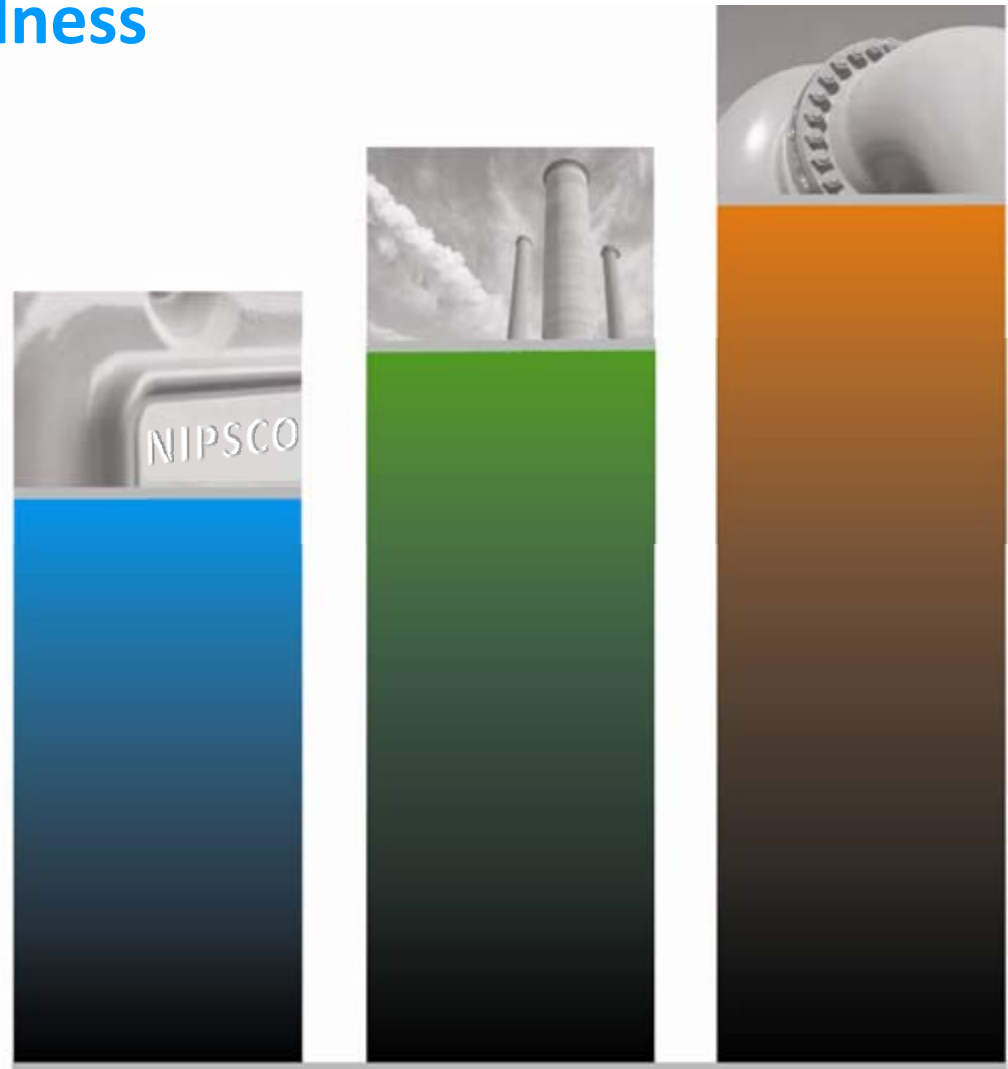


Northern Indiana Public Service Company

2014 Summer Preparedness

Jim Stanley
NIPSCO CEO

Presentation to the IURC
April 29, 2014



NIPSCO Leadership

Mike Finissi

COO

Pete Disser

CFO

Dan Douglas

Executive Director Strategic Planning

Tim Dehring

SVP, Transmission and Engineering

Mike Hooper

SVP, Major Projects and Electric Field Ops

Frank Shambo

VP, Regulatory and Legislative Affairs

Kathleen O’Leary

President

Karl Stanley

VP, Commercial Operations

Deb Owen

VP, Customer Operations

Dan Williamson

Executive Director Energy Supply and Trading

Kelly Carmichael

Director, Environmental Policy and Permitting

Claudia Earls

AGC and Division Council

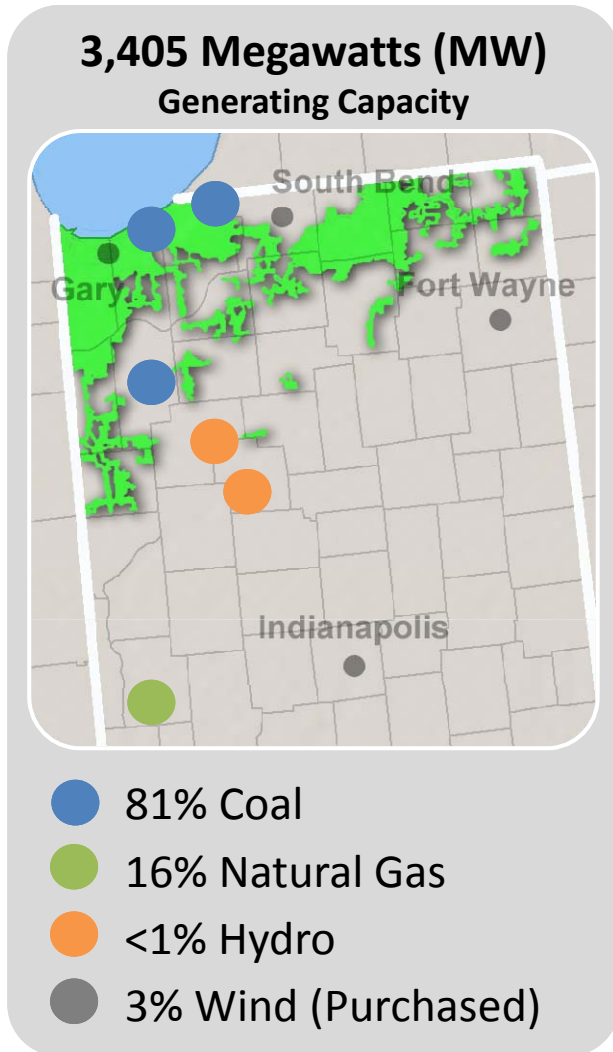
2014 Summer Preparedness

Working to Become Indiana's Premier Utility

- Meeting our customers' energy needs today and in the future
- Enhancing operating efficiency and reliability
- Engaging customers, communities and key stakeholders
- Strengthening Indiana's energy infrastructure
- Committed to energy efficiency and customer programs
- Investing in environmental improvements



NIPSCO Electric Profile



Electric System

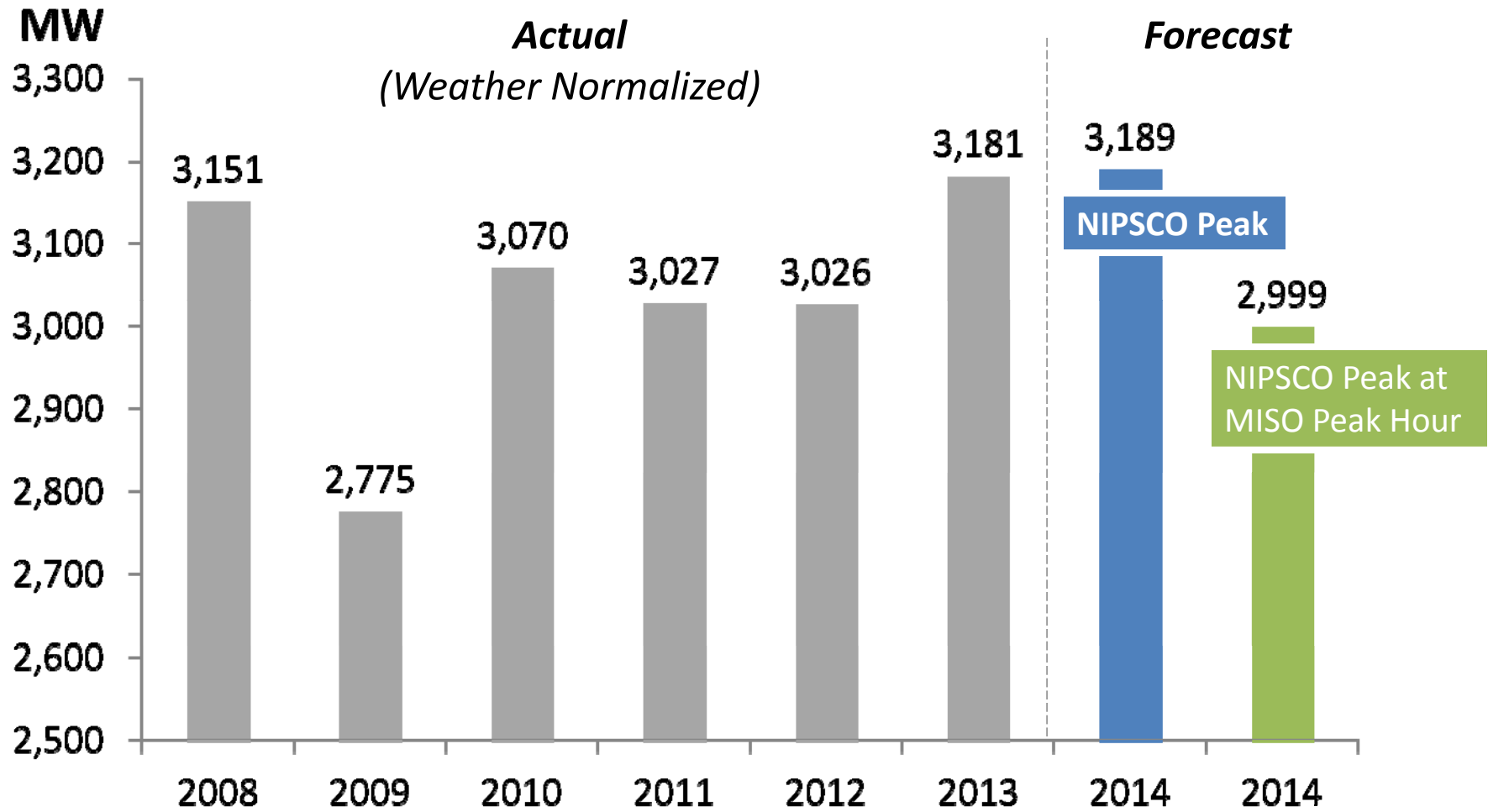
- 468,000 Electric Customers in 20 Counties;
- 821,000 Natural Gas Customers in 32 Counties
- 10,000 Distribution Miles
- 2,800 Transmission Miles
- Interconnect with 5 Major Utilities (3 MISO; 2 PJM)
- Serve 2 Network Customers; Independent Power Producers

Community Impact (2013)

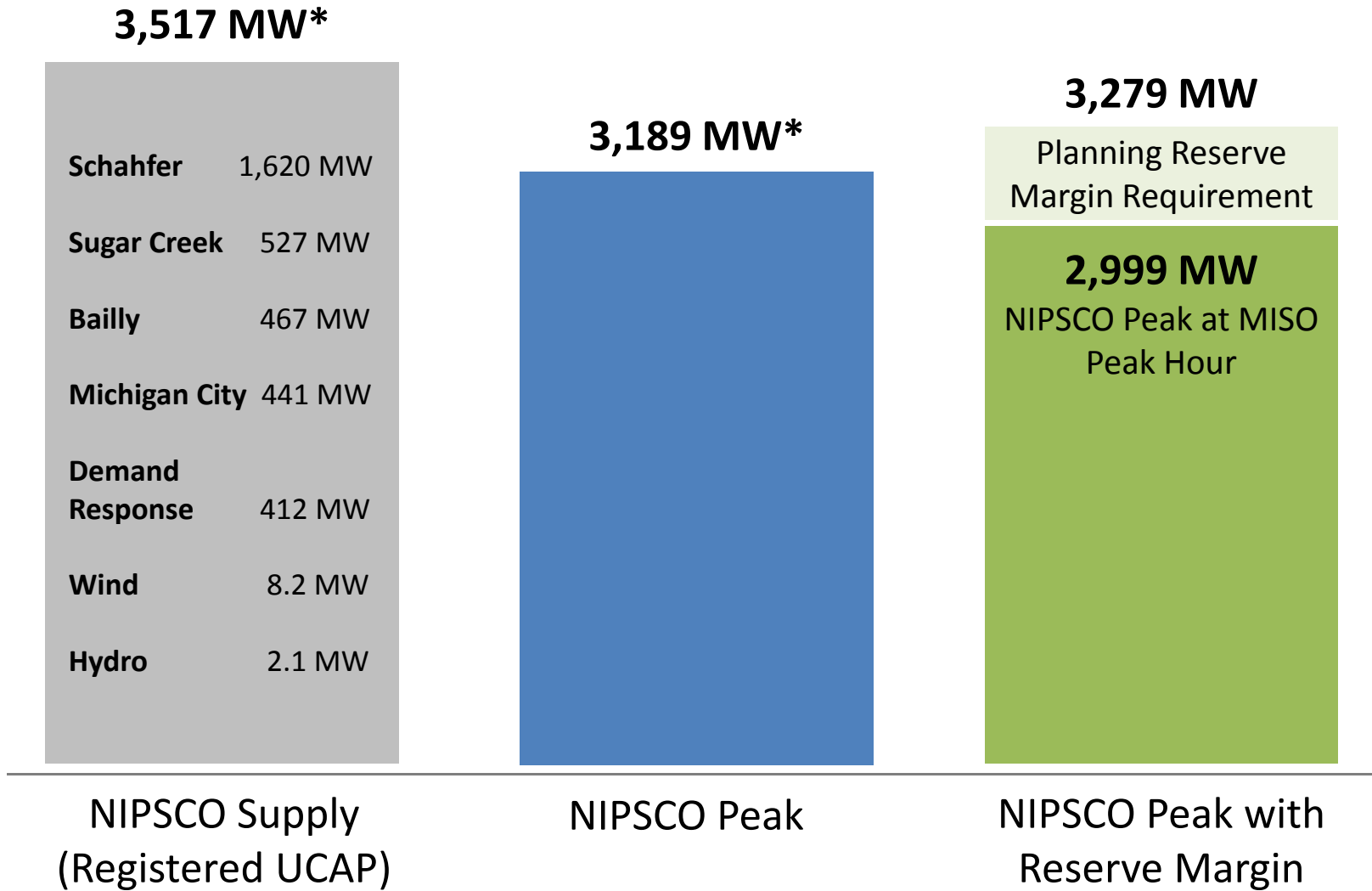
- 2,900 Employees
- \$1.5M Charitable Contributions
- \$110M Supplier Spend in Indiana
- \$19.5M Diverse Supplier Spend

Serving and Meeting the Needs of Today

Summer 2014 Peak Usage Outlook



Sufficient Supply to Meet Customer Demand



*As of March 15, 2014, Demand Resources are treated as Capacity Resources

Prepared for Storm Season and Summer

Improved Performance During Major Events

Improving Outage Response Time

- Continued Maintenance Programs
 - Example: Infrared Substation Inspections
- Conducted MISO Operations Simulations
- Refined Crew Callout System
- Ensuring Timely Outage Reports from Field Employees
- Engaging External Resources Sooner During Mid-Sized Storms

Solid Winter Performance

- No Significant Generation Issues
- Maintained Strong System Performance During Extreme Weather Durations
- Experienced One Major Event (March 19, 2014)
 - 37K Outages
 - 99% Restored Within 24 Hours

Keeping Customers Informed

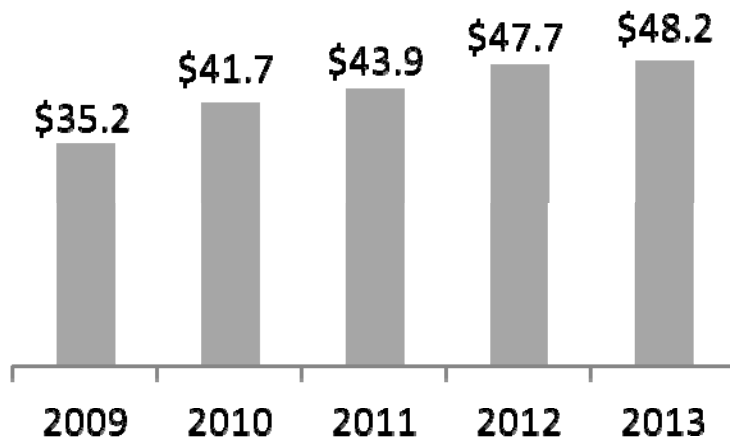


Maintaining a Safe and Reliable Electric System

Enhancing Reliability

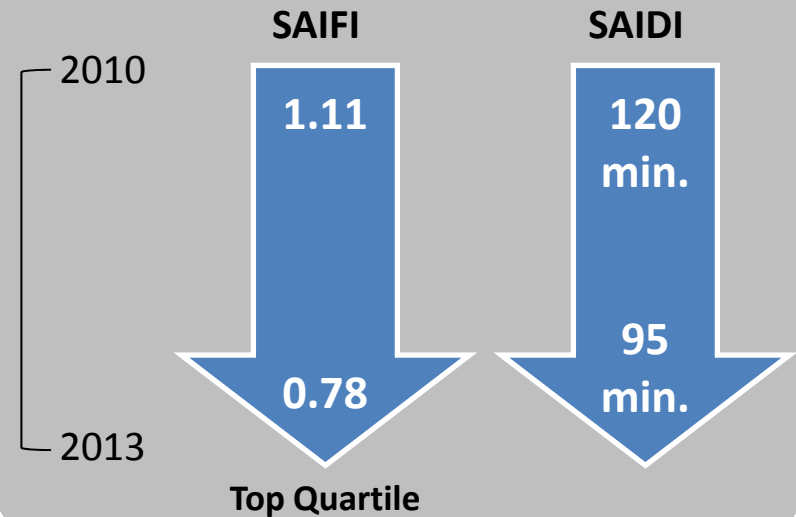
- Making the Necessary System Investments
- Improved Sectionalizing Capabilities
- Addressing Worst Performing Circuits/Taps
- Sustained Tree Trimming Efforts
- Continued Preventative Maintenance and Inspections

Increasing Electric O&M Expense (Distribution/\$M)



Continuous Improvements

- 99% of Outages Averaged Under 1 hour (2013)
- Outage Duration Reduced by 21% Since 2010



Keeping Customers and the Public Informed

Ensuring Clear, Timely and Helpful Information Across All Channels

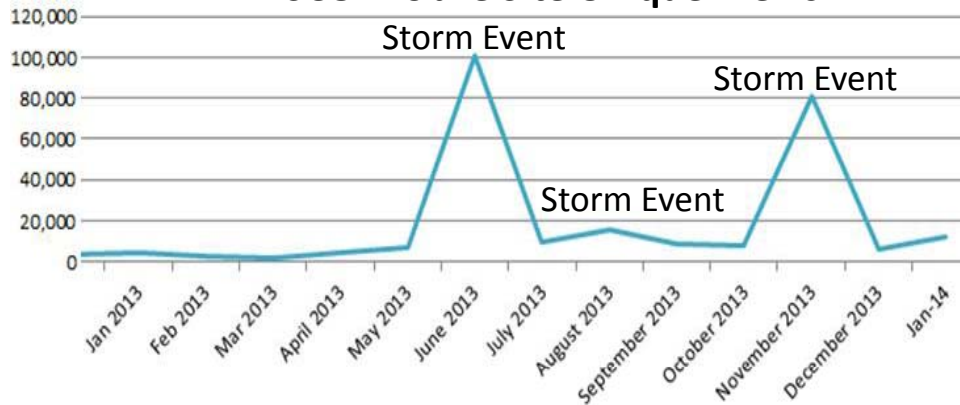
Current State

- 24/7 Call Center
- Customer E-mail
- Social Media
- Web and Mobile Site
- Power Outage Map
- Streetlight Outage Map
- Broad Reach Advertising
- Mobile Customer Care Team
- Customer Focus Groups
- Community Advisory Panels
- Voice of Customer Process
- Public and Media Relations
- Bill Inserts and Messages
- Customer Newsletters
- Walk-in Business Office
- Interactive Voice Response
- Ambassador Program
- Community Events

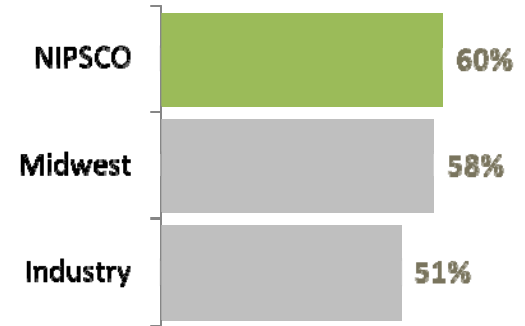
Future State

- Texting and Alerts (Outages, Bill and Service Reminders, etc.)
- Redesigned Bill Format
- Expanded Mobile Enhancements
- Call Center Telephony - VoIP

NIPSCO Mobile Site Unique Views



Communication Recalled from Utility*



*SOURCE: 2014 JD Power Electric Utility Residential Customer Satisfaction StudySM (Wave 3)



Green Solutions for Customers



Feed-in Tariff (29.7 MW Capacity)

- Customer sells power generated by renewable energy to NIPSCO
- 25 large projects; 92 small projects – 15.2 MW solar, 160.2 kW wind, 14.35 MW biomass (some projects still under construction)



Net Metering (2.3 MW Capacity)

- Bill credit for power generated by renewable energy; offsets usage
- 67 participants – primarily solar and wind



Electric Vehicles

- \$1,650 voucher for in-home charging station, free overnight charging
- 107 Customers Participating
- Program provides incentives for deployment of public charging stations



Green Power Rate

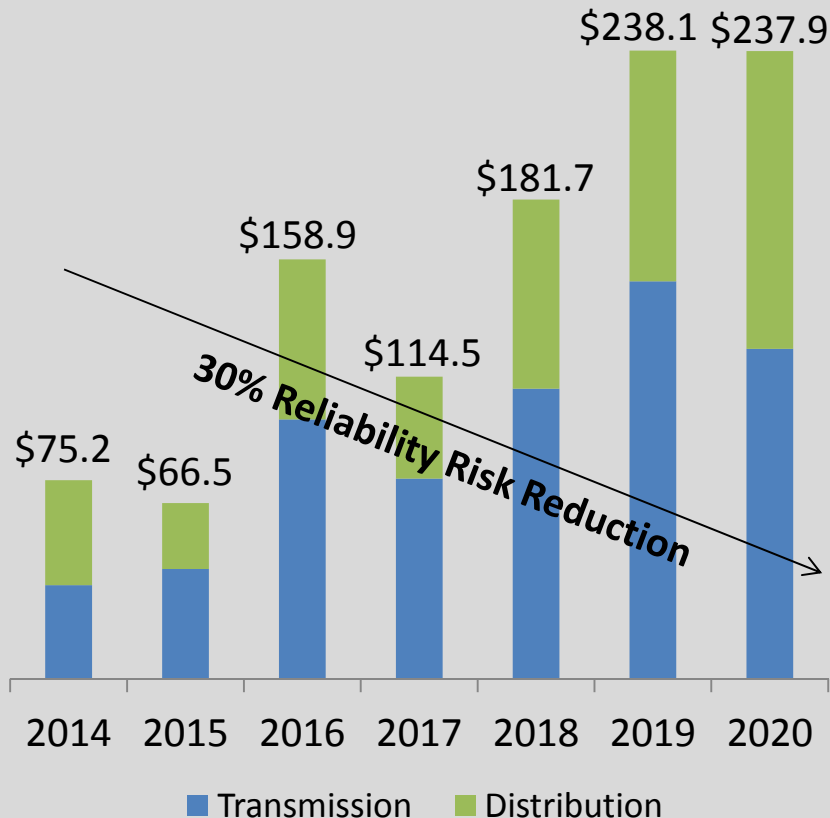
- Option to attribute a portion or all monthly usage to come from renewable resources (\$2.16 additional each month for 100% green)
- 637 participants – 618 residential, 19 commercial

Meeting the Needs of Tomorrow

Investing for the Future

Infrastructure Modernization Plan - \$1.07B through 2020

Proposed 7-Year Electric Investments (\$M)



Customer Benefits

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

Strengthening the Energy Infrastructure

Successful Project Execution



Greentown-Reynolds 765kV Transmission Line

- MISO Multi-Value Project (MVP)
- Joint Project with Pioneer Transmission
- Approximately 70 Miles
- Public Outreach Underway; Proposed Routes Provided May 2014
- 2015 Expected Construction; 2018 In-Service

Reynolds-Topeka 345kV Transmission Line

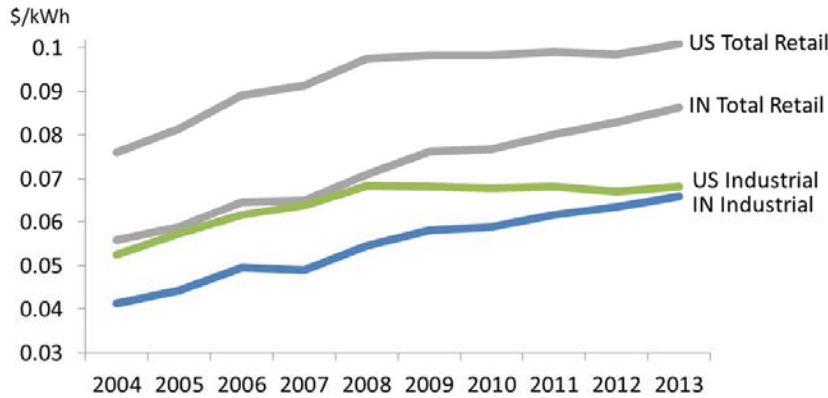
- MISO MVP Project, 100 Miles
- Final Route Identified 2013
- Right of Way Acquisition Underway
- 2015 Expected Construction; 2018 In-Service



Maintaining Indiana's Competitive Edge

Industrial Rate Comparisons and Cost Drivers

Historical Avg. Retail and Industrial Electric Rates*



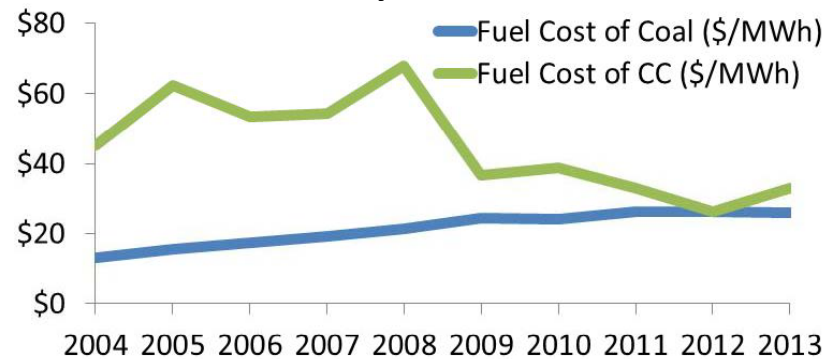
Indiana Electric Rates (2013)*

	Total Retail	Industrial
Indiana Rank (1=Low)	15 th in US	26 th in US
Indiana Average	\$0.0863/kWh	\$0.0659/kWh
US Average	\$0.1008/kWh	\$0.0682/kWh
Difference from US	14.4% Lower	3.4% Lower

Change in Rankings are Driven by Relatively Higher Production Costs

- 93% of Indiana's generation 5 years ago was coal compared to 84% in 2013 (excludes nuclear)
- Cost to produce electricity from coal has increased and decreased for natural gas

Fuel Cost History**



*SOURCE: EIA

**SOURCE: EIA, SNL, NIPSCO

Maintaining Indiana's Competitive Edge

Outlook on Industrial Rates

Future for Industrial Rates

- Relative rankings unlikely to change over next few years
- Rates are primarily a function of cost – not the regulatory structure
 - Abrupt changes in regulatory structure can increase short-term costs
- Any regulatory paradigm that leads to lower capacity ultimately leads to increased costs

Containing Industrial Rates

- New services allowing industrial customers the ability to reduce costs, while limiting the burden shifted to other customers
- Changes in the cost allocation methodology
- Economic development support/tariffs
- Industrial opt out for energy efficiency programs

Continuing to Help Customers Save Energy

Energy Efficiency Programs Remain an Important Focus

Considerations for Extending Future Programs

- Offering programs to all customer classes
 - Focused on residential and small commercial customers
 - Opt-out for customers with load in excess of 1MW
- Thoughtful review of cost effectiveness
- Considering the impact on customers, particularly those with low income

Planning to file for 2015 DSM programs in May

- Committed to maintaining a collaborative approach

Evaluating Scenarios that Make Sense for Our Unique Customer Base

Long-Term Resource Planning

2014 IRP Public Advisory Process Continuing

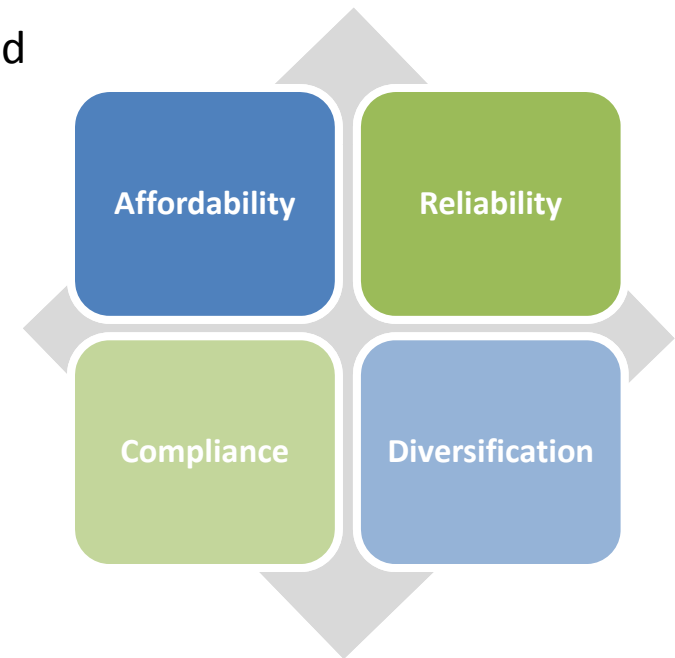
Preliminary 2014 IRP Analysis

- Current generation portfolio combined with demand response is sufficient to meet customer needs
- NIPSCO's supply resources will be compliant with existing and future EPA requirements

Public Advisory Process

- April: Continued one-on-one stakeholder meetings
- May 7: Second public advisory meeting
- June – October: Monitor business conditions and prepare submission

Defining a Cost-Effective Portfolio

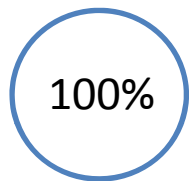


Investing in Environmental Improvements

Complying with Current and Future Regulations

Schahfer Unit 14 Flue Gas Desulfurization (FGD)

- Currently Online (Fall 2013, Ahead of EPA Requirement); Within Authorized Budget



NIPSCO Coal Fleet Fully Scrubbed by 2016

Michigan City Unit 12 FGD

- On Track for Fall 2015 Completion (Ahead 2016 EPA Requirement)

Mercury Air Toxins (MATS) Investments

- \$59M Investment Through 2016
- Some Projects Complete; Additional Controls and Projects Underway

Schahfer Unit 15 FGD

- On Track for Fall 2014 Completion (Ahead of 2016 EPA Requirement)



Economic Impact from Projects

- Contracted with 40 Companies
- More than 600 On-Site Employees (Schahfer)
- Indiana Plan Partnership to Introduce Diverse Workforce to Building Trade

2014 Summer Preparedness

Working to Become Indiana's Premier Utility

- Meeting our customers' energy needs today and in the future
- Enhancing efficiency and reliability
- Investing in environmental improvements
- Committed to energy efficiency and customer programs
- Engaging customers, communities and key stakeholders
- Strengthening Indiana's energy infrastructure

Thank You