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INDIANA-KENTUCKY ELECTRIC CORPORATION

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FOR IMMEDIATE RELEASE

**OVEC-IKEC TO INVEST \$820 MILLION FOR ENVIRONMENTAL
CONTROLS AT KYGER CREEK AND CLIFTY CREEK POWER PLANTS**

PIKETON, OH, May 11, 2006 – The Ohio Valley Electric Corp. (OVEC) and its subsidiary, Indiana-Kentucky Electric Corp. (IKEC) announced today preliminary plans for investing an estimated \$820-million to install additional environmental controls at its Kyger Creek power plant in Cheshire, Ohio, and its Clifty Creek power plant located in Madison, Indiana.

OVEC-IKEC plans to install flue gas desulfurization (FGD) systems at both facilities. The Kyger Creek and Clifty Creek plants have generating capacities of 1,085 megawatts (MW) and 1,302 MW, respectively. FGD systems, commonly called "scrubbers," reduce sulfur dioxide (SO₂) emissions by as much as 98 percent. The Kyger Creek plant has five separate 217-MW generating units, while the Clifty Creek plant has six separate 217-MW units. At both plants, two absorber modules will be built to treat the boiler exhaust. At the Clifty Creek plant, each module will accommodate three generating units. At Kyger Creek, three units will be connected to one module and two units to the second module.

"The addition of these FGD systems represents a major commitment to environmental quality in southeastern Ohio and southeastern Indiana," said David L. Hart, vice president and assistant to the president of OVEC-IKEC. "The projects will also produce an economic boost to the two regions."

Engineering and permitting activities are currently under way and construction on both projects is scheduled to begin in 2007. Kyger Creek's FGD system will begin operation in 2009, while the Clifty Creek system will begin operation in 2010.

OVEC-IKEC has engaged the American Electric Power Service Corporation (AEPSC) to serve as the project manager for the construction projects. "AEPSC will provide professional services in licensing, engineering, design, procurement and construction management for the projects," according to Hart.

“The projects will produce some changes in the appearance of the exhaust from the plants’ stacks,” said David E. Jones, vice president of operations. “We want to assure our neighbors that the changes actually represent an improvement in air quality for the region.”

Because scrubbers increase the amount of water vapor emitted through the stack, the plumes at both plants will be more visible. “The new plumes are essentially water vapor,” said Jones. “It will be the most obvious sign that the emissions from the plants are cleaner than they were before.” A new stack will be built for each plant as part of the overall FGD projects.

An FGD system uses both chemical and mechanical processes to remove and capture SO₂ from a combustion boiler’s flue gas. The SO₂ in the flue gas interacts and is absorbed into a finely ground limestone slurry. Once dissolved, the SO₂ reacts with the calcium in the limestone to form a solid compound. A mechanical process removes the water from this slurry, and the resultant FGD material, gypsum, is suitable for disposal in an appropriate landfill. It is also suitable for conversion to usable building materials.

The construction projects will create the need for temporary labor. Temporary positions will be filled through contractors selected to install the equipment. Workers from all 14 building trades will be supplied through local and regional union halls. Construction employment is expected to peak at 400 workers at Kyger Creek and 450 workers at Clifty Creek. Roughly 20 additional full-time staff will be required at each plant once the scrubbers are completed and in operation.

“The addition of FDG equipment will enable the facilities to continue to comply with regional and national air quality standards in the most cost-effective manner,” Jones explained. As part of OVEC-IKEC’s environmental improvement efforts, selective catalytic reduction systems were added to ten of OVEC-IKEC’s eleven units in 2002 to reduce emissions of nitrogen oxides (NO_x.) The NO_x reduction systems began operations in 2003.

Both Kyger Creek and Clifty Creek began generating electricity in 1955.

OVEC and IKEC were organized in October 1952 by 15 sponsoring utilities. Parent companies of the sponsoring utilities are Allegheny Energy, Inc. (NYSE: AYE), American Electric Power (NYSE: AEP), Buckeye Power, Inc., Duke Energy Corp. (NYSE: DUK), DPL, Inc. (NYSE: DPL), E.ON AG, FirstEnergy Corp. (NYSE: FE) and Vectren Corp. (NYSE: VVC).