What is this document

- This content is emerging material to support an integrated leadership discussion to eventually make decisions on IT portfolio investments

- The deck in its current state is not intended to make immediate decisions given there is further work to be completed

- Outcomes from the journey mapping exercise should be included in this deck and content tailored so that recommendations are aligned with the latest outcomes

- Slides that require updates are noted as such with yellow boxes and highlighting

'One PPL' – Technology Strategy Handover Package

April 2024

Confidential

Agenda

- PPL is aligning its business and operations under the 'One PPL' strategy to become the Utility of the future through Journey Mapping and process definition across the newly combined organization, through these efforts systems gaps have been identified

- PiP was engaged to develop 12 systems business cases, 6 of which were completed with favorable results with $90M in capital and $13M in O&M costs and 6 of which require additional analyses with a range of $410-620M in capital and $12M in O&M costs

- Critical business risks were identified, including aging platforms, cyber and subledger risks leaving PPL exposed to potential risk of another $100M+ catastrophic billing event, SEC refiling and missing Commercial & Industrial (C&I) customer project timelines

- Decisions regarding project sequencing and business plan budgets require evaluating the IT portfolio's opportunities, assessing the IT systems health, reviewing project's NPVRR and their benefits while considering overall costs within budgetary constrains

- Resource allocation and operational model selection should integrate the 'One PPL' talent strategy, assess availability of internal resources and expertise, adhere to timelines, and consider benefits versus the costs of outsourcing

- Drafting the implementation roadmap will require prioritizing risk management, optimizing benefits for customers/organization, and ensuring alignment with regulatory strategies

- In pursuit of transforming PPL to the 'Utility of the future', alignment is needed with leadership on key decisions to initiate activities to gather data, identify resources, and begin transformation planning

Illustrative, final slide needs to be created by PPL

PPL intends to elevate the way it does business:

Grow through acquisitions and as such the organization, processes and tools must be scalable

Operate as a Utility of the Future leveraging automation and prioritizing business efficiencies

Be deliberate in keeping reliability and affordability for customers at the forefront of its mission

Provide a best-in-class customer experience

5

Illustrative, final slide needs to be created by PPL

New Electric Service Install Journey Maps from 3 perspectives being developed by PPL over a 7-week exercise

Details:

○ As move Group 4 continues towards cutover, research will be mindful of RIE and PA as an informing precedent, Ky will follow

○ The Back Office/Supply chain category is broad. Further research will determine the exact roles this suer group plays in the journey

○ The journey maps will be inclusive of pain points and opportunities for improvements with technology, business process, and the people who enable the process

Customer:

This journey begins with a customer submitting a requires for a new service install and ends with the customer receiving the first bill

Field worker:

This journey begins with field worker's queue being updated with work available and ends with EAM sending the work completed notice

Back office/supply chain:

This journey begins with the CSR taking the customer call spans resource coordination, through finance and ends with customer billing

	1 Customer Journey	2 Supporting Processes	3 Business requirements	4 Systems and Tools
	Varying regulatory landscapes require different approaches to journey elements	Processes cannot be fully consolidated due to different offerings	[Key high-level takeaways]	[Key high-level takeaways]
	[Key high-level takeaways]	[Key high-level takeaways]	[Key high-level takeaways]	[Key high-level takeaways]
	[Key high-level takeaways]	[Key high-level takeaways]	[Key high-level takeaways]	[Key high-level takeaways]

- *This slide should be populated based on the outcome of the 7-week Journey mapping exercise*
- *Examples of content included above*

		Pennsylvania	Rhode Island	Kentucky
Operations	**Grid operations**	GE (AEMS)		Oracle EMS
		GE (ADMS)		
		PowerOn OMS		Oracle NMS-OMS
	Field Operations (Elec. / Gas)	HxGN EAM (Planned); Restore (Unplanned); Hitachi Svc Suite; ESRI ArcGIS Pro	HxGN EAM (Metering + Planned); Hitachi Svc Suite; IQGeo; Manual (Unplanned); OpenGrid; IQ Geo; ESRI Utility Network	Paper-based (Planned); Oracle OMA
	Customer Service	Customer/1; L+G Grid Stream; Intelligent desktop; L+G Command Center; HxGN Transit; Twilio; Custom/web; Watt Net Plus		SAP CIS; MyAccount; L+G CC; Watt Net Plus; Avaya; Siemens EnergyIP; Customer app
Financial	**Finance/HR**	Power Plan; Power Plan; Utilities International (Planning and Budgeting); ADP; PeopleSoft + BMI BIPEV-Oracle 12C; HCM		Power Plan (Budgeting and Projects); Utilities International (Planning); Oracle OeBS; People Soft; Volts
	Supply Chain	Infor FSM; Concur; Trax; Adobe Sign; Hansen; ISN; IDM; Snowflake		Oracle OeBS; Avetta; DocuSign; AIM; Zycus; Kofax; Sterling
IT	**Technology and Innovation**	Content Mgmt Platforms; IIDR; Autovue; Netezza; Informatica; Rinimat Streat; Filenet/Fusion		OpenText; DMS; SharePoint

Note: List is non-exhaustive, other IT systems not shown for clarity

Sources: PPL-supplied Business Cases and Capital Evaluation Models with PiP updates; PPL IT and Business interviews

Legend: Major system | Lesser system

Agenda

Build fact base

- Consolidated existing program details (e.g., budget, dependencies)

- Engaged functional and OpCo teams meeting with 50+ stakeholders across PPL

- Benchmarked cases around transition to cloud and customer transformations (CIS/CRM)

Complete business cases

- Stress tested Capital Evaluation Models and standardized model assumptions tab

- Developed Strategic Benefit Framework for a comprehensive approach to articulating consolidation benefits

- Developed regulatory guardrails collaboratively with PPL Regulatory team

- Standardized Business Case format

- Drafted business cases for each initiatives and syndicated with key stakeholders

Align with stakeholders, business planning and incorporate regulatory strategy

- Identified key decisions and explored alternative solutions to maximize long-term value

- Partnered with key stakeholders to align on decisions and solutions

- Identified alternative timing/sequencing of investments based on risk and regulatory environment

- Translated 'One PPL' initiatives into timeline to support annual spend business planning

Case Nos. 2025-00113 and 2025-00114
Attachment to Response to PSC-2 Question No. 59
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Johnson

We would like to thank all of the PPL team members who contributed to this engagement

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Brandon Coldiron	Denise Baker	Kristine Miller	Shawn Mantz	Robert Conroy
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Lisa Norton	Lesley Ann Pienaar	Thomas Pienta	Jacque English	
Kristin DeSousa	Marlene Beers	Todd Dierksheide	Allyson Sturgeon	

PiP scope

		Pennsylvania	Rhode Island	Kentucky
Operations	**1** **Grid operations**	GE (AEMS) / GE (ADMS) / PowerOn OMS		Oracle EMS / Oracle NMS-OMS
	2 **Field Operations**	HxGN EAM (Planned) / Restore (Unplanned) / Hitachi Svc Suite / ESRI ArcGIS Pro	HxGN EAM (Metering + Planned) / Hitachi Svc Suite / IQGeo / Manual (Unplanned) / OpenGrid / ESRI Utility Network	Paper-based (Planned) / Oracle OMA / IQ Geo
	3 **Customer Service**	Customer/1 / Intelligent desktop / Twilio / Custom/web		SAP CIS / MyAccount / Avaya / Customer app
Financial	**4** **Finance/HR**	Power Plan / Power Plan / Utilities International (Planning and Budgeting) / ADP / PeopleSoft + BMI BIPEV-Oracle 12C / HCM		Power Plan (Budgeting and Projects) / Utilities International (Planning) / Oracle OeBS / People Soft / Volts
	5 **Supply Chain**	Infor FSM		Oracle OeBS / Avetta / Zycus
IT	**6** **Technology and Innovation**	Content Mgmt Platforms / IIDR / Netezza / Informatica / Filenet/Fusion / OpenText / SharePoint		

Note: List is non-exhaustive, other IT systems not shown for clarity;
Source: total spend based on 2024 IT BP dated 9/5/23 with adjustments to reflect latest cost estimates

Legend Major system / Leader system

Favorable business cases

Area	Case	Scope	Capital	O&M	Status
Data content and enterprise management	Data platform consolidation	Consolidate disparate legacy data toolsets on to single enterprise-wide platform	$8.7M	$1.9M	🟢 Planned 2025
	Content management	Consolidate diverse content management platforms on to single enterprise-wide platform	$6.2M	$1.2M	🟢 Planned 2025
Engineering and grid operations	ADMS	Continue replacing Kentucky's Oracle ADMS with the GE Platform used in PA and RI	$14M	$6M	🟢 In-flight
	ESRI + AUD	Continue consolidating all PPL companies onto an ESRI GIS system, with AUD	$52M	$8M	🟢 In-flight
Infrastructure and cyber security	Network consolidation	Continue replacing disparate, end-of-life OpCo network infrastructure with Cisco's modern network	$15M		🟢 Planned 2024
	Digital enterprise hosting	Continue replacing outdated on-premises infrastructure with cloud services or new servers	$22M		🟢 In-flight

Legend: 🟢 Favorable outcome, proceed   🟡 Uncertain outcome, further analysis required   🔴 Unfavorable outcome, extensive rescoping required

Notes: Capital and O&M estimates subject to revision as new information becomes available

Sources: PPL-supplied Business Cases and Capital Evaluation Models with PiP updates; PPL IT and Business interviews, 'PPL Customer Systems - Dec 12 2023-share Partners

Case Nos. 2025-00113 and 2025-00114
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Business cases requiring further analysis

Area	Case	Capital	O&M	Status	
Customer	Customer operations	$350M	$2M	🟡	• Customer/1 is a high-risk, aging platform • RFP for large scale replacement required to better define viable alternatives
	Customer-facing applications	$30-50M		🟡	• PPL has disparate customer-facing systems which provide inconsistent experiences • Holistic transformation roadmap needed to achieve fully-digital omnichannel experience
Electric and gas work management	Infor FSM for KY	$10-25M	$1M	🔴	• PA & RI are continuing to experience significant issues with the platform • Enhancements are on-going • Too early to commit to extension into KY
	HxGN EAM for KY	$20M	$1M	🟡	• HxGN working well in PA & RI • Lower cost alternatives should be considered before extending HxGN into KY
Finance and human resources	Financial consolidation	$100M	$2M	🟡	• PPL's finance team is reliant on disparate systems, underpinned by manual processes • An integrated multi-module ERP assessment is needed to define PPL's next ERP solution
	HR consolidation	$25M	$3M	🟡	• Oracle HCM used in PA & RI, while KY remains on Peoplesoft • Consolidation timing to based on the integrated multi-module ERP assessment

Legend: 🟢 Favorable outcome, proceed   🟡 Uncertain outcome, further analysis required   🔴 Unfavorable outcome, extensive rescoping required

Notes: Capital and O&M estimates subject to revision as new information becomes available

Sources: PPL-supplied Business Cases and Capital Evaluation Models with PiP updates; PPL IT and Business interviews, 'PPL Customer Systems - Dec 12 2023-share Partners

Case Nos. 2025-00113 and 2025-00114
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Complex business cases require further analysis and decision making before an effective consolidation strategy can be operationalized

Situation

Customer Operations

- Customer/1 is a high-risk, aging platform that **will not be hosted nor supported by Accenture after FY26**

Customer Experience

- Customer Web/Portal, IVR and Mobile app are on disparate platforms with limited functionality providing a **sub-par, inconsistent customer experience**

Infor FSM

- Infor FSM was rolled out as a minimum viable product and **continues to experience significant issues at PA/RI**

HxGN EAM

- HxGN EAM meets the business' needs at PA/RI for planned work and has advanced functionality
- OpenGrid is an outdated, paper-based system

Finance & HR ERP

- PPL's aging financial and HR information functions rely on **numerous, disparate systems, underpinned by highly manual processes**

Decisions with emerging recommendations

- **Consolidate now** and accelerate the transition from Customer/1 in PA
- **Begin stabilization** of EU CSS and MDM in 2024
- **Launch RFPs** to select solution and SI

- **Define future state** business unit goals, customer journeys, emerging business processes & system req's
- **Transform the customer experience** to an AI-enabled, fully-digital omnichannel experience by 2026

- **Continue enhancing Infor FSM** at PA/RI out to 2029
- **Do not extend Infor FSM** to KY until alternatives are assessed
- **Revisit supply chain solutions** after completing an integrated multi-module ERP assessment

- **Continue enhancing HxGN EAM** at PA/RI out to 2029
- **Reassess implementation** of HxGN EAM for KY against lower cost alternatives then implement

- **Begin an integrated multi-module ERP assessment** in 2024 to identify the scope of a future state ERP system

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Agenda

Three critical decisions are needed at a 'One PPL' portfolio level to execute the plan

1 Projects and Budget

Decide on project sequence and business plan budgets:

- Overview of opportunities across IT portfolio
- IT systems health assessment
- Project NPVRR and benefits
- Overall costs and budget constraints

2 Resourcing and Operating model

Decide on resourcing and op model to execute projects:

- One PPL talent strategy
- Availability of internal resources and expertise
- Required timelines
- Outsourcing benefits vs cost

3 Implementation road map

Decide on implementation road map sequence and considerations:

- Risk management
- Optimizing benefit to customers and organization
- Alignment with regulatory strategy

Several opportunities have been identified to mitigate risk as well as realize benefits to both customers and the business

Customer Operations

Mitigate material risks

Implement foundation to support future customer needs

Customer Experience

Build best in class customer experience

Standardize customer experience where relevant across OpCos

HxGN EAM

Improve crew productivity

Improve estimate quality and automate scheduling and dispatch

Finance & HR ERP

Increase business efficiency

Automate manual processes and consolidate processes/systems

Infor FSM Alternative

Streamline the supply chain across OpCos

Automate work order packages and inventory management

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	Pennsylvania	Rhode Island	Kentucky
Grid operations	GE (AEMS)		Oracle EMS
	GE (ADMS)		
	PowerOn OMS		Oracle NMS-OMS
Field Operations	HxGN EAM (Planned)	HxGN EAM (Metering + Planned)	Paper-based (Planned) · Oracle OMA
	Restore (Unplanned)	Hitachi Svc Suite · IQGeo	
	Hitachi Svc Suite · ESRI ArcGIS Pro	Manual (Unplanned) · OpenGrid · IQ Geo	
		ESRI Utility Network	
Customer Service	Customer/1		SAP CIS · MyAccount
	Intelligent desktop		Avaya · Customer app
	Twilio · Custom/web		
Finance/HR	Power Plan	Power Plan	Power Plan
	Utilities International (Planning and Budgeting)		Utilities International (Planning)
	ADP		Oracle OeBS
	PeopleSoft + BMI BIPEV-Oracle 12C		People Soft · Volts
	HCM		
Supply Chain	Infor FSM		Oracle OeBS · Avetta · Zycus
Technology and Innovation	Content Mgmt Platforms · IIDR · Netezza · Informatica		
	Filenet/Fusion	OpenText	SharePoint

Multicriteria health assessment

Overview: each platform assigned a score of 1-5 against nine elements, then weighted avg for a total score

Overall	**Avg**
🔴 Poor health:	<= 19
🟡 Health at risk:	>19, < 31.5
🟢 Good health:	=> 31.5

Tech risk *(40%)*
1. Obsolescence
2. Compliance
3. Cyber

Support risk *(30%)*
4. Access to resources
5. Expertise
6. Sufficient # resources

Alignment *(30%)*
7. Functionality
8. Scalability
9. Flexibility

Legend | Major system | Feeder system

'One PPL' consolidation business cases typically cost more than business-as-usual but are necessary to unlock strategic benefits and modernize critical infrastructure, some straight-forward business-cases are also cheaper

Focus areas		Business case	NPVRR[1]	O&M savings	Key takeaways
Straight-forward	Data content and enterprise management	Data platform consolidation	$3.3M / $4.8M	• $0.4M per year	• Straightforward business cases are either economically favorable or strictly necessary to maintain business functions (business-as-usual is not viable)
		Content management	$6.8M / $4.5M	• $0.8M per year	
	Engineering and grid operations	ADMS	$7M / $21M	• None directly attributable • Strategic benefit enablement expected	
		ESRI + AUD	$18M / $48M	• None directly attributable • Strategic benefit enablement expected	
	Infrastructure and cyber security	Network consolidation	$13.0M / $9.0M	• $1M per year	• Focus on project execution
		Digital enterprise hosting	$103.0M / $22.0M	• $20.7M per year	
Complex	Customer	Customer operations	N/A	• To be determined	• Complex business cases are typically economically unfavorable but strategically necessary
		Customer-facing	N/A	• To be determined	
	Electric and gas work management	Infor FSM for KY	$31.1M / $33.1M	• $1.2M per year	
		HxGN EAM for KY	$8.9M / $25.5M	• $0.7M per year	• Further analysis required to inform decision making
	Finance and human resources	Financial consolidation	$134M / $145M	• IT & business O&M: $1.3M per year • Audit costs: $400K per year	
		HR consolidation	$39M / $51M	• IT support O&M: $0.4M per year	

Legend: ▢ Business-as-usual ▢ Economically favorable business case ▢ Economically unfavorable business case

Notes: 1. NPVRR = Net Present Value of the Revenue Requirement, BAU = Business as Usual, BC = Business Case
Sources: PPL-supplied Business Cases and CEMs with PiP updates

Case Nos. 2025-00113 and 2025-00114
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Total estimated spend across 'One PPL' initiatives is ~$500-710M CAPEX and ~$25M O&M between today and 2029; additional work to be completed to refine estimates

CAPEX by 'One PPL' business case ($M)

> 2024 spend includes Customer/1 stabilization and MDM at PA

> Customer Ops at KY and Infor FSM enhancements are the only spend in 2029

O&M[1] by 'One PPL' business case ($M)
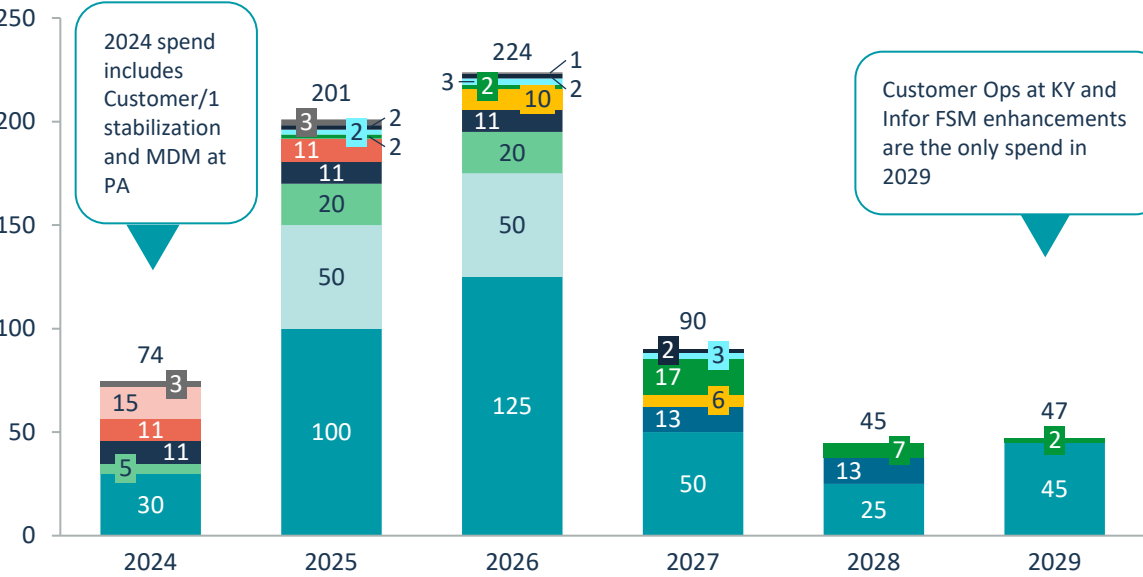
Total investment[2] ($M, rounded, ranged)

Other	
ADMS	
Content Mgmt	
Data Consolidation	
Network Consol.	
Digital Ent. Hosting	
FSM for KY	
EAM for KY	
HR Consolidation	
ESRI + AUD	
Customer experience	
Financial ERP	
Customer Operations	
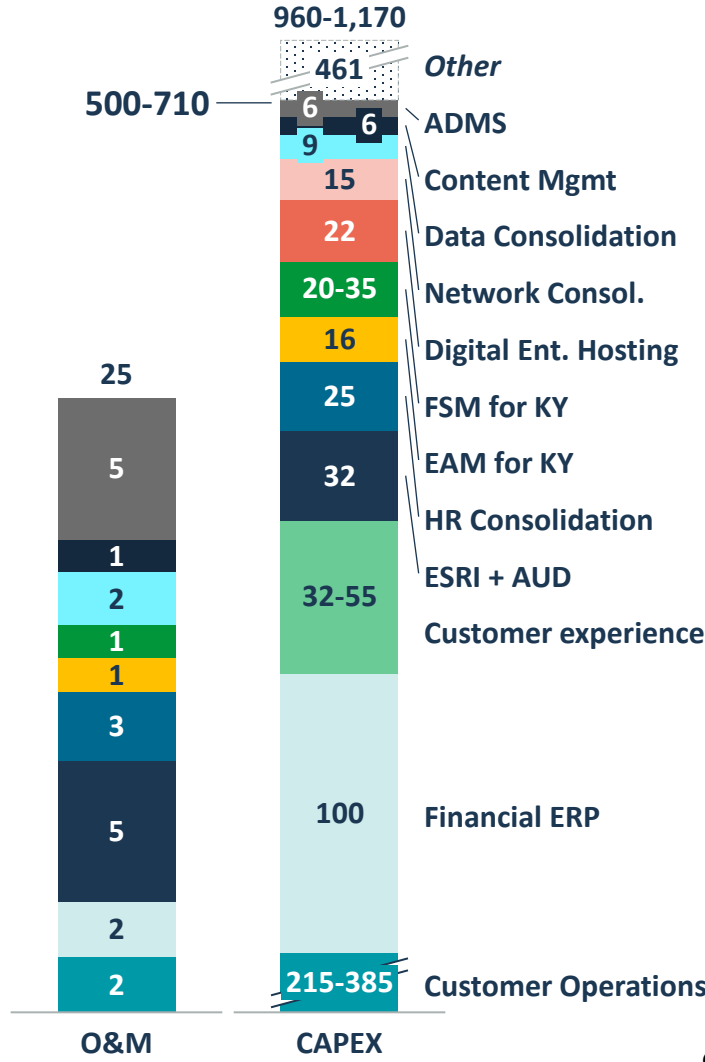
Delivery focus

- **2024-25:** Stabilize Customer/1 and MDM at PA, complete market testing (RFPs) followed by kick off; complete in-flight projects

- **2025-26:** Major transformation ramp up of Customer Operations and Customer Experience at EU; Financial ERP transformation completed; EAM for KY kicks off

- **2027-9:** Customer transformation shifts to RI then KY; supply chain, work management and HR transformations completed
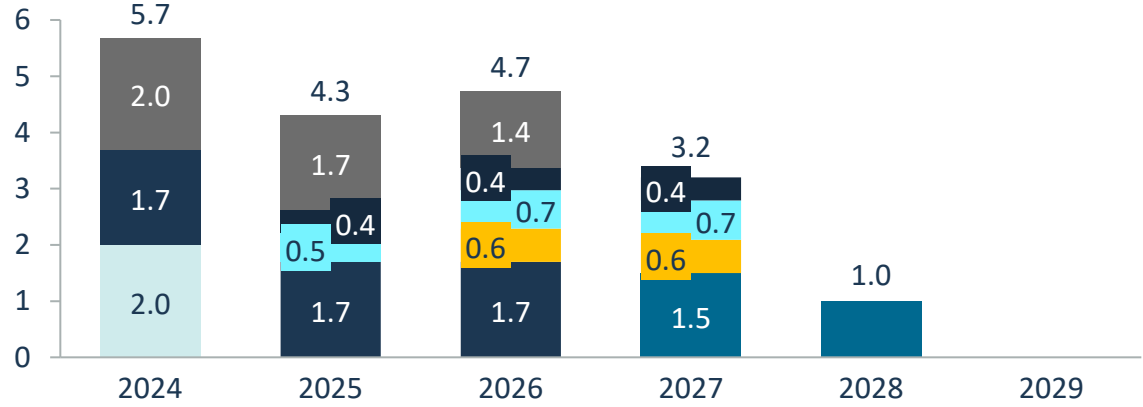
Notes: 1) O&M includes both project and non-project assessment O&M; 2) Customer and Financial ERP CAPEX reflects early stage total ROM estimates subject to revision and CAPEX/O&M split as project scope develops;
Sources: Total investment includes all 2024 IT BP spend adjusted for latest cost estimates; PPL-supplied Business Cases and CEMs with PiP updates

Current state IT implementation model

	Customer Experience	Billing & Collections	Customer Back Office	Metering
Directors	Jonathan Whitehouse (Portfolio) / Brandon Coldiron (Tech - CSS PA; SAP KY) & Ann Seidler (Tech – CSS RI ; Customer Facing all OpCos)			
Product Team	Customer Experience	Billing & Collections	Customer Back Office	Metering
Product Manager	Andita Weathers **Software & Systems:** IVR (all OpCos), Web (all OpCos), Customer Mobile (all OpCos)	Tracy Alexander **Software & Systems:** Customer Billing (all OpCos)	Kathi Rohrer **Software & Systems:** CBO – Portal Connect, Intelligent Desktop, KAM, Gas Portal, Supplier Portal; Customer Back-office (all OpCos))	Stephanie Gillett **Software & Systems:** Meter Asset Mgmt (all OpCos), Meter Reading and Validation (all OpCos)
Tech Manager/Lead	LaRon Robinson **Software & Systems:** IVR (PA & RI), Customer Web and Portal (all OpCos), Mobile App (all OpCos)	Ryan Gallagher- RI **Software & Systems:** CSS Billing (PA/RI), Intelligent Desktop / CTP (PA/RI) Open SAP (KY)	Ryan Gallagher-PA/RI **Software & Systems:** CSS Billing (RI) Open SAP (KY)	Dave VanArsdale (RI) (field net for legacy, AMF LandisGyr – command center, MDMS grid stream **Faisal Khatri (PA)** (command center and grid stream, MV90) Open (KY) (Watt-Net Plus, MV90, Field Net, Command Center, EnergyIP)
Agile Coach	Bob Mosser			
Design Team	Allison Martin,CX Design Manager (Customer Experience/Comms) Chris Martuza, Service Design Manager (Back Office/IVR)			
Data & Content Manager	Brian Pellegrino			
Architecture & Platform Engineering Manager	Madhu Subbacharya			
Security Team	Michael Nemeth			
Supply Chain	Barb Pritchett & Jennifer Moody			

- **Include current resourcing plan and outsourcing model to make resourcing requests in the next slide to meet approved deadlines**

'One PPL' initiatives will require significant business and technical resources with varying degrees of external support

Illustrative, final slide needs to be created by PPL

Customer Operations

Customer Experience

HxGN EAM

Finance/HR

Supply Chain Solution

Increasing level of Accountability and control →

	Customer Operations	Customer Experience	HxGN EAM	Finance/HR	Supply Chain Solution
	Portfolio Director #	Portfolio Director #	Portfolio Director #	Portfolio Director #	Portfolio Director #
	Product Manager #	Product Manager #	Product Manager #	Product Manager #	Product Manager #
	Staff/Developers #	Staff/Dev. #	Staff/Dev. #	Staff/Dev. #	Staff/Dev. #
	SI / Added support #	SI / Added support #	SI / Added support #	SI / Added support #	SI / Added support #

→ The level of insourcing vs. outsourcing should align to PPL IT's operating strategy and be informed by customer journeys, business process/system mapping and each initiative budget

Key   Insource   Outsource   Both   Headcount

For discussion

- **Customer Operations** needs to be addressed immediately due to a poor systems health score of 9 (out of 45) and material business risks ($100M+ billing event)
  - **Stabilization of customer operations** should begin as soon as possible to create backup options for the aging CIS hardware and outdated MDM system in PA at a combined cost of $30M
  - The **transition away from Customer/1** should be accelerated to start in 2025 as it is an aging platform with limited functionality that is facing an end-of-life date in 2026 at a cost of $350-400M and an NPVRR of ###

- The **customer experience needs to be defined in 2024** to arrive at an omnichannel best-in-class customer experience by 2026

- **Finance, HR and Supply Chain** could **consider an integrated multi- module ERP assessment in 2024** to understand the feasibility of a long-term strategic consolidated solution
  - **GL solutions**, while having some risk with an average health score of 26 (out of 45), are **supported until 2034**
  - **Manual pain point processes** within Finance may **be addressed with automation** solutions starting in early 2025
  - **Supply chain processes** should be reviewed to develop an emerging consolidated approach to inform the integrated multi-module ERP assessment possibly providing alternative to INFOR FSM **gaps in required business functionality**

- Electric and Gas work management solution **HxGN EAM has a negative NPVRR of $25M** and a **review of the cost/benefit analysis of EAM** against available lower cost solutions should be completed **prior to confirming the implementing EAM in KY in 2026**

- **Execute the six favorable business cases** (Data platform consolidation, content management, ADMS, ESRI+AUD, Network consolidation, and Digital enterprise hosting *maybe canceled base on cloud first strategy*)

- In order to complete the above work in the approved timeline the following additional resources are required:

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The implementation roadmap prioritizes risk mitigation, benefit realization, resource leveling and alignment with the PPL regulatory strategy

Recommendation, to be informed by RFPs and execution plans

Rate case schedule

		CAPEX ($M)	Book asset life (years)		
			KY	PA	RI
Customer experience and operations	1. Customer Ops	345			
	2. Customer Exp	45			
Finance and HR	3. Financial ERP	100	5	15	7
	4. HR Consolidation	25	5	15	7
Electric and Gas Work Management	5. FSM for KY	22	5		
	6. EAM for KY	16	5		
Electric and Grid Operations	7. ADMS for KY	14	5		
	8. ESRI + AUD	52			
Data & Content Enterprise Platforms	9. Data Platform Con.	9	5	5	7
	10. Content Management	6	5	5	7
Infrastructure and Cybersecurity	11. Network Consolidation	15	5	15	7
	12. Data Center Refresh	22	5	5	5
Test Years	PPL EU				
	LKE				
	RIE				

Short depreciation lives are more sensitive to rate case timings, and require special attention

2026 Test Year
KY – Almost Certain
RI – Plausible (>1-yr clear of TSA exists, 3-yr MYRP)

2027 Test Year
PA – Probable (may be advanced)

June 2027 – May 2028
KY – Almost Certain

Legend: Sequence TBD ■ | RIE ■ | LKE ■ | EU ■

Source: 2023.08 BP CpCo Meeting, PPL-supplied Business Cases and Capital Evaluation Models with PiP updates; PPL IT and Business interviews

Case Nos. 2025-00113 and 2025-00114
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Wave 1: 2024

Wave 2: 2025 and beyond

Building toward the 'Utility of the Future'

Quick wins and high priorities

	Quick wins and high priorities	Building toward the 'Utility of the Future'
Customer	• Initiate interim stabilization of EU CSS and MDM replacement in 2024 to address high risk of aging infrastructure at a CAPEX of $10-15M • Prepare for CIS consolidation in 2025 by launching an SI RFP immediately to accelerate the replacement of Customer/1 in PA	• Complete a CIS consolidation across all OpCos, beginning in 2025 • Include funding of $30-50M, beginning in 2025, to support the transformation of the customer experience to an AI-enabled, fully digital omnichannel customer experience by 2026
Work mgmt.	• Continue funding for PPL EU and RIE Infor enhancements out to 2029 Recommend against implementing Infor FSM for LKE • Reassess implementation of HxGN EAM for LKE versus lower cost alternatives for planned mobile work to make solution decision	• Revisit supply chain in the 2026 BP, after the Integrated multi-module ERP assessment considers alternative options
Finance and HR	• Begin an Integrated multi-module ERP assessment in 2024 to identify a GL solution (OeBS extension vs Cloud), HR solution timing and supply chain modules to be included in the scope of a future state ERP solution, and develop an execution plan	• Complete an ERP consolidation, beginning with the financial modules in 2025 ($100M), and moving on to HR in 2027 ($25M) • Maintain funding for a HR consolidation beginning in 2027, pending the results of the Integrated multi-module ERP assessment which may call for an advancement of the HR consolidation

Content expected to evolve with slides to be finalized by PPL

- Develop additional decision-making content to support presentations

- Setup up meeting with leadership to review material and present key decisions

- Decide on projects to move forward, annual spend to include in budgets and sequencing

Agenda

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Agenda

Context

- **Customer/1 is a high-risk aging platform** that will not receive any new product features and will no longer be supported or hosted by Accenture after FY26

- A major tech upgrade would be required to migrate other OpCos onto LKE's SAP instance

Key systems in play

PA&RI	KY
Customer/1	SAP ECC

Risks

System		PA&RI	KY
CIS	Tech	🔴	🟢
	Support	🔴	🟢
	Alignment	🔴	🟡

- **C/1:** Stabilization **will not fully address billing event risk**

- **C/1:** Cannot support EV tariff rate nor new features

- **C/1: End of support after 2026**, limited talent pool

- **SAP:** Vendor actively migrating clients to a new version

Impetus for change

Rapidly elevating support costs

Customer/1 2023 actual costs ($/customer)[1]

- SAP
- C/1

SAP: 0.58   **+175%**   C/1: 1.60

Total cost   SAP $0.75M   C/1 $2.4M

Forecast ($M)[2]

PPL hosted + DEV tools → ??

1.7x   2x   9.5

2024	2025	2026	2027
0.8 2.9	0.8 4.7	0.9	0.9
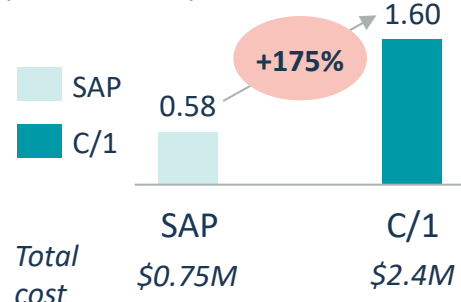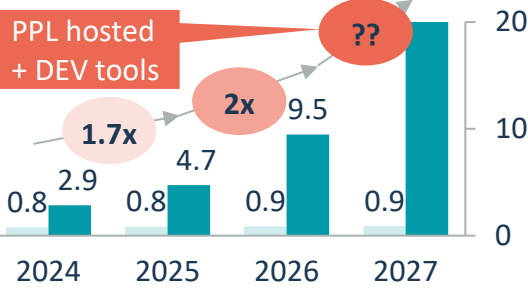
- Professional service costs expected to increase by 50-75% by FY27

Next steps

Steady the ship

- Complete customer journeys
- Establish key business process and system requirements
- **Stabilize Customer/1**

Test the market

- Determine vendor list and engage in discussions
- **Run RFPs**
- Select System Integrator

Execute

- **Execute** the work to plan
- Conduct **change management** and planning efforts

Notes: 1. PPL IT with SAP costs for KY and C/1 costs for PA only, 2. Accenture slide emailed 3/13/24

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Customer/1 CIS platform issues today

Cannot support elements of becoming the Utility of the Future:

- o No capability to innovate tariff structures: *EV billing, ToU, DER, EE*

- o Limited functionality to support CSAT improvement: *e.g. high bill alerts, usage analysis, efficiency recommendations*[1]

- o Not sound for reliable billing: *root cause of 2022 PA major billing event*
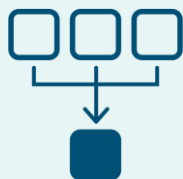
Does not support a consolidation strategy:

- o It is approaching end of life without vendor support

- o From FY27, PPL must self-service and host Customer/1

SAP ECC CIS platform issues today

For other OpCo's to migrate to LKE's SAP instance, major tech upgrade is mandatory ($30-45M)

Vendor actively migrating clients off KY's version

Version outdated, however meets current business need

Notes: desired features based on JD Power 2024 report
Sources: Accenture slide emailed 3/13/24; Interviews with PPL IT

CIS current state system health

System	Tech Risk			Support risk			Alignment		
	Obsolescence	Compliance	Cyber	Access to resources	Expertise	Sufficient # resources	Functionality	Scalability	Flexibility (adaptable)
EU & RIE: Customer/1	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴
KY: SAP ECC	🟡	🟢	🟢	🟢	🟡	🟢	🟢	🟡	🟡

Obsolescence
- C/1: End of both product and hosting support by 2026
- SAP instance requires premium support after 2027

Compliance
- C/1: Cannot support EV tariff rate
- Stabilization will not fully address billing event risk

Cyber
- C/1: No multifactor authentication or long passwords; outdated SHA-1 encryption

Access to resources
- C/1: will need to be supported in-house by PPL after FY26

Expertise
- C/1: Rapidly diminishing talent pool
- SAP: widespread talent availability

Sufficient resources
- SAP: Extended support available through 2030

Functionality
- C/1: No new features to support reg. changes (e.g. NERC/FERC) or new customer preferences
- SAP: supports new tariff structures

Scalability
- C/1: No planned development to support new integrations (e.g. M&A)

Flexibility:
- C/1: Aging software limits adaptability
- SAP: vendor actively migrating clients on to new version

Sources: Accenture slide emailed 3/13/24; Interviews with PPL IT

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CIS Cost Driver

CIS platform comparison

1 **Stabilization**
- Increase platform reliability

Customer/1: $10-15M in 2024

SAP: None, standard annual product updates

2 **Support costs**
- Standard maintenance
- Standard support
- Development environment hosting and tools (currently Accenture)

2023 Actual cost *($/customer)[3]*

- SAP
- C/1

+175%

SAP: 0.58
C/1: 1.60

Total cost SAP $0.75M   C/1 $2.4M

Cost forecast *($M)[2]*

PPL hosted + DEV tools

??

2x

1.7x

	2024	2025	2026	2027
SAP	0.8	0.8	0.9	0.9
C/1	2.9	4.7	9.5	20

3 **Professional services costs**

Customer/1: 50-75% increase by FY27

SAP: standard annual COLA[4] adjustment to 2027

4 **Upgrade or replace platform (CAPEX)**

Customer/1: $200-300M for PA and RI as soon as practicable

SAP: $30-45M SAP brownfield upgrade by 2030 **OR** $100M greenfield replacement

Source: 1) PA Billing event; 2) Accenture slide emailed 3/13/24; 3) PPL IT with SAP costs for KY and C/1 costs for PA only; 4) cost of living adjustment

The CIS replacement program should happen in three distinct phases
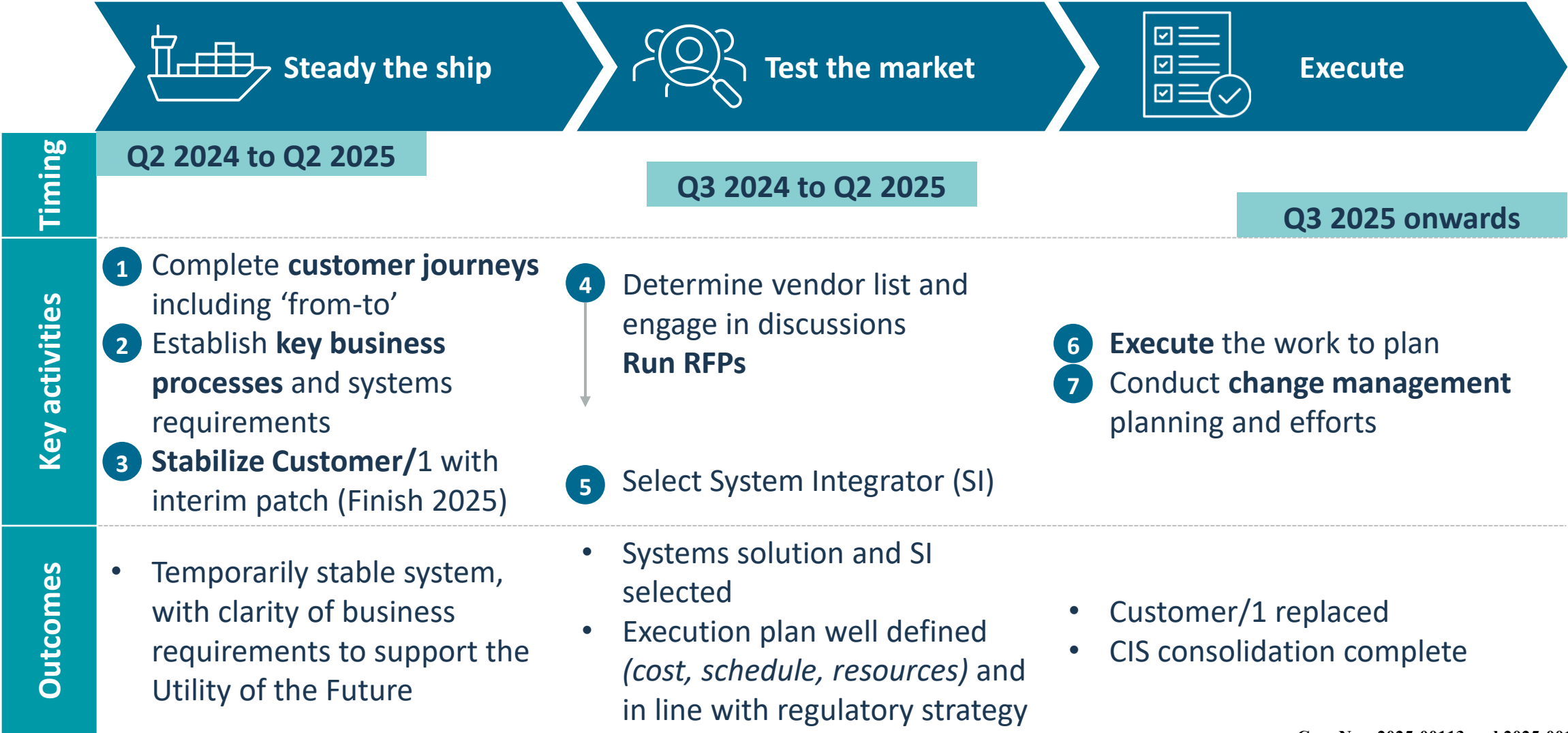
Steady the ship → **Test the market** → **Execute**

Timing

	Steady the ship	Test the market	Execute
Timing	Q2 2024 to Q2 2025	Q3 2024 to Q2 2025	Q3 2025 onwards

Key activities

Steady the ship
1. Complete **customer journeys** including 'from-to'
2. Establish **key business processes** and systems requirements
3. **Stabilize Customer/**1 with interim patch (Finish 2025)

Test the market
4. Determine vendor list and engage in discussions **Run RFPs**
5. Select System Integrator (SI)

Execute
6. **Execute** the work to plan
7. Conduct **change management** planning and efforts

Outcomes

Steady the ship
- Temporarily stable system, with clarity of business requirements to support the Utility of the Future

Test the market
- Systems solution and SI selected
- Execution plan well defined *(cost, schedule, resources)* and in line with regulatory strategy

Execute
- Customer/1 replaced
- CIS consolidation complete

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Context

- PPL's customer-facing applications are outdated, single channel, and do not provide modern functionalities customers expect
- Applications have limited self-service capabilities, adding costs through need for call center agents

Key systems in play

	PA&RI	KY
Web	Custom	MyAccount
IVR	Twilio	Avaya
Mobile app	None	Customer app

Risks

System		PA&RI	KY
Web	Tech	🟡	🟡
	Support	🟢	🟢
	Alignment	🟡	🔴
IVR	Tech	🟢	🟢
	Support	🟢	🟢
	Alignment	🟡	🔴
Mobile app	Tech	🔴	🟢
	Support	🔴	🟢
	Alignment	🔴	🟡

- MyAccount (KY) is beyond end of life

Impetus for change

Strategic benefits

- **Customer**
  - New functions and features to keep pace with customer expectations for the 'utility of the future', resulting in improved CSAT

- **Compliance**
  - Step change in speed to market & response to reg. / customer preference changes

- **Resilience**
  - Enhanced cybersecurity capabilities

- **Efficiency**
  - Enables a single set of processes with flexibility to customize each OpCo

Next steps

Steady the ship

- Stand up Mobile App in PA and RI
- Establish key customer journeys, business process and system requirements

Test the market

- Determine vendor list and engage in discussions
- **Run RFPs**
- Select System Integrator

Execute

- **Execute** the work to plan
- Conduct **change management** and planning efforts

Case Nos. 2025-00113 and 2025-00114
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Customer experience platform issues today at PA/RI

Portal/Web

- o High need for agent interaction

- o No omnichannel capability

- o Lacks functionality such as AI/chatbots, start service letters, credential recovery, paperless nudges

IVR

- o Lacks functionality and scalability for enterprise-wide solution

- o Poor IVR to Web redirects

- o Poor caller ID authentication

Mobile App

- o Does not exist

Customer experience platform issues today at KY

Portal/Web

- o No omnichannel capability

- o Lacking functionality such as push notifications resulting in customers calling

- o High security vulnerability

IVR

- o No 'press or say' functionality

- o No visual IVR support

- o Limited omnichannel and analytics capabilities

Mobile App

- o Limited functionality: launched as Minimum Viable Product with one additional product update

Sources: interviews with PPL IT; enhancement lists provided by business stakeholders 3/1/24 and 3/13/24

Customer experience applications - current state system health

System	Tech Risk			Support risk			Alignment		
	Obsolescence	Compliance	Cyber	Access to resources	Expertise	Sufficient # resources	Functionality	Scalability	Flexibility (adaptable)
PA/RI									
Web: Custom	🟡	🟡	🟡	🟢	🟢	🟢	🟡	🔴	🟡
IVR: Twilio	🟢	🟢	🟢	🟢	🟢	🟢	🟡	🟡	🔴
Mobile App: None	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴
KY									
Web: MyAccount	🔴	🟡	🟡	🟢	🟢	🟢	🔴	🔴	🔴
IVR: Avaya	🟢	🟢	🟢	🟢	🟢	🟢	🔴	🔴	🔴
Mobile App: Customer app	🟢	🟢	🟢	🟢	🟢	🟢	🟡	🟡	🟡

Sources: Interviews with PPL IT

Case Nos. 2025-00113 and 2025-00114
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	Steady the ship	Test the market	Execute
Timing	Q2 2024 to Q2 2025	H2 2025	2026 onwards
Key activities	1 Migrate KY mobile app to PA/RI 2 Establish key business processes and systems requirements	4 Determine vendor list and engage in discussions **Run RFPs** 5 Select System Integrator (SI)	6 **Execute** the work to plan 7 Conduct **change management** planning and efforts
Outcomes	• Mobile app live in PA/RI • Clarity of business requirements for **customer experience to support the Utility of the Future**	• Systems solution and SI selected • Execution plan well defined *(cost, schedule, risk, resources)*, in line with **CIS replacement program and reg. strategy**	• **Omnichannel experience for customers** • Customer experience consolidation complete

Context

- Infor FSM was rolled out as a minimum viable product and **continues to experience significant** issues today at PA/RI
- OeBS with bolt-on applications in KY meets business need but does not support a consolidation strategy

Key systems in play

PA&RI	KY
Infor FSM	OeBS + Bolt-ons

Risks

System		PA&RI	KY
Supply chain	Tech	🟡	🟡
	Support	🟢	🟢
	Alignment	🔴	🟡

- **Infor FSM:** Disparate systems and manual processes increase the risk of a sub-leger failure
- **Infor FSM:** Does not meet current business needs; cumbersome
- **OeBS:** Support ending by 2024, subject to extension by Oracle

Impetus for change

Cost	Alternative	BAU
CAPEX	$12.5 in 2027-8	$20.5 in 2034
Project O&M	$1.2M in 2027-8	Nil
Non-Project O&M	$1.4M / yr	$2.7M / yr
NPVRR	$33.1M	$31.1M

- **Infor FSM has a higher (unfavorable) NPVRR** than BAU due to earlier CAPEX spend only partially offset by lower ongoing costs

Next steps

Steady the ship

- **Implement enhancement roadmap** to prove out Infor FSM at PA & RI
- Begin an integrated multi-module ERP assessment

Test the market

- Determine vendor list and engage in discussions
- **Run RFPs**
- Select System Integrator

Execute

- **Execute** the work to plan
- Conduct **change management** and planning efforts

Case Nos. 2025-00113 and 2025-00114
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Infor FSM platform issues today at PA/RI

Ongoing organizational issues

- o Category managers spend 50% of their time processing invoices
- o 2hr weekly meetings continue that are solely dedicated to resolving Infor issues

Ongoing business efficiency issues

- o Has its own GL despite the Financial ERP having the true GL – fundamental addition of complexity
- o 75 clicks required to go from purchase req to PO – a highly repetitive task
- o Lacking functionality: reporting, contracts, freight

Ongoing governance issues:

- o Supply chain has access to change requisition values post approval
- o Forwarded invoices are getting lost in the system

OeBS + bolt-on app (BAU) issues today at KY

Does not support a One PPL consolidation strategy
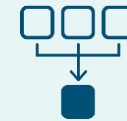
- o All other OpCos are on long-term Infor FSM contracts
- o OeBS must use a number of bolt-on applications to meet supply chain business need (Avetta, Zycus)
- o A major update was completed in 2020, and the platform meets current business need. The next major update is required in 2034

Sources: Interviews with PPL IT and Business stakeholders

Supply chain platform - current state system health

System	Tech Risk			Support risk			Alignment		
	Obsolescence	Compliance	Cyber	Access to resources	Expertise	Sufficient # resources	Functionality	Scalability	Flexibility (adaptable)
EU & RIE: Infor FSM	🟡 Yellow	🔴 Red	🟢 Green	🟢 Green	🟢 Green	🟢 Green	🔴 Red	🟢 Green	🔴 Red
KY: Oracle OeBS + bolt-on applications	🟡 Yellow	🟡 Yellow	🟢 Green	🟢 Green	🟢 Green	🟢 Green	🟡 Yellow	🟡 Yellow	🟡 Yellow

Obsolescence
- Infor FSM: modern product, albeit a minimum viable product requiring significant updates
- OeBS: Updated in 2020; good until 2034

Compliance
- Disparate systems and manual processes increase the risk of a sub-ledger failure, and inability to close the books on time. This is comparatively worse for Infor FSM

Cyber
- Systems are stable with no major concerns

Access to resources
- OeBS support ending by 2034, subject to extension by Oracle

Expertise
- Stable talent pool for both platforms

Sufficient resources
- There is a critical mass of utility companies using OeBS, and PPL is a major strategic client for Infor FSM entering the Utility industry, so there are sufficient resources available

Functionality
- Infor FSM: does not meet current business needs; cumbersome
- OeBS: Tightly coupled with other systems, which allows for better functionality

Scalability
- Infor FSM: highly scalable with new license issuance
- OeBS: No planned development to support new integrations (e.g. M&A)

Flexibility:
- OeBS: Aging software limits adaptability

Sources: Interviews with PPL IT

Cost driver[1]	Platform comparison	
	Infor FSM for KY	**OeBS + bolt-ons (BAU at KY)**
1 — **CAPEX[2]** • Cost for new platform, or • Cost to upgrade/stabilize BAU	$21.5M in 2027-8	$20.5M in 2034
2 — **Project O&M** • Change management	$1.2M in 2027-8	Nil
3 — **Non-Project O&M** • Ongoing costs (+/-) • Post-investment only	$1.43M/yr	$2.65M/yr
4 — **NPVRR** • Net present value of revenue requirements	$33.1M	$31.1M

Source: 1) PPL IT interviews; 2) The ratio of CAPEX to O&M is subject to change as more information becomes available

Supply chain platform consolidation should happen in three distinct phases

	Steady the ship	Test the market	Execute
Timing	Q2 2024 to Q2 2025	H2 2025 - 2026	2027-28
Key activities	1. Implement enhancement roadmap to prove out Infor FSM at PA and RI 2. Begin multi-module ERP assessment (incl. supply chain)	4. Determine vendor list and engage in discussions **Run RFPs** 5. Select System Integrator (SI)	6. **Execute** the work to plan 7. Conduct **change management** planning and efforts
Outcomes	• Existing supply chain platform meets current business need at PA/RI • Clarity of business requirements to support the Utility of the Future	• Systems solution and SI selected • Execution plan well defined *(cost, schedule, risk, resources)* and in line with regulatory strategy	• Supply chain platform at KY replaced • Supply chain consolidation complete

Context

- HxGN EAM has proven it can **meet business needs** at PA & RI for planned work and has advanced functionality available
- HxGN EAM scope is limited to electric planned work only, other platforms are still used in the field
- OpenGrid is outdated with a 100% paper-based system, limit

Key systems in play

PA&RI	KY
HxGN EAM	OpenGrid

Risks

System		PA&RI	KY
Work mgmt	Tech	🟢	🟡
	Support	🟢	🟢
	Alignment	🟡	🟡

- **Opengrid:** Outdated, but no known end of support date
- **Opengrid:** Aging software limits adaptability
- **Opengrid:** Paper-based system is not scalable
- **EAM:** Enhancements to initial product are ongoing

Impetus for change

Cost	EAM	OpenGrid
CAPEX	$15.8 in 2026-7	$3.6M in 2026-7
Project O&M	$1.2M in 2026-7	$0.4M in 2026-7
Non-Project O&M	$1.7M / yr	$2.3M / yr
NPVRR	$21.8M	$15.8M

- HxGN EAM has a higher NPVRR than OpenGrid due to high upfront CAPEX only partially offset by **lower ongoing costs**

Next steps

Steady the ship

- Implement enhancement roadmap for HxGN EAM
- Establish key business processes and systems requirements for work mgmt

Test the market

- Determine vendor list and engage in discussions
- **Run RFPs**
- Select System Integrator

Execute

- **Execute** the work to plan
- Conduct **change management** and planning efforts

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HxGN EAM platform issues today (PA/RI)

Mixed reports from business - generally positive feedback from RI which took on board learnings from PA

EAM advanced functionality in Asset Management is not used today (predictive analytics, AI etc.), yet was a major drawcard for selection

Does not support true work mgmt consolidation:
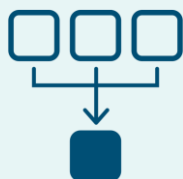
- o HxGN EAM scope is limited to electric planned work only. Other platforms still utilized in field (e.g. IQGeo)

OpenGrid platform issues today (KY)

Mobile for planned work is a 100% paper-based system

Inability to track information at a work order and asset level

Requires investment in a full scale upgrade to extend functionality today in to planned work, and for asset management capability
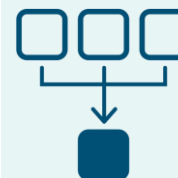
Does not support consolidation as KY is the only OpCo using it

Work management platform - current state system health

System	Tech Risk			Support risk			Alignment		
	Obsolescence	Compliance	Cyber	Access to resources	Expertise	Sufficient # resources	Functionality	Scalability	Flexibility (adaptable)
EU & RIE: HxGN EAM	🟢	🟢	🟢	🟢	🟢	🟢	🟡	🟢	🟡
KY: OpenGrid	🟡	🟡	🟢	🟢	🟢	🟢	🟡	🔴	🟡

Obsolescence
- OpenGrid is outdated but no known end of support date
- EAM is a modern platform

Compliance
- OpenGrid: paper-based system increases chance of human error

Cyber
- Systems are stable with no major concerns

Access to resources
- No known concerns

Expertise
- No known concerns

Sufficient resources
- No known concerns

Functionality
- EAM: enhancements to initial product are ongoing

Scalability
- OpenGrid: paper-based system not scalable

Flexibility:
- OpenGrid: Aging software limits adaptability

Sources: Interviews with PPL IT

HxGN EAM has a higher NPVRR than OpenGrid due to high upfront CAPEX offset by lower ongoing costs

Cost driver[1]	Platform comparison	
	HxGN EAM	OpenGrid
1 **CAPEX[2]** • Cost for new platform, or • Cost to upgrade/stabilize BAU	$15.8M in 2026-7	$3.6M in 2026-7
2 **Project O&M** • Change management	$1.2M in 2026-7	$0.4M in 2026-7
3 **Non-Project O&M** • Ongoing costs (+/-) • Post-investment only	$1.73M/yr	$2.29M/yr
4 **NPVRR** • Net present value of revenue requirements	$21.8M	$15.8M

Planned work management consolidation should happen in three distinct phases

Build fact base ➤ **Test the market** ➤ **Execute**

Timing

Build fact base	Test the market	Execute
Q2 2024 to Q2 2025	Q2 – Q4 2025	2026-27

Key activities

Build fact base
1. Implement enhancement roadmap for HxGN EAM at PA and RI
2. Establish **key business processes** and systems requirements for work mgmt

Test the market
3. Determine vendor list and engage in discussions **Run RFPs**
5. Select System Integrator (SI)

Execute
6. **Execute** the work to plan Conduct **change management** planning and efforts

Outcomes

Build fact base
- Existing work management platform meets current business need at PA/RI
- Clarity of business requirements to support the Utility of the Future

Test the market
- Systems solution and SI selected
- Execution plan well defined *(cost, schedule, risk, resources)* and in line with regulatory strategy

Execute
- Work management platform at KY replaced
- Planned work management consolidation complete

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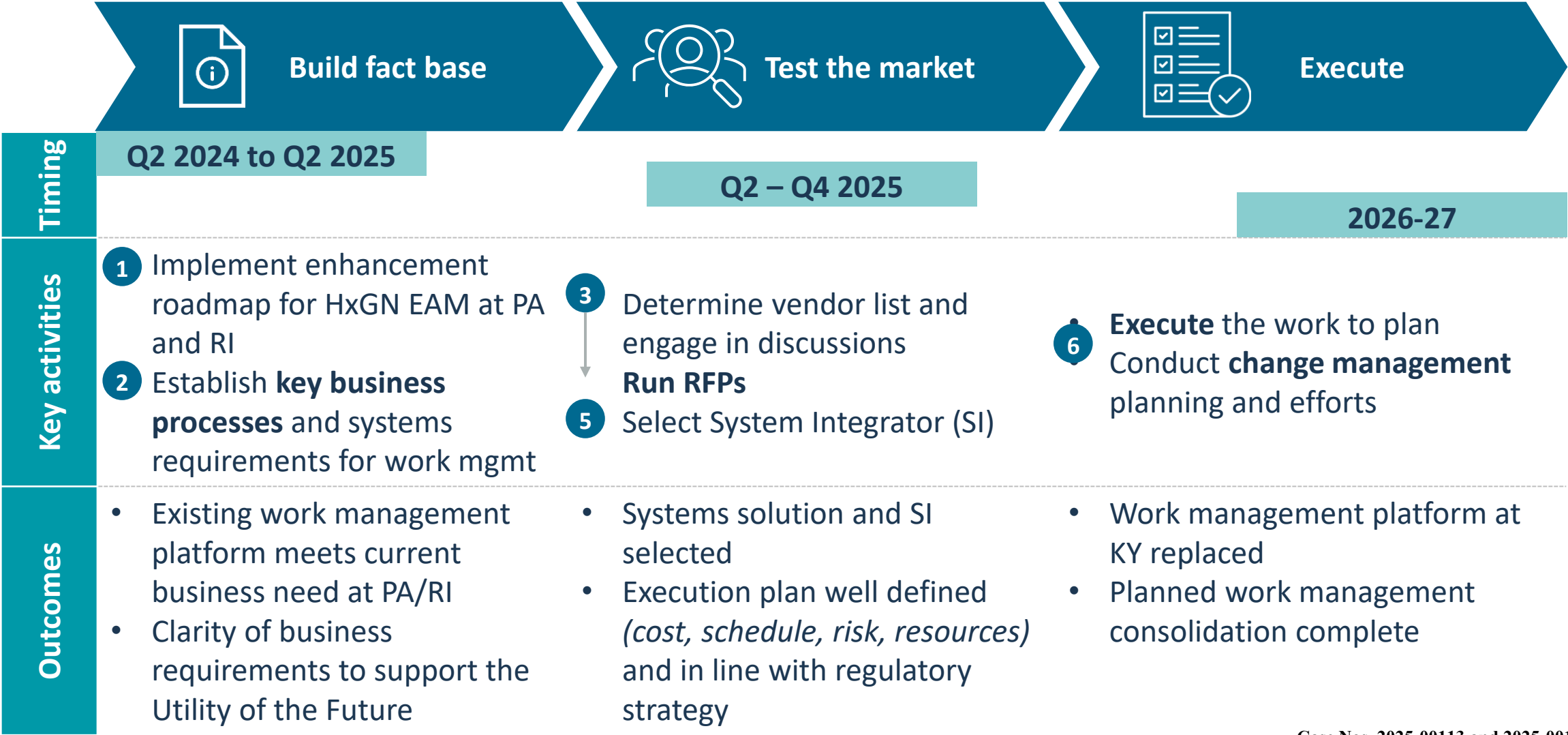
Context

- PPL's aging financial and HR information functions rely on **numerous, disparate systems**, underpinned by highly manual processes
- All GLs are **on-premises**
- KY's OeBS financial ERP system is tightly coupled with the supply chain, PA and RI are not

Key systems in play

	PA&RI	KY
GL	PeopleSoft	OeBS
HR	HCM	PeopleSoft + Volts

Risks

System		PA&RI	KY
Finance	Tech	🟡	🟡
	Support	🟡	🟡
	Alignment	🔴	🟡
HR	Tech	🟢	🟡
	Support	🟢	🟡
	Alignment	🟢	🟡

- **GL:** Many systems and process need to close the books are known only to one PPL employee
- **HR:** Little to no support available for Volts application

Impetus for change

Strategic benefits

Customer
- Improved ability to interface with customer billing systems, which increases **reporting reliability and accuracy**

Compliance
- **Fewer manual processes** and potential points of failure in the preparation of financial statements

Resilience
- **Single source of truth**, which improves data validation, visibility and control

Efficiency
- Enables **sustainable data reporting and analytics**

Next steps

Steady the ship
- **Improve existing GLs** and Infor FSM integration
- Begin an integrated multi-module ERP assessment

Test the market
- Determine vendor list and engage in discussions
- **Run RFPs**
- Select System Integrator

Execute
- **Execute** the work to plan
- Conduct **change management** and planning efforts

PPL GL platform issues today

Cannot support becoming the Utility of the Future:

- Disparate general ledgers and sub-ledgers across OpCos limit process efficiency

- PPL EU GL has *over 40 feeder systems*, many of which are underpinned by highly manual processes known to only a few employees

- Aging technology stack – PPL US and RIE *GLs date to 1998*

Does not support a consolidation strategy:
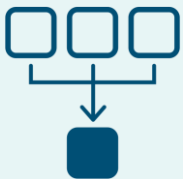
- It is approaching end of life without vendor support beyond 2034

- Major IT vendors likely to require cloud-based ERP solutions going forward

HR platform issues today

PPL is running multiple HR systems, which necessitates duplicative business processes:

- HCM in PPL EU and RIE

- PeopleSoft in KY

There is a significant volume of manual intervention necessary when creating reports due to differences in the database structures amongst the OpCos

Building out additional functionality incurs tech debt that will have to be repaid at the next upgrade

Sources: Interviews with PPL staff

Financial and HR ERP - current state system health

System	Tech Risk			Support risk			Alignment		
	Obsolescence	Compliance	Cyber	Access to resources	Expertise	Sufficient # resources	Functionality	Scalability	Flexibility (adaptable)
Finance — EU & RIE: PeopleSoft GL	🟡	🔴	🟢	🟡	🟡	🟡	🟡	🔴	🔴
Finance — LKE: OeBS	🟡	🟡	🟢	🟡	🟡	🟢	🟡	🟡	🟡
HR — EU & RIE: HCM	🟢	🟡	🟢	🟢	🟢	🟢	🟢	🟢	🟢
HR — LKE: PeopleSoft + Volts	🟡	🟡	🟢	🟡	🔴	🟢	🟡	🔴	🟡

Obsolescence
- PeopleSoft: GL is on-premises, dates to back to 1998 and has limited capacity to support modern features
- OeBS: Updated in 2020; performing well

Compliance
- Disparate systems and manual processes increase the risk of a sub-ledger failure, and inability to close the books on time

Cyber
- Systems are stable with no major concerns

Access to resources
- PeopleSoft and OeBS support ending by 2034, subject to extension by Oracle

Expertise
- Oracle systems have a stable, but slowly diminishing talent pool
- Little to no expertise available for Volts

Sufficient resources
- There is a critical mass of utility companies using the four Oracle systems, so there are sufficient resources available

Functionality
- PeopleSoft: Limited integration with other systems, does not support efficient financial business processes
- HCM: Modern HR platform with all necessary functions to support business operations

Scalability
- No planned development to support new integrations (e.g. M&A)

Flexibility:
- Aging software limits adaptability

Sources: Interviews with PPL IT

Strategic benefits of consolidation		
Lever	**Financial**	**Human Resources**
1 **Customer experience**	• Improved ability to interface with systems across the enterprise to improve reporting reliability and accuracy • Supports improved customer billing reliability	• Reduced system integration costs, as adjacent systems would only have to be integrated into one HR system, rather than two • Increased speed of integration and organizational ability to adapt to new software
2 **Compliance**	• Ability to reduce days to close: - presently a 5 to 6 day process • Fewer manual processes, controls and potential points of failure in the preparation of financial statements (presently execute over 1,800 manual entries per month)	• Improved data governance, data protection, and data quality (directly relates to meeting regulatory standards) • One common regulatory compliance policy regarding onboarding and departures
3 **Resilience**	• Improved accounting data validation and control • Drastically reduced effort to address accounting kick-outs (irregularities) at month end	• Single source of truth, which improves data validation, visibility and control

4 **Business efficiency**	• Optimizations enabled by standardization:
	  - Improved Business & IT resource allocation
	  - Audit cost reduction
	  - Rate optimization
	• Consolidation of five GL feeder systems
		• Enables sustainable data reporting and analytics, by addressing duplicative manual processes currently in use across the OpCos
		• Facilitates tracking key employee activities (on-boarding terminations, etc) across OpCos

Finance and HR ERP consolidation have higher NPVRRs than business-as-usual due to high implementation costs not adequately offset by O&M reductions directly attributable to consolidation

	Cost driver	Platform comparisons			
		Finance		**Human Resources**	
		Consolidation	**BAU[1]**	**Consolidation**	**BAU[1]**
1	**CAPEX[2]** • Cost for new platform, or • Cost to upgrade/stabilize BAU	$60M in 2025-6	$68M in 2030-2	$25M in 2027-9	$9M in 2027-30
2	**Project O&M[2]** • Change management	$40M in 2025-6	$4M in 2024-5 $2M in 2028 $45M in 2030-2	$3M in 2027-9	Nil
3	**Non-Project O&M** • Ongoing costs (+/-) • Post-investment only	$6.9M/yr	$6.9M/yr	$3.7/yr	$4.1M/yr
4	**NPVRR** • Net present value of revenue requirements	$145M	$134M	$51M	$39M

Notes: 1. Business-as-usual, 2. The ratio of CAPEX to O&M is subject to change as more information becomes available
Sources: Interviews with PPL IT

The financial and HR ERP replacement program should happen in three distinct phases
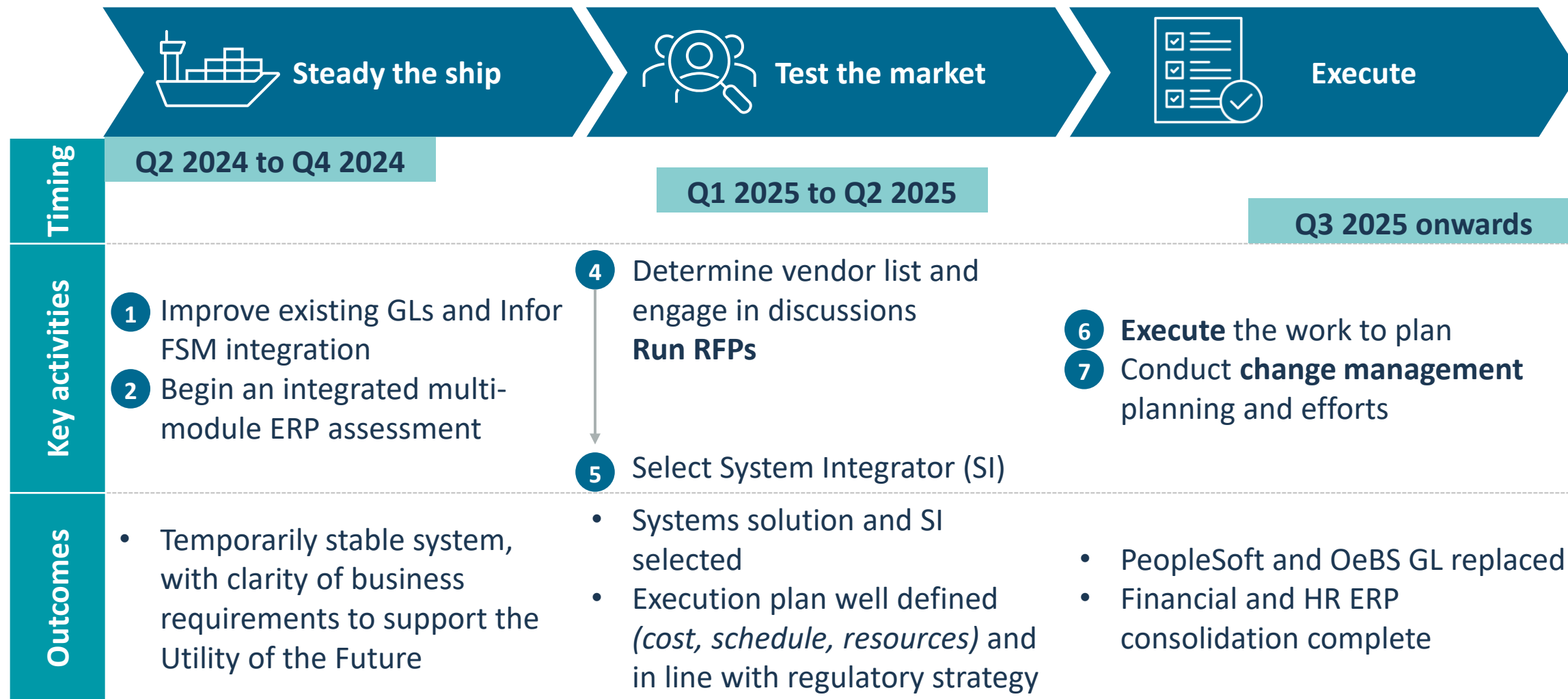
	Steady the ship	**Test the market**	**Execute**
Timing	Q2 2024 to Q4 2024	Q1 2025 to Q2 2025	Q3 2025 onwards
Key activities	1. Improve existing GLs and Infor FSM integration 2. Begin an integrated multi-module ERP assessment	4. Determine vendor list and engage in discussions **Run RFPs** 5. Select System Integrator (SI)	6. **Execute** the work to plan 7. Conduct **change management** planning and efforts
Outcomes	• Temporarily stable system, with clarity of business requirements to support the Utility of the Future	• Systems solution and SI selected • Execution plan well defined *(cost, schedule, resources)* and in line with regulatory strategy	• PeopleSoft and OeBS GL replaced • Financial and HR ERP consolidation complete

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Agenda

PROPOSAL: Mitigate end-of-life support and billing event risk by accelerating replacement of legacy CSS/MDM platforms at PA with a view to sequence and consolidate all OpCo's to enterprise-wide CIS solution

For discussion

IT Lead: TBC

Biz sponsor: Dave B

Project overview

Project scope	Mitigate CIS/MDM EoL risk in near term in a manner that supports eventual consolidation

Key metrics	**BAU**	
	Cat. Event impact	$100M
	O&M savings/yr	$0M
	EoL date (PA+RI)	2026
	EoL date (KY)	2030

Schedule	**Kick-off (PA)**: Immediately
	In-Service (PA): 2027
	KY/RI: TBC

Jurisdictions impacted by project	KY PA RI

SharePoint links to relevant documents	📄 **Business case(s)**

Key decision

→ **Consolidation (recommendation):** Stabilize PA in near term, accelerate replacement of MDM and Customer/1 in PA via a CIS consolidation to mitigate documented material risks and align with regulatory strategy (followed by RI and KY; informed by RFP)
BAU + Upgrades (not recommended): Stabilize PA in near term, begin KY SAP upgrades in 2025. Evaluate consolidation in the future.

Detailed information

Opportunity Description

Problem Statement: PPL's CIS systems are approaching end of life and need to be replaced because of the unacceptably high risk of another catastrophic billing event ($60M cost at PA), reputational impacts with regulators, and vendor cost escalation to support aging platforms. Each OpCo runs its own CIS systems at varying stages of approaching end-of-life, making ongoing maintenance both difficult and costly. PA's MDM system is also approaching end of life.

Opportunity: Consolidation to an enterprise CIS/CRM platform, seizing on a 'burning platform' at PA, while aligning with regulatory strategy. Sequencing a replacement/upgrade at KY (EoL 2027), followed by RI (timing TBC)

Financials

- TBC – early CAPEX estimates indicate ~$350M for all OpCo's. Likely to be a negative NPVRR that would heavily leverage strategic benefits and meeting the Companies' obligation to serve customers in a reasonable, least-cost fashion.
- Funding to include approx. $2M in 2024 for additional support and expertise during discovery phase of project
- Funding to include $30M in 2024 for interim stabilization work spanning CSS and MDM at PA.

Strategic Benefit Levers

- **Strategic:**
  - Modern platforms enable functions and features across customer architecture that will keep pace with customer expectations for the utility of the future
  - Step change in speed to market & response to reg. changes
- **Financial:**
  - Enables future process and organizational convergence
  - Leverage PULA and functional costs across all OpCo's to reduce TCO
- **Operational:**
  - Enables alignment of common processes for similar work
  - Automation opportunity with RPA
  - Enables individual OpCo customizations

Risks addressed

- **Single vendor risk:** cost escalation and poor service as a result of scarce support resources due to PPL being the only customer left on Customer/1 (FSO-FCP costs will be 5-7x by FY27; exponential DEV hosting cost increase from FY25; prof. services support 50-75% by FY27)
- **Obsolescence:** both Customer/1 (PA/RI) and SAP ECC (KY) are approaching end of life (End of both product and hosting support by FY26 for Customer/1; end of support for SAP ECC not supported after 2027)
- **Reliability:** mitigate risk of major billing event occurring (stabilization of C/1 does not fully mitigate risk)
- **Customer expectations:** Aging CIS platform has a lack of agility to support strategic and ever evolving customer needs (e.g. deliver new features)
- **Regulatory:** difficulty in responding to regulatory changes and opportunities with existing platforms

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PROPOSAL: Improve customer experience from single channel, heavy touch to a frictionless, omnichannel, best-in-class experience across IVR, Mobile App and Portal/Web by 2026

For discussion

IT Lead: TBC

Biz sponsor: Dave B

Project overview

Project scope	Upgrade functionality and consolidate primary customer channels (Mobile app, web, IVR)

Key metrics		**BAU**
	CSAT uplift	Xx
	O&M savings/yr	$0M
	EoL date (KY My Account)	2027

Schedule	Mobile: 2024 IVR/Web: 2025 Omnichannel: 2026

Jurisdictions impacted by project	KY PA RI

SharePoint links to relevant documents	**Business case(s)**

Key decision

→ Transform the customer experience to an AI-enabled, fully digital omnichannel customer experience by **2026**. This initiative is kicked off by the development of a consolidated mobile app (2024) followed by implementing new IVR and Portal/Web solutions underpinned by the customer journey and supporting processes of the future state customer experience.

Detailed information

Opportunity Description

Problem Statement: PPL has a disparate number of customer facing applications that provide inconsistent customer experiences across OpCo's. For example, KY is the only OpCo with its own mobile app, IVR uses both Avaya and Twilio, and portal/web utilize individual websites. The functionality across these platforms is relatively limited compared to modern platform capabilities, including channel switching, AI/chat bots and various wide ranging self service capabilities that avoid costly phone calls to agents.

Opportunity: In the context of a back office replacement of CIS which would enable support of modern systems, improve the customer experience from single channel, heavy touch to a frictionless, omnichannel, best-in-class experience across IVR, Mobile App and Portal/Web by upgrading and consolidating each platform across OpCo's

Strategic Benefit Levers

- **Strategic:**
  - Modern platforms provides access to a plethora of functions and features that will keep pace with customer expectations for the 'utility of the future', resulting in improved CSAT
  - Step change in speed to market & response to reg. / customer preference changes
- **Financial:**
  - Reduced O&M through headcount reduction of call center agents due to greater channel containment capabilities and potential for centralized support function supporting all OpCo's
- **Operational:**
  - Enables single set of processes
  - Enables individual OpCo customizations

Financials

- TBC – costs are not well understood as of today but estimated to be in the range of $30-50M for Portal/Web and IVR. Mobile App is estimated to be $2-5M.
- It is expected this business case will have a negative NPVRR that would lean heavily on strategic benefits

Risks addressed

- **Loss of customers:** risk of continual declining CSAT scores due to not meeting fundamental expectations on channel functionality and reliability
- **Obsolescence:** Web (My Account) in KY is already out of vendor support.
- **Cybersecurity:** modern platforms have far greater cybersecurity capabilities including increased user authentication
- **Tech debt:** reduces or eliminates tech debt on legacy platforms

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3

PROPOSAL: Begin the consolidation of the financial ERP system in 2025 to modernize the existing financial infrastructure, which currently requires significant manual effort to perform routine operations

For discussion

IT Lead: Erik Rander

Biz sponsor: Marlene Beers

Project overview

Project scope	Consolidate disparate legacy systems onto a single cloud-based Oracle ERP system

Key metrics		BAU	Target
	O&M savings	$0	$1.6M/yr
	EoL date	2034	2047
	Days to close	5-6	1

Schedule	**Kick-off**: 2025 **In-Service**: 2027

Jurisdictions impacted by project	KY PA RI

SharePoint links to relevant documents	Business case(s) Capital Evaluation Model(s) Supporting documents

Key decision

→ Complete an integrated multi-module ERP feasibility assessment to decide on GL timing / solutions, HR solution timing and whether to include supply chain modules in the scope of a future state ERP solution

Detailed information

Opportunity Description

Problem Statement:

To support One PPL, a strategic Financial Operations systems roadmap that encompasses all three Op-Cos plus Corporate is required for comprehensive business planning across portfolios

Opportunity:

Setting a common foundation for other portfolios while enabling strategic benefits including user experiences that streamline processes and data analysis for end users, reduction in contractor support staff, improved reliability of IT systems/availability and savings from consolidation of overlapping legacy systems across the organization

Strategic Benefit Levers

- **Streamlined business processes:** Automated financial processes eliminate manual effort facilitates better reporting
  - Presently, the accounting team is executing over 1,800 manual entries per month
- **Staffing efficiencies:** increased efficiency within the finance and IT departments, resulting in lower FTE requirements
- **Employee morale:** accounting and operational teams will be able to focus on higher-value add strategic decision making, rather than tedious manual processes
- **Improved analytics:** Consolidated general ledger would allow for enhanced modeling and predictive analytics

Financials

- $55M CAPEX, $37M O&M
- Unfavorable NPVRR driven by implementation and maintenance costs, however Cloud ERP does allow for upgrade costs avoidance, as well as IT and finance operations efficiencies

NPVRR

	BAU	Cloud ERP	Consolidate to KY
	$129M	$139M	$157M

Risks addressed

- **Key-person risk:** Closing the books is currently a very manual process. In many instances there is only one person who has the experience and knowledge to navigate the legacy systems. If they leave, the overall process is at risk.
- **Risk of a catastrophic failure of a sub-ledger:** Managing so many disparate, legacy feeder systems to the general ledger increases the probability of a critical sub-ledger failure. The worst case, realistic consequence would be:
  - Inability to close the books on-time
  - Having to ask the SEC for an extension
  - Negative public attention and loss of market value

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PROPOSAL: Extend Oracle's HCM system into Kentucky and retire LKE's legacy PeopleSoft and Volts HR systems in 2027, which is before those legacy systems become completely unsupported

IT Lead: Erik Rander

Biz sponsor: Lori O'Connor

Project overview

Project scope	Extend EU and RIE's Oracle HCM cloud-based system into Kentucky

Key metrics		BAU	Target
	O&M savings	$0	$0.4M/yr
	EoL date	2034	2049

Schedule	**Kick-off**: 2027 **In-Service**: 2029

Jurisdictions impacted by project	KY PA RI

SharePoint links to relevant documents	Business case(s) Capital Evaluation Model(s) Supporting documents

Key decision

→ Decide on inclusion of funding for an HR consolidation beginning in 2027 based on the results of the integrated multi-module ERP assessment

Detailed information

Opportunity Description

Problem Statement:

As Human Resources moves to OnePPL, HR business workstreams must be optimized to reduce redundancy, consolidate key HR systems, and make processes universal across the organization.

Opportunity:

Consolidate HR applications onto a single-cloud based platform. This will enable consistent business process workflows and streamline policies and procedures.

Strategic Benefit Levers

- **Integration costs:** significantly reduced integration costs, since adjacent systems would only have to be integrated into one HR system rather than two:
  - Benefits carries
  - Learning
  - Payroll and finance
- **Process efficiencies**: reduced effort to rollout benefits and compensation changes (across one HR platform rather than two)
- **Scalability:** common architecture for data platform and services increases platform scalability, which is considered industry best practice
- **Improved analytics:** Improved ability to integrate data across OpCos and drive value

Financials

- $25M CAPEX, $3M O&M
- Unfavorable NPVRR driven by high implementation and licensing costs associated with Oracle HCM

NPVRR

BAU: $39M
Cloud Consolidation: $51M

Risks addressed

- **Organizational:** Kentucky currently uses the internally developed Volts application, which is very complex and deeply rooted. The application is supported internally, the loss of key people or institutional knowledge would put the system at risk
- **Obsolescence:** Legacy, outdated technology and platforms limit reliability and scalability. Oracle may stop support for PeopleSoft in 2034.
- **Customization:** LKE continues to add significant customizations to PeopleSoft, which will increase the cost of all future upgrades until consolidation is completed

5

PROPOSAL: Perform ERP assessment first, then extend Infor FSM into KY to establish an enterprise-wide supply chain platform from 2027 onwards at a Capex of $21.5M, to fully leverage PPL's scale

For discussion

IT Lead: Phil Walnock

IT Sponsor: Matt Green

Project overview

Project scope	Replace various supply chain tools at KY (Oracle, Avetta, Zycus) with consolidated platform

Key metrics		BAU	Target
	O&M savings/yr	$0M	$TBC
	EoL date	2034	2048
	MSA discounts	0%	1-3%

Schedule	**Kick-off**: 2027 **In-Service**: Year end 2028

Jurisdictions impacted by project	KY PA RI

SharePoint links to relevant documents	Business case(s) Capital Evaluation Model(s) Supporting documents

Key decision

→ Revisit supply chain in the **2026 BP**, after the Integrated multi-module ERP assessment considers alternative options. Maintain BP funding in interim.

Detailed information

Opportunity Description

Problem Statement:

Supply chain and procurement functions today are unable to operate as a single shared services organization, utilizing multiple, disparate systems. This situation has a number of inefficiencies ranging from process (e.g., three separate sets of contracts for teams to manage for PA, KY, and RI),to a limited ability to leverage scale, to the same employees needing to be trained and navigate multiple systems, amongst others.

Opportunity:

Carry out multi-module ERP assessment to validate optimal supply chain solution. Migrate KY to Infor FSM if that is the chosen option.

Strategic Benefit Levers

- **Efficiency and effectiveness:**
  - Streamlined business, operational and procurement processes for supply chain platform through consolidation across OpCo's leading to operational efficiencies, reduced complexity, and increased agility
  - Increased buying power through contract consolidation
- **Scalability:** to serve an expanding customer base from one single platform including future integrations
- **Data:** Improved data sharing and visibility leading to improved decision-making and operational transparency
- **Employees:** Increased employee experience through single set of processes, contracting documents, policies, procedures (translating in to higher retention rates and lower employee acquisition costs)

Financials for Infor FSM as one option

- $21.5M CAPEX, $1.2M O&M
- Marginally unfavorable NPVRR ($33.1M vs. $31.1M BAU) driven by high implementation cost slowly recuperated through a reduction in O&M (maintenance/support, resourcing, licenses) however, BAU does not unlock the strategic benefits of a single enterprise-wide supply chain platform

NPVRR

BAU	Infor FSM
$31.1M	$33.1M

Risks addressed

- **Cost escalation:** Increased costs related to expansion and ongoing support of multiple systems as data needs increase.
- **End of life:** Existing solution is out of support by 2034
- **Cybersecurity:** Additional interfaces between systems and OpCo's introduces cybersecurity risk
- **Organizational**:
  - Overburdening and disparate processes/systems impacts employee experience, eSAT and retention rates
  - Managing relationships with suppliers through multiple channels becomes increasingly complex as PPL continues to scale

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For discussion

IT Lead: Phil Walnock

IT Sponsor: Matt Green

Project overview

Project scope	Replace paper-based planned work management solution at KY with digital solution: HxGN EAM

Key metrics		BAU	Target
	O&M increase/yr	$0	$0.7M
	Labor productivity	YY	YY
	eSAT (Pulse Survey)	Xx	Xx

Schedule	**Kick-off**: 2027 **In-Service**: Year end 2028

Jurisdictions impacted by project	KY PA RI

SharePoint links to relevant documents	Business case(s) Capital Evaluation Model(s) Supporting documents

Key decision

→ Reassess implementation of HxGN EAM for LKE versus lower cost alternatives for planned mobile work to make solution decision. Maintain 2024 BP funding in the interim

Detailed information

Opportunity Description

Problem Statement:

OpCo's currently use different work management platforms to plan and execute work in the field. For KY specifically, the existing solutions do not support critical business capabilities, including mobile for planned work (100% paper-based) and an inability to track information at a work order and asset level, which are considered foundational capabilities of a utility

Opportunity:

Consolidation to a single work management platform to streamline and standardize OpCo processes and remove paper-based system by migrating KY to HxGN EAM (already in use at PA/RI)

Strategic Benefit Levers

- **Efficiency and effectiveness:**
  - Streamlined business, operational and procurement processes for work management through consolidation across OpCo's Labor productivity improvement through removal of paper-based component requiring manual and repetitive work
  - Reduction in maintenance overtime, labor, and contractor costs
- **Data:**
  - Improved data sharing, visibility and reporting due to HxGN EAM's state of the art functionality
  - Automation of documenting field work (reduces human error)
- **Scalability:** to serve an expanding customer base from one single platform including future integrations; paper-based system is not scalable

Financials

- $21.5M CAPEX, $1.2M O&M
- Unfavorable NPVRR driven by high implementation costs compared to paper-based solution ($21.5M vs. $3.8M), and higher quantifiable ongoing O&M, however, BAU does not unlock the strategic benefits of a single enterprise-wide work management

NPVRR

$8.9M BAU

$25.5M HxGN EAM

Risks addressed

- **Cost escalation:** Increased costs related to expansion and ongoing support of multiple systems as data needs increase.
- **Customer service:** Inconsistent delivery and responsiveness due to varied capabilities across platforms
- **Data:** Inability to improve data governance, data quality and data protection with legacy toolsets
- **Organizational**:
  - Overburdening and disparate processes/systems impacts employee experience, eSAT (Pulse survey) and retention rates
  - Lack of standardization leads to errors and delays in service
  - Inefficient resource allocation due to same roles in different jurisdictions trained on different platforms/processes

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6

PROPOSAL: Reassess implementation of HxGN EAM in KY versus lower cost alternatives for planned mobile work to make optimal solution decision; retain EAM's $21.5M funding in 2025 BP to reallocate if required

For discussion

IT Lead: Phil Walnock

IT Sponsor: Matt Green

Project overview

Project scope	Replace paper-based planned work management solution at KY with digital solution

Key metrics		**BAU**	**Target**
	O&M increase/yr	$0	$0.7M
	Labor productivity	YY	YY
	eSAT (Pulse Survey)	Xx	Xx

Schedule	**Kick-off**: 2027 **In-Service**: Year end 2028

Jurisdictions impacted by project	KY PA RI

SharePoint links to relevant documents	Business case(s) Capital Evaluation Model(s) Supporting documents

Key decision

→
- Reassess implementation of HxGN EAM in KY versus lower cost alternatives for planned mobile work to make final solution decisions (include dollars in the BP based on assessment results)
- Review business processes to identify gaps and align on future state business processes across OpCos

Detailed information

Opportunity Description

Problem Statement:

OpCo's currently use different work management platforms to plan and execute work in the field. For KY specifically, the existing solutions do not support critical business capabilities, including mobile for planned work (100% paper-based) and an inability to track information at a work order and asset level, which are considered foundational capabilities of a utility

Opportunity:

Consolidation to a single work management platform to streamline and standardize OpCo processes and remove paper-based system by migrating KY to HxGN EAM (already in use at PA/RI)

Financials if HxGN EAM is selected

- $21.5M CAPEX, $1.2M O&M
- Unfavorable NPVRR driven by high implementation costs compared to paper-based solution ($21.5M vs. $3.8M), and higher quantifiable ongoing O&M, however, BAU does not unlock the strategic benefits of a single enterprise-wide work management

NPVRR

	BAU	HxGN EAM
	$8.9M	$25.5M

Strategic Benefit Levers

- **Efficiency and effectiveness:**
  - Streamlined business, operational and procurement processes for work management through consolidation across OpCo's Labor productivity improvement through removal of paper-based component requiring manual and repetitive work
  - Reduction in maintenance overtime, labor, and contractor costs
- **Data:**
  - Improved data sharing, visibility and reporting due to HxGN EAM's state of the art functionality
  - Automation of documenting field work (reduces human error)
- **Scalability:** to serve an expanding customer base from one single platform including future integrations; paper-based system is not scalable

Risks addressed

- **Cost escalation:** Increased costs related to expansion and ongoing support of multiple systems as data needs increase.
- **Customer service:** Inconsistent delivery and responsiveness due to varied capabilities across platforms
- **Data:** Inability to improve data governance, data quality and data protection with legacy toolsets
- **Organizational**:
  - Overburdening and disparate processes/systems impacts employee experience, eSAT (Pulse survey) and retention rates
  - Lack of standardization leads to errors and delays in service
  - Inefficient resource allocation due to same roles in different jurisdictions trained on different platforms/processes

7

RECOMMENDATION: PPL should continue extending its highly successful GE ADMS platform into Kentucky; the $14M project will be completed by 2026 and deliver several distribution benefits across the enterprise

IT Lead: Jim Conrad

Biz sponsor: Peter Waldrab

Project overview

Project scope	Replace Kentucky's Oracle ADMS with the GE Platform used in PA and RI

Key metrics		BAU	Target
	O&M/yr	$xx	$xx
	EoL date	2024	2054
	SAIFI	xx	xx

Schedule	**Kick-off**: commenced 2023 **In-Service**: Year end 2026

Jurisdictions impacted by project	KY PA RI

SharePoint links to relevant documents	Business case(s) Capital Evaluation Model(s) Supporting documents

Key decision

→	None pending, in-flight initiative

Detailed information

Opportunity Description

Problem Statement:

The commitment to energy savings through Conservation Voltage Reduction (CVR) was approved by the KYPSC in 2021. CVR benefits will be achieved through ADMS working in conjunction with field devices and must be demonstrated by 2026.

Opportunity:

This project will replace LKEs current ADMS system with a set of GE ADMS servers and application environments for the management, supervision, and control LKE's electric distribution systems. KY will benefit from the improved ADMS platform, which has been shown to conserve energy and reduce customer outages.

Strategic Benefit Levers

- **Economies of scale:** LKE benefits from PPL's scale and buying power, which reduces costs for ADMS, and closely related hardware
- **Knowledge sharing:** Common ADMS systems allow for tools and knowledge developed in any PPL OpCo to be shared with the other at very low cost (lift and shift)
- **Modeling and analytics:** The larger dataset made available through consolidation will enable improved storm outage predictions and workforce planning
- **Resource allocation:** PPL OpCos will be able share critical resources such as trouble dispatch more effectively as they will all be working off of the same system

Financials

NPVRR

- $14M CAPEX, $6M O&M
- Unfavorable NPVRR driven by high implementation costs, however, the other upgrades contemplated to maintain business-as-usual do not unlock the strategic benefits of a single enterprise-wide ADMS system

Minor Upgrade	Major Upgrade	GE ADMS
$6M	$7M	$21M

Risks addressed

- **Inflexibility:** Inability to adapt to upcoming changes to the electrical grid and incorporate new technologies successfully (DER, EV charging infrastructure, etc)
- **Kentucky CVR:** LKE has committed to demonstrate CVR benefits by 2026, which can only be achieved through ADMS working in conjunction with field devices
  - Successful extension of the GE platform by Q1 2025 is critical to realize those benefits on time
  - Failure to do so would weaken LKE's position with the KYPSC
- **Obsolescence:** Legacy, outdated technology and platforms limit reliability and scalability across OpCos

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RECOMMENDATION: PPL should continue to standardize its Geographic Information System (GIS) and Automated Utility Design (AUD) systems by extending the ESRI platform across the business

IT Lead: Jim Conrad

Biz sponsor: Dave B.

Project overview

Project scope	Consolidate all PPL companies onto an ESRI GIS system, with AUD

Key metrics		BAU	Target
	O&M savings	$0	$1.3M/yr
	EoL date	yyyy	yyyy

Schedule	**Kick-off**: commenced 2023 **In-Service**: Year end 2026

Jurisdictions impacted by project	KY PA RI

SharePoint links to relevant documents	**Business case(s)** **Capital Evaluation Model(s)** **Supporting documents**

Key decision

→	None pending, in-flight initiative

Detailed information

Opportunity Description

Problem Statement:

Variability in releases, requirements, schedules and requirements makes the plan for the enterprise GIS solution dynamic in nature with limited flexibility in the current contract structure with the system integrator, Cognizant Technical Solutions (CTS).

Opportunity:

A complete enterprise solution will help unlock efficiencies and ensure consistency in the overall build.

Strategic Benefit Levers

- **Scalability:** Common Architecture for GIS data entry and analysis increases platform scalability, which is considered industry best practice
- **Resilience**: Improved dispatch of field crews and emergency assistance, ability to dispatch contractors across OpCos using a single system
- **Business efficiency**: Reduction of GIS administration and licensing costs through platform standardization and scale (directly impacts IT operational efficiency as well)
- **Automation:** The AUD design upgrade will automate many aspects of gas distribution system design, increasing material and labor efficiency

Financials

- $52M CAPEX, $8M O&M
- Unfavorable NPVRR driven by high implementation costs, however, continuing with business as usual is not a viable path forward due to untenable obsolescence risk

NPVRR

$18M — BAU

$48M — Consolidation

Risks addressed

- **Obsolescence:** Legacy, outdated technology and platforms limit reliability and scalability across OpCos
- **Organizational:** Inability to share asset management information across OpCos due to incompatible system and user skills
- **Design error:** Automated utility design reduced the risk of human error in the electric and gas grid design process, since it reduces the number of manual calculations required to perform standard design calculations

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RECOMMENDATION: Proceed with data platform consolidation in early 2025 at a CAPEX of $8.7M, enabling scalability and mitigating legacy platform end-of-life risk

IT Lead: Brian Pellegrino

IT Sponsor: Abhi Bhatwadekar

Project overview

Project scope	Consolidate disparate legacy data toolsets on to single enterprise-wide platform

Key metrics		BAU	Target
	O&M savings/yr	$0M	$0.4M
	EoL date	2027	2047

Schedule	**Kick-off**: 2025 **In-Service**: Year end 2027

Jurisdictions impacted by project	KY PA RI

SharePoint links to relevant documents	**Business case(s)** **Capital Evaluation Model(s)** **Supporting documents**

Key decision

→ Decide on inclusion in the 2025 BP

Detailed information

Opportunity Description

Problem Statement: Currently Kentucky (KY), Pennsylvania (PA), and Rhode Island (RI) each utilize distinct toolsets to address similar functional data needs. This scenario presents a unique challenge as each of these tools operates on an independent lifecycle (with many approaching end-of-life), possesses separate capabilities, and needs different forms of skillsets to support them.

Opportunity: Consolidate legacy data warehouses into a modern, common data service platform across all OpCo's, fostering scalability and business agility, and the adoption of industry best practice in data management.

Strategic Benefit Levers

- **Improved ability to integrate data from different sources and OpCo's to drive value:** more efficient data use and value extraction
- **Agility / Self-Service / Innovation:** centralization through a common platform enables faster response to market changes, supports self service capabilities and fosters innovation by making it easier to deploy new capabilities
- **Improved data governance, data protection, and data quality:** unified platform enhances compliance with regulatory standards
- **Common Architecture for data platform and services increases platform scalability:** increased resilience to changes in data volume and business/customer needs

Financials

- $8.7M CAPEX, $1.9M O&M
- NPVRR is unfavorable to the proposed consolidation ($4.8M) compared to a $3.3M NPVRR for a ''Do nothing' alternative
- Unfavorable NPVRR driven by significantly higher CAPEX requirement compared to BAU without commensurate fall in O&M costs to recover the investment in a timely manner

NPVRR

	Consolidate	BAU
	$4.8M	$3.3M

Risks addressed

- Outdated technology and platforms limit reliability and scalability across OpCo's
- Increased costs related to expansion and ongoing support of multiple systems as data needs increase.
- Inability to improve data governance, data quality, and data protection with legacy toolsets.
- Increased investment required to integrate data sets across OpCo's.
- Increased security risk from outdated technology systems
- Separate data systems will not support strategic business initiatives

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IT Lead: Brian Pellegrino

IT Sponsor: Abhi Bhatwadekar

Project overview

Project scope	Consolidate diverse content management platforms on to a single enterprise-wide platform

Key metrics		BAU	Target
	O&M savings/yr	$0M	$0.8M
	EoL date	2027	2047

Schedule	**Kick-off**: 2025 **In-Service**: Year end 2027

Jurisdictions impacted by project	KY PA RI

SharePoint links to relevant documents	**Business case(s)** **Capital Evaluation Model(s)** **Supporting documents**

Key decision

→ Decide on inclusion in the 2025 BP

Detailed information

Opportunity Description

Problem Statement:

KY, PA and RI, each deploy diverse toolsets to fulfill identical content management requirements. Platforms include Filenet/Fusion at PA, OpenText, DMS and SharePoint at KY. Some of the existing platforms are approaching end -of-life and integration opportunities with new technologies are limited.

Opportunity:

Consolidate content platforms into enterprise platforms to serve all operating companies or to address end of life technologies and continue to support legacy systems for each OpCo

Strategic Benefit Levers

- Improved ability to support business activities and enhance the user experience with content
- Improved ability to search for and find content
- Improved integration with other technologies
- Improved security and compliance by standardizing security and policy management
- Reduced content duplication and sprawl by standardizing content governance and lifecycle management
- Faster deployment of new capabilities

Financials

- $6.2M CAPEX, $1.2M O&M
- Favorable NPVRR driven by a significant fall in ongoing costs of the consolidated platform compared to BAU; savings from content tools, application support and infrastructure are marginally offset by increased cloud costs and associated tools.

NPVRR

$4.5M — Consolidate

$6.8M — BAU

Risks addressed

- Legacy, outdated technology and platforms limit reliability, scalability, content duplication, and sprawl across opcos
- Increased costs related to managing and updating end of life equipment and license expansion
- Difficult integration with enterprise services and modern technologies limits future advancements needed to support strategic initiatives
- Increased security risk and risk of failure from outdated technology systems
- Risk of content management practices being non-compliant since processes are not automated and legacy technology is difficult to use
- Obsolescence risk for end of life platforms

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RECOMMENDATION: PPL should continue building a Cisco enterprise-wide network infrastructure as it is supported by strong economics and mitigates end-of-life risk of separate aging networks

IT Lead: Dean Snyder

IT Sponsor: Jim Fitzgibbons

Project overview

Project scope	Replace disparate, end-of-life OpCo network infrastructure with Cisco's modern, enterprise-wide network

Key metrics		BAU	Target
	O&M savings/yr	$0M	$1M
	EoL date	2025	2045
	Network failure rate	xx%	xx%

Schedule	**Kick-off**: commenced 2024 **In-Service**: Year end 2025

Jurisdictions impacted by project	KY PA RI

SharePoint links to relevant documents	Business case(s) Capital Evaluation Model(s) Supporting documents

Key decision

→ None pending, in-flight initiative

Detailed information

Opportunity Description

Problem Statement:

KY and PA's physical networks are separate and approaching end of life with costs escalating in the interim; action is needed to avoid an obsolescence cliff

Opportunity:

A single greenfield network uniting both jurisdictions built in parallel provides a scalable, reliable, resilient and compliant network with a strong NPVRR

Financials

- $15M CAPEX, $0M O&M
- Favorable NPVRR driven by a reduction in leased circuits, reduction in contractors, and reduced maintenance contracts

NPVRR

	Refresh in 18 months	Refresh in 36 months	BAU
	$9.0M	$9.7M	$13.0M

Strategic Benefit Levers

- **Control and ownership:** Direct management of the data center can lead to higher service availability and more responsive support
- **Enhanced customer experience**: faster incident detection and response resolution
- **Enhanced compliance**: NIST level security
- **Business efficiency:** eliminates complexity and overhead thus lowering cost; consolidates systems, vendors and contracts
- **Process efficiencies:** streamlining / automating workflows reduces cycle times and manual interventions

Risks addressed

- **Obsolescence:** Reduced network reliability and poor service availability
- Lack of infrastructure, application and operational visibility: increases incident response time
- **Corporate policy:** Holistic network and security policy is not possible at present
- **Cybersecurity:** Poor segmentation increases risk of cyber attack
- Limited configuration management: prolonged time to configure equipment and reduces flexibility

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RECOMMENDATION: PPL should continue the digital enterprise hosting project as it is supported by strong economics, enables modern, enterprise-wide infrastructure standards and control of new on-prem servers

IT Lead: Dean Snyder

IT Sponsor: Jim Fitzgibbons

Project overview

Project scope	Build new Cisco on-prem servers in a consolidated approach using modern infrastructure standards

Key metrics		BAU	Target
	O&M savings/yr	$0	$20.7M
	EoL date	2025	2045
	Server failure rate	xx%	xx%

Schedule	**Kick-off**: commenced 2024 **In-Service**: Year end 2025

Jurisdictions impacted by project	KY PA RI

SharePoint links to relevant documents	**Business case(s)** **Capital Evaluation Model(s)** **Supporting documents**

Key decision

→ None pending, in-flight initiative

Detailed information

Opportunity Description

Problem Statement:

On-premise data center equipment in PA & KY is approaching end of life and was built using outdated and different architectural standards

Moving to the cloud from on-prem is not the be all and end all – many operating costs and application challenges were not considered under previous strategies

Opportunity:

Building new on-prem servers in a consolidated approach using the latest standards has a strong NPVRR compared to shifting to the cloud

Strategic Benefit Levers

- **Control and ownership:** Direct management of the data center can lead to higher service availability and more responsive support
- **Enhanced customer experience:** stable and reliable communication channels, improved self service capabilities with faster incident response capabilities
- **Enhanced compliance:** facilitates adherence to state and federal compliance requirements, particularly where data residency and handling are concerned (NIST level security)
- **Scalability:** Enables next generation grid technology without over-provisioning size
- **Process efficiencies:** streamlining / automating workflows reduces cycle times and manual interventions

Financials

- $22M CAPEX, $0 O&M
- NPVRR is highly favorable in all jurisdictions
- Moving to the cloud has significantly higher ongoing annual costs than a refreshed on-prem solution

NPVRR

$102.8M

$22.3M

Data center refresh | Move to cloud

Risks addressed

- **Catastrophic failure:** Failure to replace end-of-support equipment could lead to significant downtime and data loss
- **Obsolescence:** Continuation with end-of-support data center equipment leads to outdated technology that cannot support new applications or workloads efficiently
- **Cybersecurity:** End-of-support equipment and applications may not receive critical security updates, increasing vulnerability to cyberattacks

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Rate case timing tentative

PPL's operating companies upcoming "test years"

	2024	2025	2026	2027	2028	IT Service life Hardware	Software
PPL EU						5	**Varies**
LKE						5	5^1
RIE						5	7

PA Software Service Life

Service life	CAPEX (M)
5	<5
10	5≤ CAPEX <10
15	≥10

Projects completed by the following dates will be rolled into the rate base:

PA: December 31st, 2027

KY & RI: December 31st, 2026

KY: May 31st, 2028
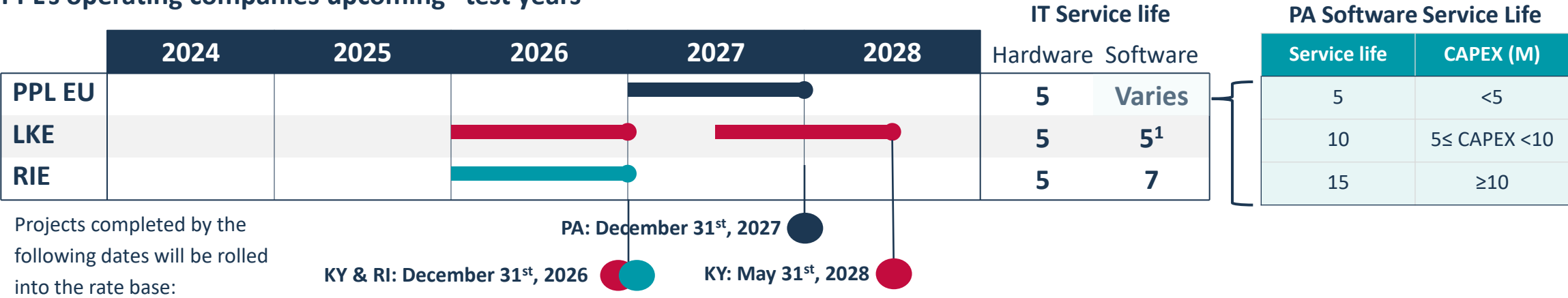
Alternative recovery mechanisms mitigating regulatory lag

PPL EU	**LKE**	**RIE**

PPL EU
- **Distribution system improvement charge (DSIC)**
  – Provides more-timely cost recovery of qualifying investments in the distribution system
- Smart meter rider
- Storm cost recovery
- FERC formula transmission rates

LKE
- Environmental cost recovery (ECR) mechanism
  – Near real-time recovery for approved environmental project related to coal generation
- Gas line tracker
  – Mechanism to recover qualifying gas line expenditures
- Demand side management tracker

RIE
- **Infrastructure, safety and reliability tracker (ISR)**
  – Annual recovery mechanism for certain projects filed with the PUC
- Multi-year rate plans for electric and gas distribution
- Revenue decoupling
- Energy efficiency tracker

Notes: 1. LKE depreciation study on-going, may adopt PPL EU service life structure

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Topic	Guidance
Guard Rails & Burden of Proof	• **Business case contents are discoverable**, and must therefore be focused on the best interests of customers • "One PPL" projects should have a business case **prepared for each jurisdiction**, as relevant strategic levers will vary • Discussion of earnings impacts, and regulatory lag management should be excluded from business cases • Cost estimates must be supported by market intelligence, ideally **RFP documents with competitive bids**
Recovery Mechanisms	• Base rates are the **default recovery mechanism** for IT investment • **Regulatory asset treatment would be challenging to obtain** since the IT investments are not "unanticipated" nor "extraordinary" • However, there is **precedent for capitalization of cloud costs** • There **is no precedent for riders** or trackers, except for ADMS and GIS
Rate Case Timing	• There are **multiple upcoming rate cases** (Test year 2026 for KY, 2027 for PA) • Kentucky may have another in beginning Q3 of 2027 • There could be significant regulatory lag management benefits to timing IT investments to rate cases • Understanding the in-service date and depreciation life of various IT assets, relative to rate case **timing is critical**

Examples of What Good Looks Like

Guardrails

- Must be focused on the best interests of customers
- "One PPL" projects should have a business case **prepared for each jurisdiction**, as relevant strategic levers will vary by state
- Discussion of earnings impacts, and regulatory lag management should be excluded from business cases
- Cost estimates must be supported by market intelligence, ideally **RFP documents with competitive bids**
- Certificates of Public Convenience and Necessity (CPCN) are required if the total project cost to any OpCo exceeds $100M
- **RI PUC will scrutinize all capital** projects included in the next rate case

Burden of proof – what good looks like

Projects with <$100M total spend
Enterprise GIS business case with supporting CEM

Projects with >$100M total spend
Kentucky AMI analysis

Improved regulatory lag management →

Improved likelihood of regulatory approval

Standard base rates recovery

- **Default recovery mechanism** for IT investment
- Return on individual investments depends on:
  - In-service date
  - Service life
  - **Rate case test year timing**
- Suitable for all types of IT investment

Regulatory Asset Treatment

- Capitalization of costs related to qualifying projects
- **Challenging to obtain regulatory asset treatment** for IT investments since they are not "unanticipated" nor "extraordinary"
- However, **there are precedents** from other states in the realm of cloud capitalization

Riders

- Temporary charge on a bill that allows utilities to recover some types of costs more quickly
- There are **few precedents** for riders or trackers related to IT investment, except those focused specifically on smart grid enablement projects such as ADMS or GIS

Alternative recovery mechanisms are only suitable for **specific project types** and subject to **high regulatory scrutiny**

→ Most IT investment will be recovered via base rates, where **timing in-service dates to test years is advantageous**

Sources: Interviews with PPL regulatory staff

Rate case schedule

Book asset life (years)

		2024	2025	2026	2027	2028	2029	CAPEX ($M)	KY	PA	RI
Customer experience and operations	1. Customer Ops							345			
	2. Customer Exp							45			
Finance and HR	3. Financial ERP							100	5	15	7
	4. HR Consolidation							25	5	15	7
Electric and Gas Work Management	5. FSM for KY							22	5		
	6. EAM for KY							16	5		
Electric and Grid Operations	7. ADMS for KY							14	5		
	8. ESRI + AUD							52			
Data & Content Enterprise Platforms	9. Data Platform Con.							9	5	5	7
	10. Content Management							6	5	5	7
Infrastructure and Cybersecurity	11. Network Consolidation							15	5	15	7
	12. Data Center Refresh							22	5	5	5

2026 Test Year
KY – Almost Certain
RI – Plausible (>1-yr clear of TSA exists, 3-yr MYRP)

2027 Test Year
PA – Probable (may be advanced)

June 2027 – May 2028
KY – Almost Certain

Short depreciation lives are more sensitive to rate case timings, and require special attention

Legend: Sequence TBD · RIE · LKE · EU

Source: 2023.08 BP CpCo Meeting

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RIE Capital Recovery Mechanics

RIE recovers capital investment via a multi-year rate plan (MYRP) and an Infrastructure, Safety and Reliability (ISR) tracker, which is reconciled annually

Key features of the ISR:

- ISR investments are **incremental to those in the MYRP**
- ISR plans are submitted and approved by the division on an **annual basis**
- At the time of the next rate case, ISR assets will be rolled into the base rates
- Annual reconciliations provide **low regulatory lag** for recovery

Key features of the MYRP:

- Capital investments are specified for the **next three years**
- MYRPs include investments that would typically be captured by the ISR in out years, as well as other investments

ISR asset **reset to zero** at the beginning of the MYRP

3-year MYRP ending August 2021

ISR plans are submitted annually **before, during and after MYRPs**

ISR is the **primary mechanism for capital recovery** in out years

ISR 2017 | ISR 2018 | ISR 2019 | ISR 2020 | ISR 2021 | ISR 2022

→ **Rate cases are the preferred forum in which to nominate large, multi-year investments since ISR plans are only approved annually**

Sources: RIE MYRP Settlement (pages 23, 223, 244), RIE Recovery Mechanisms

Description

- Recovers the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide PPL Electric with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems

- Numerous customer safeguards (Overearning & 5% Cap)

- PPL EU must file an Long Term Infrastructure Plan (5 years) and Annual Asset Optimization Plan (AAOP) as part of DSIC

Eligible Property

- Poles and towers (Account 364)

- Overhead conductors (Account 365) and underground conduit and conductors (Accounts 366 and 367)

- Line transformers (account 368) and substation equipment (Account 362)

- Any fixture or device related to eligible property listed above, including insulators, circuit breakers, fuses, reclosers, grounding wires, crossarms and brackets, relays, capacitors, converters and condensers

- Unreimbursed costs related to highway relocation projects where an electric distribution company must relocate its facilities

- **Other related capitalized costs**

Sources: PA PUC, PPL EU

Pennsylvania	Kentucky
The utility must have incurred an expense that meet **all four** of the following conditions: 1. The subject IT expenses arose from an extraordinary and non-recurring (*i.e.*, one-time) event, and 2. The subject IT expenses were not anticipated, 3. PPL Electric has not had a prior opportunity to seek recovery of the subject IT expenses and failed to do so 4. The subject IT expenses are substantial.	The Utility must have incurred **one of the four** types of expenses that follows: 1. an extraordinary, nonrecurring expense which could not have reasonably been anticipated or included in the utility's planning; or 2. an expense resulting from a statutory or administrative directive; or 3. an expense in relation to an industry sponsored initiative; or 4. an extraordinary or nonrecurring expense that over time will result in a saving that fully offsets the cost

Requirements to defer IT investment costs

Current rate policy

Act 129 - 2008

- Energy efficiency requirements
  - Becoming out of date
- Smart meters
- Time of use billing

Act 11 - 2012

- Distribution services improvement charge (DSIC), which complement rate cases to facilitate infrastructure investment

Most recent rate case - 2015

- Traditional ratemaking structure
  - Historic test year
  - Future test year
  - Fully project future test year
  - Several riders
- FRP for transmission only

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PPL EU's approved rate structure, established Jan 1, 2016

Traditional (precedent)		Alternative (newer)	

Test Year · **Riders** · Decoup · MRP · PBR / PIMs

- New rates based on the FPTY
- However, PPL EU provides a historic year's actual costs, a future year's budgeted costs, and budgeted costs from a fully projected future test year.

Charge	Description
Distribution System Improvement Charge (DSIC)	Capital and expense recovery associated w/ prices capped at no more than 5% of annual distribution revenue
Storm Damage Expense (SDER)	Expensive recovery associated w/ PUC reportable storms
Generation Service Charge (GSC)	Expense recovery associated w/ procurement of generated energy for Default Service customers[1]
Transmission Service Charge (TSC)	Expense recovery associated w/ transmission service for default service customers[1]
Smart Meter (SMR)	Capital and expense recovery associated w/ implementation and roll-out of advanced metering technology and infrastructure
Act 129 Recovery (ACR)	Expense recovery associated w/ programs related to PA Act 129 (Energy Efficiency and Conservation, or EE&C)
Universal Service (USR)	Expense recovery associated w/ low-income customer programs
Tax Cuts and Jobs Act Temporary Surcharge (TCJA)	Refund to customers related to the Federal Tax Cuts and Jobs Act
Competitive Enhancement (CER)	Expense recovery associated w/ mailings and educational matl

PiP original format; content extracted, adapted and simplified from the Alternative Ratemaking Report (Dec 2021).
Note 1: Default Service Supply (generation acquired on behalf of customers who choose not to shop)
Note 2: As PPL EU owns transmission line, PPL EU utilizes the FERC Formula Rate (FRP) for collection of transmission-related costs via an approved ROE (currently 10.0% for 2023)

Current rate policy

Most recent electrical rate case - 2021

- **LG&E and KU** have mirrored cases using Future Test Year

- **Multiple riders** (Green Tariff, net metering, etc.) **and Adjustment clauses** (DSM, ECR, FAC, etc.)

- Non-residential **DSM-EE** program plan in place (2019-2025), with adjustments in 2022

- Approval of **AMI roll-out** program

Most recent gas rate case - 2021

- **LG&E** has **gas performance PBR**

- Incentives to motivate **gas procurement performance**

- **Savings sharing** with customers

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Traditional (precedent)		Alternative (newer)		
Test Year	**Riders**	Decoup	MRP	PBR / PIMs

- New rates based on the FPTY
- Historical data used to confirm the reasonableness of forecasted periods

Economic Development Rider	Customer discount that provides a tiered discount over time (specific criteria to quality required)
Reliability Capacity Rider	Supports back-up service for a customer (e.g., hospital)
Curtailable Service Rider	Customer payment for giving LKE ability to curtail during a time of need (very few customers grandfathered on the rate)
Demand-Side Management Cost Recovery Mechanism	Mandatory rate schedule for all customers, unless they opt-out (opt-out available for industrial customers only); calculated monthly[1,2]
Solar Share Program Rider	Customer energy credit by subscribing to the LKE solar field
EV Supply Equipment Rider	Commercial customer rate for subscription to LKE furnished, owned, and maintained EV units; rates vary based on unit installed
Economic Relief Sur-Credit	Customer refund of tax expense related to Federal Tax Cuts and Jobs Act
Environmental Cost Recovery Surcharge	Customer charge or refund associated with environmental projects
Home Energy Assistance Program	Customer charge to support the low-income customer programs

PiP original format; content extracted, adapted and simplified from the Alternative Ratemaking Report (Dec 2021).
Note 1: DSM Recovery Component (DSMRC) = DSM Cost Recovery (DCR) + DSM Revenue From Lost Sales (DRLS) + DSM Incentive (DSMI) + DSM Balance Adjustment (DBA) + DSM Capital Cost Recovery (DCCR)
Note 2: As LKE owns transmission lines, LKE utilizes the FERC Formula Rate (FRP) for collection of transmission-related costs via an approved ROE (currently 9.7%)

Current rate policy

Least cost procurement - 2006

- Energy efficiency requirements

A year of change - 2011

- Annual ISR spending plans
- Net metering statute
- Revenue decoupling mechanisms

Most recent rate case - 2018

- Alternative ratemaking structure
  - Riders
  - Decoupling
  - Multi-year rate plans
  - Performance based regulation
- 3-year stay-out ending May 2025

Renewable energy standard – 2022

- 100% economy-wide renewable energy target by 2033

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Rhode Island Energy™
a PPL company

Traditional (precedent)	Alternative (newer)

Test Year

Riders

Decoup

MRP

PBR / PIMs

- Infrastructure, Safety, and Reliability (ISR) tracker (*Annual recovery mechanism for certain capital and O&M costs for electric and gas distribution projects filed with the RIPUC*)
- Storm cost recovery
- Pension expense tracker
- Energy Efficiency tracker

- Revenue decoupling is a statutory requirement in RI
- Annual Target Revenue (for distribution costs) is set in a rate case and trued-up based on actuals billed
- True-ups can be either a credit or a surcharge

- Multi-year rate plans for electric and gas distribution

- Performance-based incentive revenues:
  - Electric system performance
  - Energy efficiency
  - Natural gas optimization
  - Renewables incentives

Source: 2023 PPL investor update

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Customer risk evaluation framework

		🟢 **Low**	🟡 **Medium**	🔴 **High**
Technical Risk	**Obsolescence**	▪ Minimal risk of obsolescence. Systems and technologies are regularly updated and maintained to keep pace with advancements	▪ Some elements may be at risk of obsolescence, requiring occasional updates or replacements to remain effective	▪ Significant risk of obsolescence, with outdated systems or technologies that may hinder operations or pose security vulnerabilities
	Compliance	▪ Compliance with relevant regulations and standards is consistently met with no major issues	▪ Some areas may be at risk of non-compliance, requiring attention and remediation	▪ Significant gaps exist in compliance efforts, posing a risk of legal or regulatory penalties
	Cyber	▪ Strong cybersecurity measures are in place, with minimal vulnerabilities and effective defenses against cyber threats	▪ Some vulnerabilities exist, requiring active monitoring and mitigation efforts to manage cyber risks	▪ Significant cybersecurity vulnerabilities pose a high risk of breaches or attacks, requiring immediate attention and enhancement of security measures
Support risk	**Access to resources**	▪ Resources are readily available and accessible to support system operations without interruption	▪ Some challenges may exist in accessing resources, but they are generally manageable	▪ Significant difficulties exist in accessing necessary resources, leading to disruptions or limitations in system functionality
	Expertise	▪ Sufficient expertise is available to manage and support the system effectively	▪ Some gaps may exist in expertise, requiring occasional support or training to address	▪ Significant deficiencies in expertise pose risks to system operations, requiring immediate attention to bridge the skill gaps
	Sufficient # resources	▪ Adequate resources are available to support system operations efficiently	▪ Some resource constraints may exist, but they are generally manageable	▪ Significant resource shortages pose risks of inefficiency or failure to meet operational demands
Alignment risk	**Functionality**	▪ System functionality meets or exceeds requirements both now and in future with minimal issues or limitations	▪ Some areas of functionality may be lacking or require improvement to fully meet requirements both today and in future	▪ Significant gaps exist in functionality, hindering system performance or usability both today and in fuuture
	Scalability	▪ The system can easily scale to accommodate increased demands without significant issues	▪ Some limitations may exist in scalability, requiring adjustments or upgrades to support growth	▪ Significant scalability issues exist, hindering the system's ability to handle increased demands effectively
	Flexibility	▪ The system is highly flexible and adaptable to changing requirements or environments	▪ Some limitations may exist in flexibility, requiring adjustments or customization to meet specific needs	▪ Significant inflexibility poses challenges in adapting the system to changing requirements or environments

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Focus Area	System	Tech Risk (40%)			Support risk (30%)			Alignment (30%)			OVERALL
		Obsolescence	Compliance	Cyber	Access to resources	Expertise	Sufficient # resources	Functionality	Scalability	Flexibility (adaptable)	
Customer Operations	Customer/1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	9.0
Customer Operations	SAP ECC	3.0	4.5	4.5	5.0	3.0	4.0	4.0	3.0	2.0	33.3
Field Operations	Infor FSM	3.0	1.0	4.0	5.0	5.0	5.0	1.0	4.0	1.0	28.5
Field Operations	Oracle OeBS + Bolt-on apps	3.0	3.0	4.0	5.0	5.0	5.0	3.0	3.0	3.0	33.6
Field Operations	HxGN EAM	5.0	5.0	5.0	5.0	5.0	5.0	3.0	5.0	3.0	41.4
Field Operations	OpenGrid + paper-based	3.0	3.0	4.0	4.0	4.0	4.0	4.0	1.0	3.0	30.0
Finance/HR	PeopleSoft GL	3.0	1.0	4.0	2.0	2.0	3.0	3.0	1.0	1.0	20.4
Finance/HR	OeBS	3.0	3.0	5.0	3.0	3.0	5.0	3.0	3.0	3.0	31.2
Finance/HR	HCM	5.0	3.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	42.6
Finance/HR	PeopleSoft + Volts	3.0	3.0	5.0	3.0	1.0	4.0	3.0	1.0	3.0	26.7
Grid operations	ADMS	5.0	4.5	4.5	5.0	5.0	5.0	4.5	4.5	4.0	42.0
Grid operations	Oracle NMS-OMS	3.0	3.5	4.5	3.0	3.0	3.0	3.5	3.0	3.5	30.3
Customer experience	Intelligent desktop	4.0	3.0	3.0	4.0	4.0	4.0	3.0	2.0	2.0	29.1
Customer experience	Twilio	5.0	5.0	5.0	4.0	4.0	4.0	2.0	2.0	1.0	33.3
Customer experience	Custom/Web - PA	3.0	3.0	3.0	4.0	4.0	4.0	3.0	1.0	2.0	27.0
Customer experience	Custom/Web - RI	3.0	3.0	3.0	4.0	4.0	4.0	3.0	1.0	2.0	27.0
Customer experience	Avaya	5.0	5.0	5.0	4.0	4.0	4.0	1.0	1.0	1.0	31.5
Customer experience	MyAccount	1.0	2.0	3.0	4.0	4.0	4.0	1.0	1.0	1.0	20.7
Customer experience	Customer App - KY	5.0	5.0	5.0	4.0	4.0	4.0	3.0	3.0	3.0	36.9
Content mgmt	IIDR	1.0	2.0	1.0	3.0	3.0	3.0	2.0	2.0	2.0	18.3
Content mgmt	Filenet/Fusion	1.0	2.0	1.0	2.0	1.0	1.0	2.0	2.0	2.0	13.8
Content mgmt	Netezza	1.0	2.0	1.0	3.0	3.0	3.0	2.0	2.0	2.0	18.3
Content mgmt	Informatica	1.0	2.0	1.0	2.0	1.0	1.0	2.0	2.0	2.0	13.8
Content mgmt	OpenText	1.0	2.0	1.0	3.0	3.0	3.0	2.0	2.0	2.0	18.3
Content mgmt	SharePoint	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	45.0
Field Operations	ESRI Utility Network	4.0	4.0	5.0	4.0	4.0	4.0	4.5	4.5	4.5	38.6

Key

		Scoring (1-5)	Overall
🟥	Poor health	<=1.5	<= 19
🟧	Health at risk	1.5 - 3.5	19 - 31.5
🟩	Good health	=>3.5	=>31.5

2024 BP Total IT Spend comparison to PiP scope

Portfolio / IT Area	Total ($M) – from draft BP as of 9/5/23	New Total ($M) – post PiP updates	PiP Scope ($M)	% of total	Commentary
Field Operations	$144.6	$130.4	$35.8	27.5	EAM capital reduced from $30M to $15.8M
Grid Operations	$122.5	$122.5	$38.1	31.1	
Customer Operations	$139.8	$420.0	$420.0	100	CIS replacements, C/1 and MDM stabilization at PA, Mobile App, IVR, Portal/Web consolidation
Financial Operations + EE	$88.0 + $65.0 = $153.0	$190.0	$125.0	65.8	ERP went from $63M to $100M
Generation	$4.2	$4.2	0	0	Out of scope
Portfolio sub-total	**$564.2**	**$867.1**	**618.9**	**71.4**	
Architecture	$5.0	$5.0	0	0	Out of scope
Cybersecurity	$45.5	$45.5	0	0	Out of scope
IT Data and Content	$41.1	$41.1	14.9	36.3	
IT Design	$3.1	$3.1	0	0	Out of scope
IT Infrastructure	$185.0	$170.0	$37.0	21.8	Network consolidation went from $30M to $15M
Other IT Area sub-total	**$279.7**	**264.7**	**51.9**	**19.6**	
Total	**$843.9**	**1,131.8**	**670.8**	**59.3**	

Focus area	Business case	Decisions	CAPEX[1]	O&M[4]	Kick-off
Customer	Customer operations	• Initiate interim stabilization of PA CSS and MDM in 2024 to address the high risk of aging infrastructure	$30M		2024
		• Initiate CIS consolidation in 2025 by launching an SI RFP to accelerate the replacement of Customer/1 in PA via CIS consolidation • Additional ~$2M O&M required in 2024 for additional support and expertise		$2M	2024
		• Include $350M in BP beginning in 2025 for consolidation across all OpCos	~$350M		2025
	Customer-facing applications	• In addition to the work kicked off to roll out a consolidated PPL Mobile App, define future state BU goals, customer journeys and emerging business processes	$2-5M		2024
		• Include funding, beginning in 2025, to support the transformation of the customer experience to an AI-enabled, fully digital omnichannel customer experience by 2026	$30-50M		2025
	RIE TSA Exit Fast Follow	• RIE TSA Exit Fast Follow scope of $30-$50M for 2025, pending further evaluation • To be reviewed and incorporated in light of OnePPL strategy	$30-50M		2025
Finance	Finance consolidation	• Begin an Integrated multi-module ERP assessment in 2024 to identify a GL solution (OeBs extension vs Cloud), HR solution timing and supply chain modules to be included in the scope of a future state ERP solution, and develop an execution plan • Additional ~$2M in O&M in 2024 needed to engage support for the assessment		$2M	2024
		• Include $100M in BP beginning in 2025 for ERP solution	$100M		2025
Human resources	HR consolidation	• Maintain funding for an HR consolidation beginning in 2027, pending the results of the Integrated multi-module ERP assessment which may call for an advancement of the HR consolidation	$25M	$3M	2027
Electric & gas work management	Infor FSM for KY	• Continue funding for PA/RI Infor enhancements out to 2029	$10M		2024
		• Recommend against implementing Infor FSM in KY, however, maintain funding for current solutions • Revisit in the 2026 BP, after the Integrated multi-module ERP assessment considers alternative options • Include Zycus extension to PA/RI in the Integrated Multi-module ERP assessment	$10-25M[2]	$1M	N/A
	HxGN EAM for KY	• Reassess implementation of HxGN EAM in KY versus lower cost alternatives for planned mobile work to make final solution decisions, but maintain 2024 BP funding in the interim • Review business processes to identify gaps and align on future state business processes across OpCos	$20M[3]	$1M	2025

Notes: 1. ROM estimates, RFPs required for more accurate pricing and cap/exp split determination (on-prem vs. SaaS impacts cap/exp split), 2. Infor FSM 2024 BP CAPEX is $20M, however it has been ranged to reserve funding in support of current supply chain apps., 3. HxGN EAM 2024 BP CAPEX is $20M 4. Non-project assessment O&M

Case Nos. 2025-00113 and 2025-00114
Attachment to Response to PSC-2 Question No. 59
Johnson

Strategic benefit lever framework

Strategic lever	Benefit sub-categories	Sub-categories *(non-exhaustive)*	Metrics to be quantified with PPL team
1. Customer experience	Customer interfaces	• Ease of use (e.g. self-service) • Communication effectiveness • Service availability and support • Product quality • Customer self-service	• CSAT scores (internal PPL and against relevant benchmarks) • Reduction in resolution time for customer issues • Increase in volume of web hits in customer self-service portal (benchmarked) • Reduction in customer call volume and/or duration • Reduction in customer search time
2. Compliance	Regulatory and financial	• State / Federal regulatory compliance • Financial compliance • Record keeping and documentation	• Compliance with industry standards • Compliance audit result improvement • Reduction in time to implement regulatory changes
3. Resilience	Cybersecurity	• Cybersecurity • Operational reliability/resilience • Brand / legal / reputation	• Number of security incidents • Time to detect and respond to incidents, customer billing issues • Breach of customer data
	Outage reduction	• Utility outages caused by IT systems • Internal impacts of critical IT system outages	• CAIDI, CAIFI, SAIDI, SAIFI • Reduction in lost productivity hrs
	Data	• Quality • Accuracy • Analytics capabilities • Data protection and privacy	• Data accuracy rate improvement • Reduction in data entry errors • Analytics accuracy rate improvement • Data breach rate reduction
	Scalability	• Systems • Infrastructure / Network • On-prem vs. cloud	• Server/storage capacity increase • Network bandwidth improvement
4. Business efficiency	Strategic	• Alignment to One PPL / Corporate Strategy (e.g. consolidation) • Decarbonization	• Synergies from strategic approach – demonstrate "industry best practice" • Individual strategic initiative alignment (e.g. ARM, EE)) • CO2e
	Business effectiveness & Efficiency	• Streamlined business/operational processes (e.g. workflow automation) • Resource utilization • Supply chain management	• Process cycle time reduction • Reduction in manual intervention • Reduction in number of business processes • Enhancement of business processes (e.g. Business Continuity Plans, Disaster Recovery) • Reduction in avg deployment time for new/innovative services
	Employees	• Employee experience (e.g. reduction of manual/repetitive tasks) • Productivity rates	• Employee satisfaction (eNPS) before/after project on relevant benchmarks • Routine or manual task time reduction
	Obsolescence	• Platform obsolescence • Loss of external support • Loss of institutional knowledge	• Date of and reason for obsolescence • System uptime / mean time between failures • Qualitative risk assessment outputs