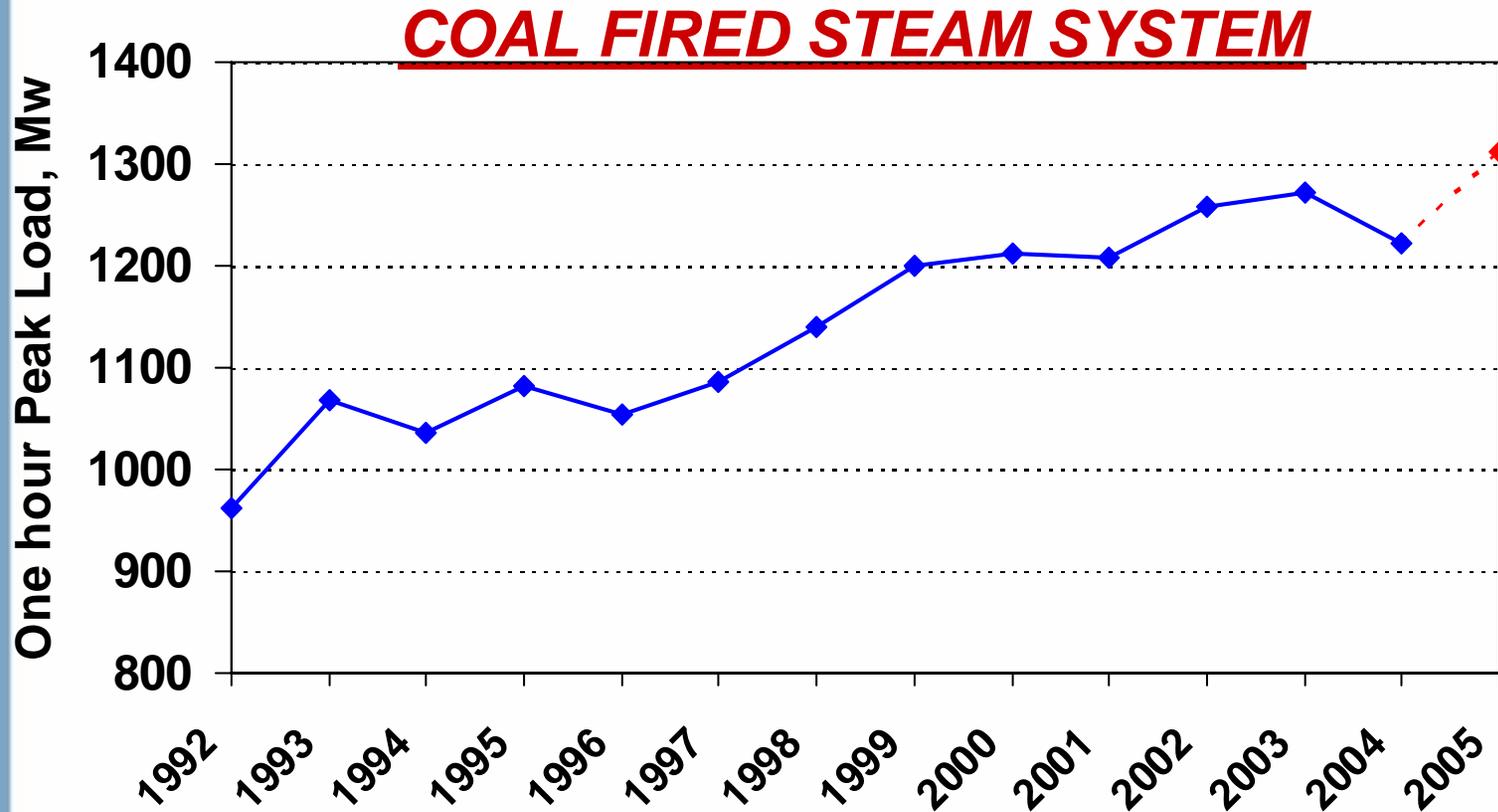


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Summer Peak Load

Demand Forecast



Meet the Peak Summary

Demand Forecast

System Capability	1454 MW
Interruptible	40 MW
DLC (MAX)	<u>50 MW</u>
Total Capability	1544 MW
2005 Projected Peak	1313 MW
<u>Reserve Margin (17.6%)</u>	231 MW
Capacity Margin (10.7%)	141 MW
On System Capacity Margin (2.9%)	38 MW



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Special Provisions

Demand Forecast

- **ECAR ARS** **As Needed**
- **Contractual Capacity Releases** **25-150 MW**
- **Internal Use Reduction Plans** **10 MW**
- **Conservation Request** **30 MW**
- **Emergency Load Reduction Plan- Last Resort**



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Contingencies Plan

Conservation Appeal

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



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Demand Side Management Activities

- **Continuation of Direct Load Control Program**
 - **41,000 + Residential Customers**
 - **2,700 Business Customers**
 - **25 to 50 MW in available load (based on cycling strategy)**
 - **Promotion of DLC Accounts**
 - **Bill Stuffer**
 - **Web Site (Vectren.com)**
 - **Net Metering Tariff Filed**



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Transmission System Performance

Internal Operations

Under normal and single contingency conditions, system capacity plus transmission CBM is adequate to serve native load.

Transmission system capability will be controlled by MISO's ability to re-dispatch generation. As a MISO border company, the Vectren transmission system may be stressed in periods of capacity shortage due to MISO's lack of control of generation south of Indiana.



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Generation Capacity Plan

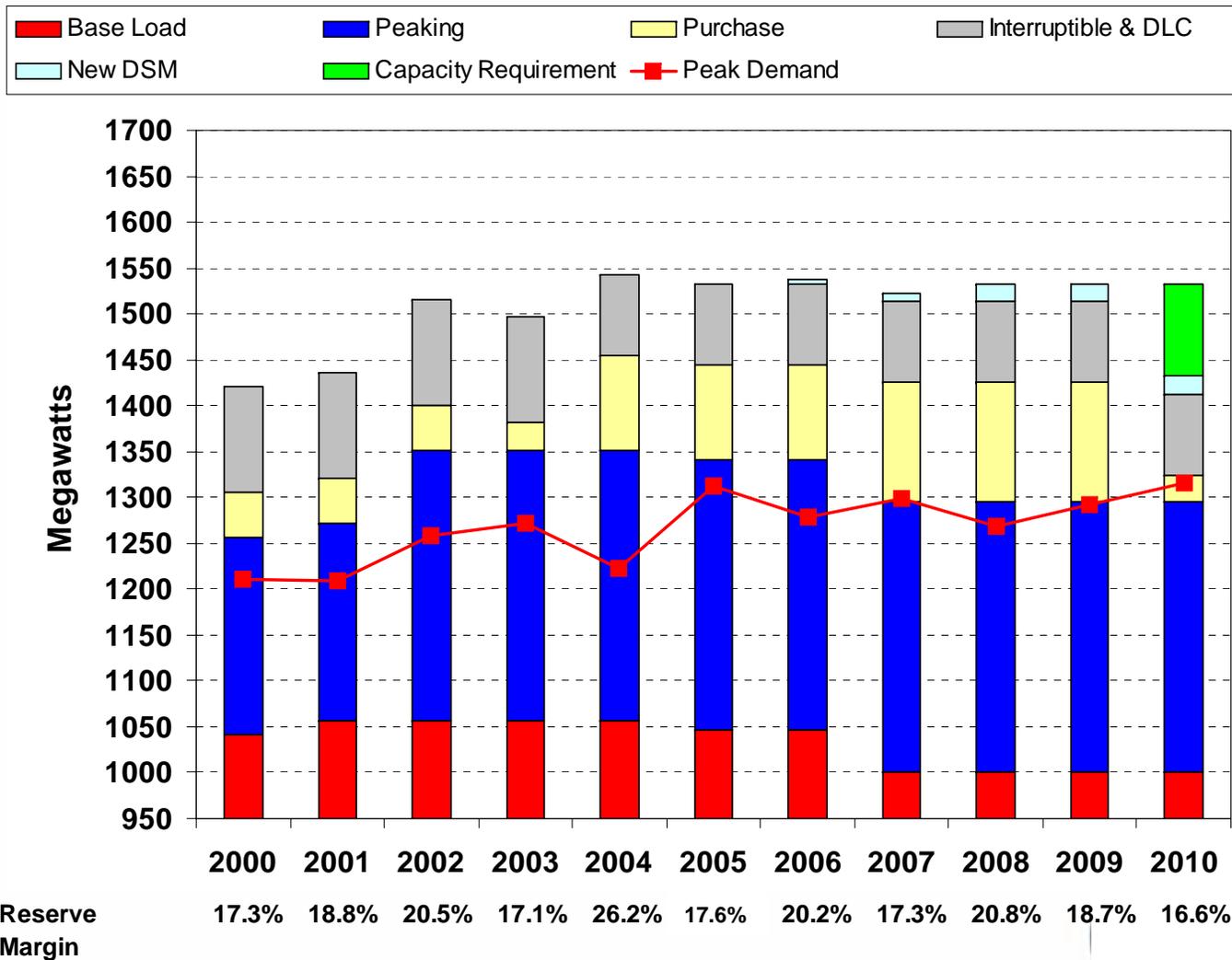
- **Purchase Agreement for 73 MW Merchant Peaking**
- **Purchased Capacity for 2007, 2008, 2009.**
- **Current review of IRP indicates need for additional capacity in planning horizon.**
- **Updating IRP Capacity Options**
- **Transmission upgrades are planned to increase utilization of market based generation resources.**
- **Abundant capacity margin in ECAR**
- *** Culley Unit 1 (46 MW) will shutdown end of 2006.**



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Integrated Resource Plan



Conclusion

Based upon forecasted demand for electricity and historical reliability of system generating, non-firm transmission capacity, and MISO provided energy support VECTREN anticipates it will be able to provide reliable service to firm native load customers.

Vectren will work closely with MISO to insure reliable service to our customers as MISO manages the challenges of the open energy market.



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