PPL IT Reinvention

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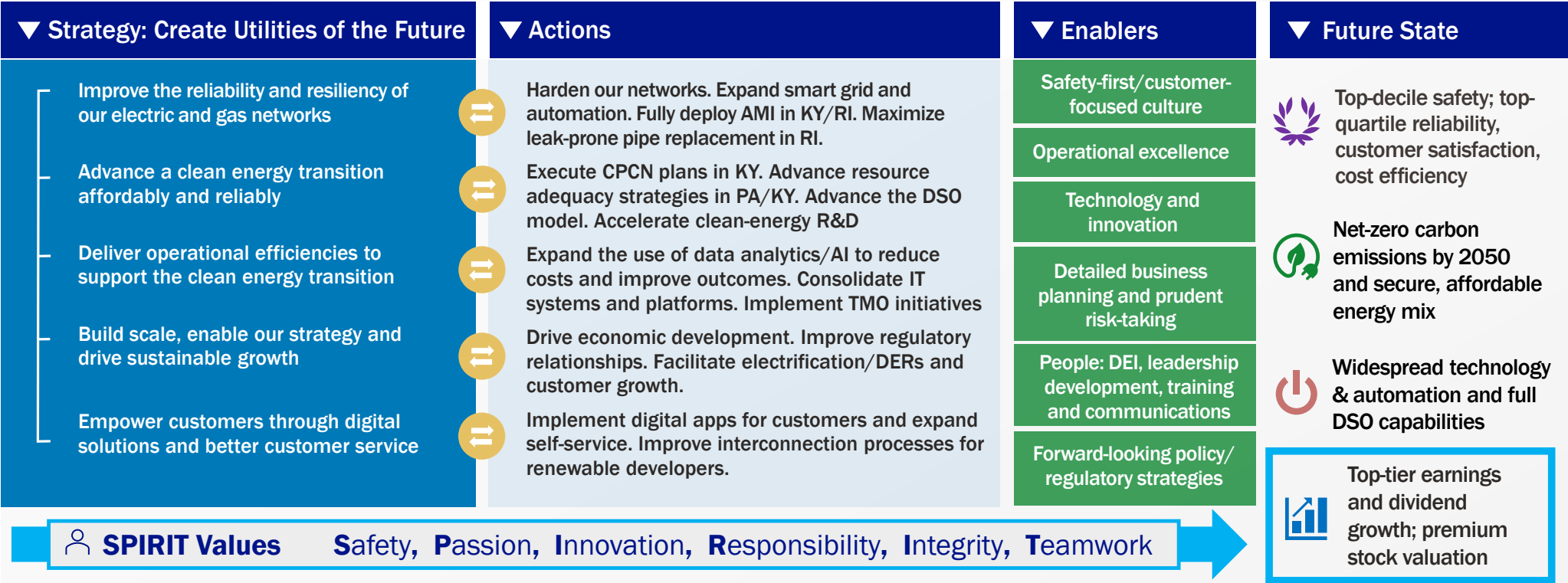
PPL Strategic Framework
PPL's Utility of the Future Strategy requires best-in-class technology and innovation

Vision Be the best utility company in the U.S.

Mission Provide safe, affordable, reliable, sustainable energy to our customers and competitive, long-term returns to investors

▼ Strategy: Create Utilities of the Future

- Improve the reliability and resiliency of our electric and gas networks
- Advance a clean energy transition affordably and reliably
- Deliver operational efficiencies to support the clean energy transition
- Build scale, enable our strategy and drive sustainable growth
- Empower customers through digital solutions and better customer service

▼ Actions

- Harden our networks. Expand smart grid and automation. Fully deploy AMI in KY/RI. Maximize leak-prone pipe replacement in RI.
- Execute CPCN plans in KY. Advance resource adequacy strategies in PA/KY. Advance the DSO model. Accelerate clean-energy R&D
- Expand the use of data analytics/AI to reduce costs and improve outcomes. Consolidate IT systems and platforms. Implement TMO initiatives
- Drive economic development. Improve regulatory relationships. Facilitate electrification/DERs and customer growth.
- Implement digital apps for customers and expand self-service. Improve interconnection processes for renewable developers.

▼ Enablers

- Safety-first/customer-focused culture
- Operational excellence
- Technology and innovation
- Detailed business planning and prudent risk-taking
- People: DEI, leadership development, training and communications
- Forward-looking policy/ regulatory strategies

▼ Future State

- Top-decile safety; top-quartile reliability, customer satisfaction, cost efficiency
- Net-zero carbon emissions by 2050 and secure, affordable energy mix
- Widespread technology & automation and full DSO capabilities
- Top-tier earnings and dividend growth; premium stock valuation

SPIRIT Values **S**afety, **P**assion, **I**nnovation, **R**esponsibility, **I**ntegrity, **T**eamwork

IT partnered with Accenture to conduct a detailed technology assessment over 6+ weeks

20+ CLC & Business Stakeholder Sessions

25+ PPL IT Leaders Interviews

83 Action items

42 Subject Matter Advisors from Accenture engaged

200+ Hours dedicated to understanding PPL imperatives

50+ Documents received and synthesized

30+ Workshops covering seven workstreams

Dean's first 120 Days have identified numerous strengths and opportunities across the organization

Strengths

Culture and Team: Clear Mission – Vision – Values (SPIRIT) and safety-first culture ✓

RI TSA Execution: Extremely dedicated team across company working as OnePPL ✓

R&D: Team is effective at leveraging university and government funding to explore and implement R&D projects ✓

Customer Focus: Dedicated team focused on delivering for our Customers ✓

Innovation: Early adopters of Smart Grid Technology (already realizing the benefits) ✓

Expense Management: Focus on expense management to maintain low costs for customers ✓

Opportunities

Strategy & Roadmap: Missing overall IT strategic plan to support vision of becoming the Utility of the Future

Spend Profile: 87% of IT budget spent on run the business vs. grow and transform

Tech Landscape: Current technology environment is overly complex; we need to invest, consolidate and simplify

Operating Model: Requires well-defined intake demand management model

**Vendor/Partner Management:** Transactional vs. Strategic, not leveraging our brand and spend

Skill Gap & Mindset: Digital, Architecture and Cloud skill gaps. Need to implement OnePPL mindset

Case Nos. 2025-00113 and 2025-00114
Attachment to Response to PSC-2 Question No. 60
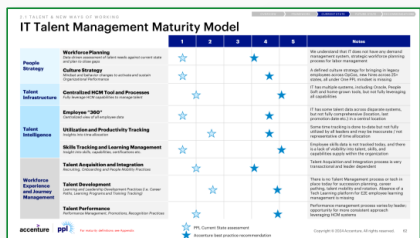Page 4 of 19
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Technology Assessment identified several findings across Process, Technology and People
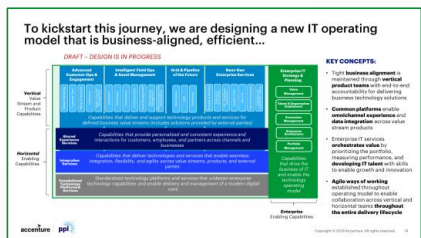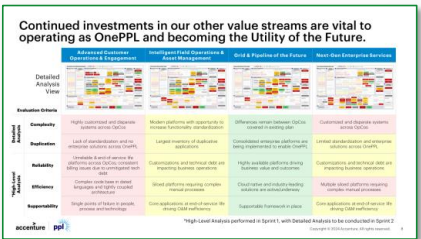

Strategy & Operating Model
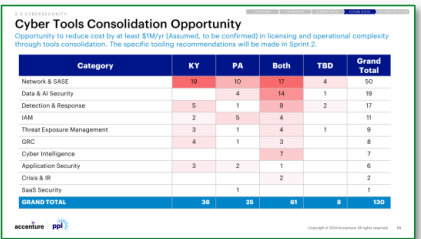Inconsistent delivery models and demand management issues
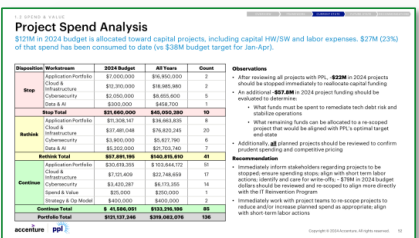
Spend & Value
Limited visibility into IT spend (O&M and Capital) across OpCos; project portfolio mis-aligned with CLC priorities
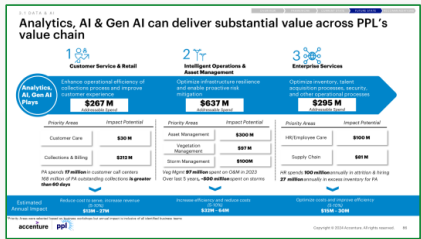

Talent
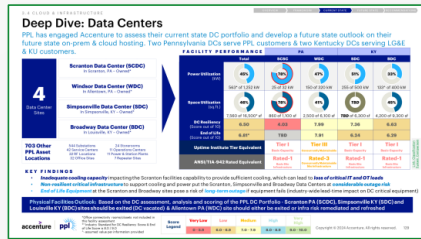Stagnant workforce and talent management and transactional vendor relationships

Applications
Confirmed tech debt across value streams

Cybersecurity
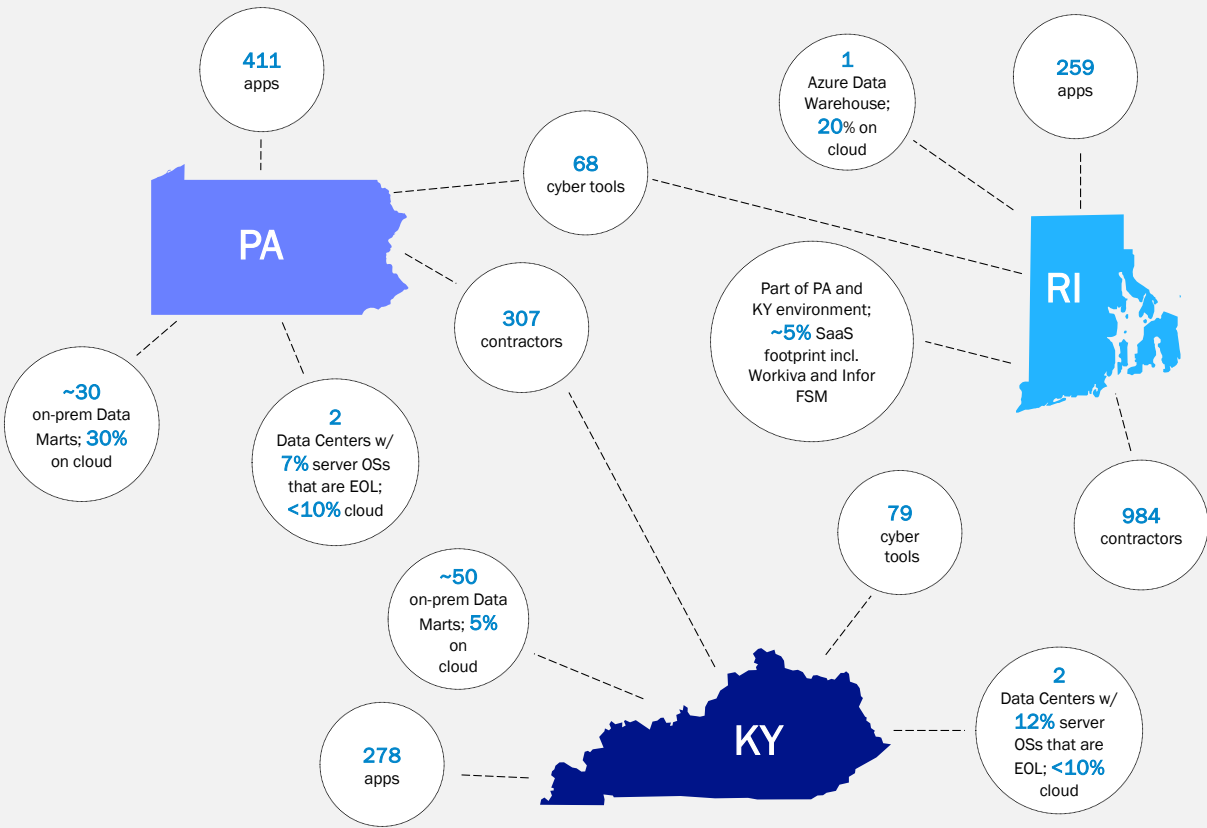Significant backlog of security risks and complex tool landscape

Data & AI
Untapped opportunity to take advantage of data and unlock Gen AI across our value streams

Cloud & Infrastructure
Complex environment with end-of-life (EOL) infrastructure

Case Nos. 2025-00113 and 2025-00114
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The Current State IT environment is complex and redundant with varying levels of capability by OpCo

2024 TOTALS INCLUDING RIE

$432M Total IT Spend	**30%** Agile Delivery
87/13 Run/Grow	**~80** On Prem Data Marts
487 Employees	**130** Cybersecurity tools, several shared between PA / KY
1,291 Contractors	**1,000+** Applications
51% IT org is <5yr tenure	**10%** End-of-life (EOL) Operating Systems (OS)
27% Of Employees are 100+ miles from PA & KY hubs	**50%** of Network Infra is end of life

411 apps

68 cyber tools

1 Azure Data Warehouse; **20**% on cloud

259 apps

PA

307 contractors

Part of PA and KY environment; **~5%** SaaS footprint incl. Workiva and Infor FSM

RI

~30 on-prem Data Marts; **30%** on cloud

2 Data Centers w/ **7%** server OSs that are EOL; **<10%** cloud

79 cyber tools

984 contractors

~50 on-prem Data Marts; **5%** on cloud

KY

278 apps

2 Data Centers w/ **12%** server OSs that are EOL; **<10%** cloud

The complexity and duplication stretches across four critical business function areas

Legend: *Capability maturity based on technology complexity and duplication*

| Low | Medium | High |

Evaluation Criteria		Advanced Customer Operations & Engagement	Predictive Field Operations & Asset Management	Grid & Pipeline of the Future	Next-Gen Enterprise Services
Detailed Analysis	Complexity	Highly customized and disparate systems across OpCos	Modern platforms with opportunity to increase functionality standardization	Differences remain between OpCos covered in existing plan	Customized and disparate systems across OpCos
	Duplication	Lack of standardization and no enterprise solutions across OnePPL	Largest inventory of duplicative applications	Consolidated enterprise platforms are being implemented to enable OnePPL	Limited standardization and enterprise solutions across OnePPL
***High-Level Analysis**	Reliability	Unreliable & end-of-life platforms across OpCos; consistent billing issues due to unmitigated technical debt	Customizations and technical debt are impacting business operations	Highly available platforms driving business value and outcomes	Customizations and technical debt are impacting business operations
	Efficiency	Complex code base in dated languages and tightly coupled architecture	Siloed platforms requiring complex manual processes	Cloud native and industry-leading solutions are active/underway	Multiple siloed platforms requiring complex manual processes
	Supportability	Single points of failure in people, process and technology	Core applications at end-of-life driving O&M inefficiency	Supportable framework in place	Core applications at end-of-life driving O&M inefficiency

Digitizing and modernizing to a simplified, consolidated set of platforms will increase efficiency and position PPL for growth

ppl TOTALS

CURRENT (2024)	FUTURE
87/13 Run/Grow	**47/53** Run/Grow
487 Employees	**350-400** Employees
1,291 Contractors	**450-500** Contractors
30% Agile Delivery	**80%** Agile Delivery
130 Cybersecurity Tools	**80** Cybersecurity Tools
1,000+ Apps	**~500** Apps

OnePPL

PA RI KY

- ~500 Apps
- 2 Data Centers
- 47/53 Run-Grow
- 350-400 Employees
- 450-500 Contractors
- 1 Enterprise Data Platform
- 70%+ On Cloud
- 80 Cyber Tools

Our 5 year vision could reduce net Run costs by 40-50%, increasing ability to invest in Grow initiatives
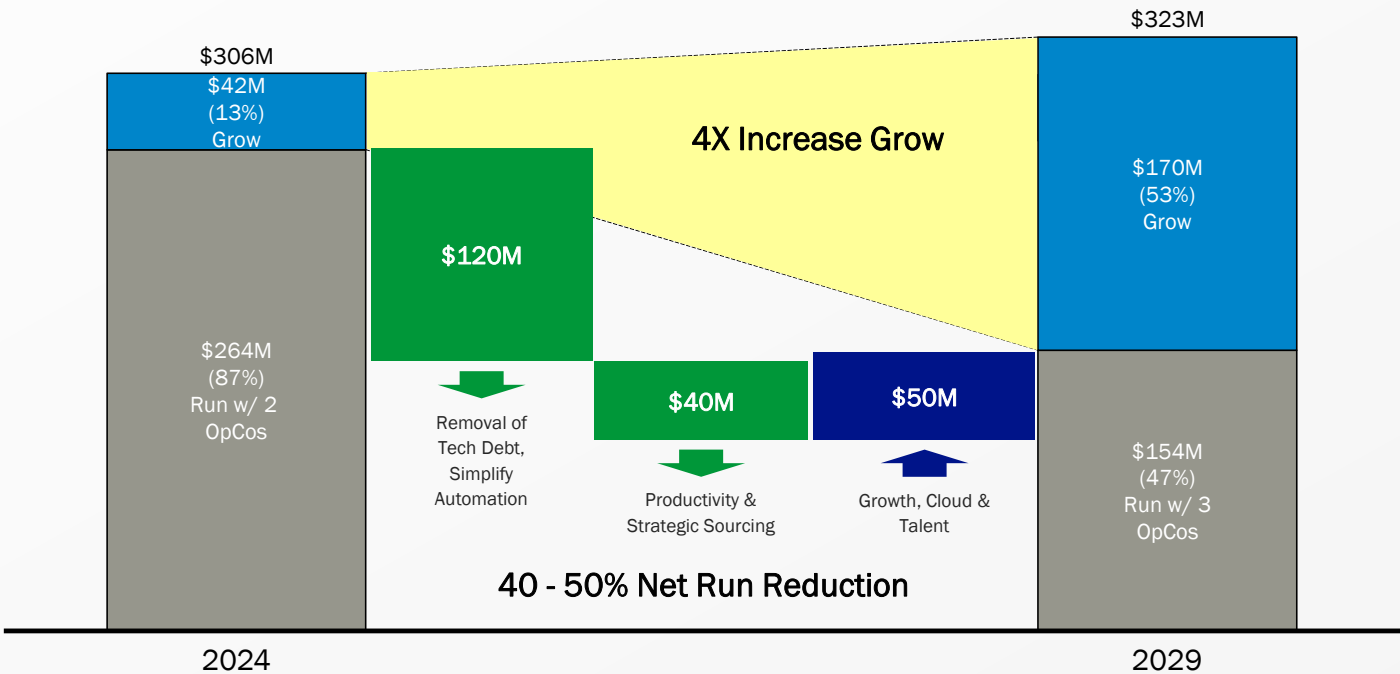
- 2024 does not include Rhode Island one time integration costs
- 2024 run budget is 2 OpCos, while 2029 includes 3 OpCos
- Financials include IT run and grow/modernization; cost to achieve for business transformation not included
- Numbers based on budgetary planning subject to detailed due diligence

IT Reinvention could exceed the TMO O&M commitments and achieve top quartile performance

TMO Run Rate Savings Plan for 2026[1]

	TMO Plan	Achieved
IT O&M Savings	$26.3M	$16.8M
Business O&M Savings	$137.3M	$55.1M
Customer Service	$49.6M	$13.6M
Electric – T&D	$69.3M	$28.7M
Gas	$5.0M	$5.0M
Corporate Services & Other	$13.5M	$7.8M
To Fill	$11.4	-
Total	$175M	$71.9M

[1]*Data from Wave as of July 8th, 2024; does not include Cost to Achieve*

IT Reinvention Potential Run Rate Savings

	2026	2029	Total
IT O&M Savings	$50-60M[2]	$10M+	$60-70M+
Business O&M Savings[3]	*Further Analysis Needed*	$60-140M+	$60-140M+
Total	$50-60M	$70-150M+	$120-210M+
Potential investment from select number of strategic partners *(one-time)*	$30-50M+		

[2] *IT O&M Savings of $60-70M+ provides line of sight into additional $44M on top of the TMO plan*
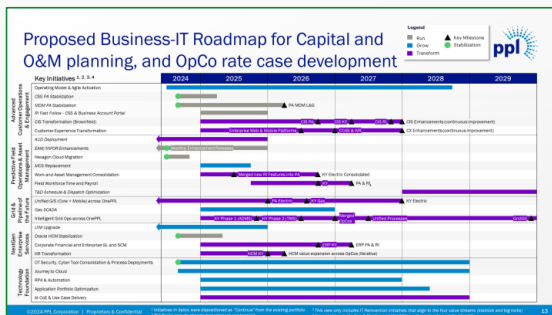[3] *Subject to refinement with Business Partners*

Forecasted Capital Cost to Achieve (CTA) for IT Reinvention is $500-600M between 2025 and 2029

Legend:
- IT O&M Savings
- Business O&M Savings

Achieving this vision will require significant change in Process, Technology and People
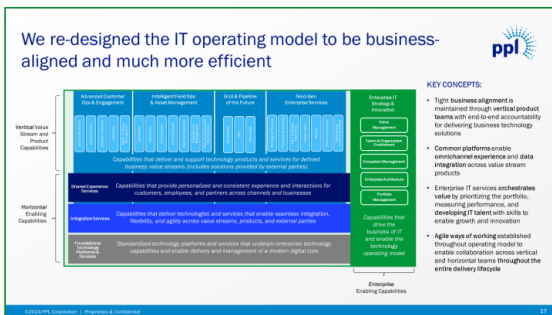
Developed a new **operating model for Technology and Innovation.**

Developed an **IT Roadmap** to simplify and consolidate technology platforms over the next 5 years.

Implementation strategy balances **stabilization** efforts with implementing **new technologies**.

Developed a new **Organizational Structure** to operationalize the strategy.

Building Confident, Efficient, Value-Led Technology and Innovation

Key Focus Areas

- Stabilize operations

- Drive OnePPL operational efficiencies

- Compliance simplification

- Strategic allocation of Capital and O&M towards differentiation instead of backend services

- Enable future M&A transactions through a strategic platform

- Reduce cyber risks

- Build culture of innovation

- Talent recruiting and development

- Select strategic partners and maximize return from those relationships

Proposed Business-IT Roadmap for Capital and O&M planning, and OpCo rate case development

Legend
- Run (gray)
- Grow (blue)
- Transform (purple)
- ▲ Key Milestone
- ● Stabilization

Key Initiatives [1, 2, 3, 4]	2024	2025	2026	2027	2028	2029

Advanced Customer Operations & Engagement
- Operating Model & Agile Activation
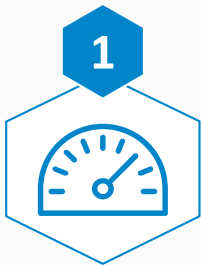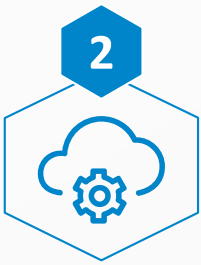- *CSS PA Stabilization* ●
- *MDM PA Stabilization* ● — ▲ PA MDM L&G
- *RI Fast Follow - CSS & Business Account Portal*
- CIS Transformation (Brownfield) — CIS PA ▲ | CIS KY ▲ | CIS RI ▲ ▲ CIS Enhancements (continuous improvement)
- Customer Experience Transformation — Enterprise Web & Mobile Platforms ▲ | CCAS & IVR ▲ ▲ CX Enhancements (continuous improvement)

Predictive Field Operations & Asset Management
- *AUD Deployment* ◄
- *EAM/INFOR Enhancements* ◄ ● Monthly Enhancement Releases
- Hexagon Cloud Migration ●
- *MCS Replacement*
- Work and Asset Management Consolidation — ▲ Merged new RI Features into PA ▲ KY Electric Consolidated
- Field Workforce Time and Payroll — ▲ KY | ▲ PA & RI
- *T&D Schedule & Dispatch Optimization*

Grid & Pipeline of the Future
- *Unified GIS (Core + Mobile) across OnePPL* ◄ — ▲ PA Electric ▲ KY Gas | ▲ KY Electric
- Gas SCADA
- Intelligent Grid Ops across OnePPL — KY Phase 1 (ADMS) ▲ | KY Phase 2 (TMS) ▲ | Merged OpCos ▲ | ▲ Unified Processes | GridOS ▲

NextGen Enterprise Services
- *UIM Upgrade* ◄
- Oracle HCM Stabilization ●
- Corporate Financial and Enterprise GL and SCM — ▲ ERP KY | ▲ ERP PA & RI
- HR Transformation — HCM KY ▲ | ▲ HCM value expansion across OpCos (Iterative)

Technology Foundation
- OT Security, Cyber Tool Consolidation & Process Deployments ●
- Journey to Cloud
- RPA & Automation
- Application Portfolio Optimization
- AI CoE & Use Case Delivery

[1] Initiatives in italics were dispositioned as "Continue" from the existing portfolio
[2] Big Rocks include change management and training
[3] This view only includes IT Reinvention initiatives that align to the four value streams (stabilize and big rocks)
[4] Assuming Louisville Gas & Electric and KY Utilities will merge into a single KY entity

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Six immediate stabilizing and capability release priorities identified to support the Utility of the Future foundation

1 METER TO CASH

2 WORK & MATERIALS MANAGEMENT & FINANCE

3 HCM FOR HR

4 INFRASTRUCTURE

5 CYBERSECURITY

6 AI & AUTOMATION

- CSS PA Stabilization and Back Up
- MDM PA Stabilization

- EAM / INFOR UX Enhancements
- Hexagon Cloud Migration

- Oracle HCM Stabilization
- Eliminate Manual Processes and Workarounds

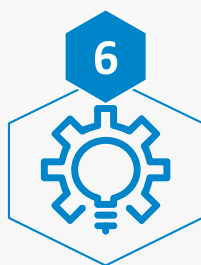- Full Stack Disaster Recovery Strategy and Testing

- Identity Access Mgmt. Redesign
- Risk Backlog Governance
- Cyber Tool Consolidation

- Use Cases targeting Business & IT Value and Efficiency

Four key value streams will operationalize and accelerate the Utility of the Future strategy

Cybersecurity, cloud, data, and R&D will enable the digital core and future-proof our value streams
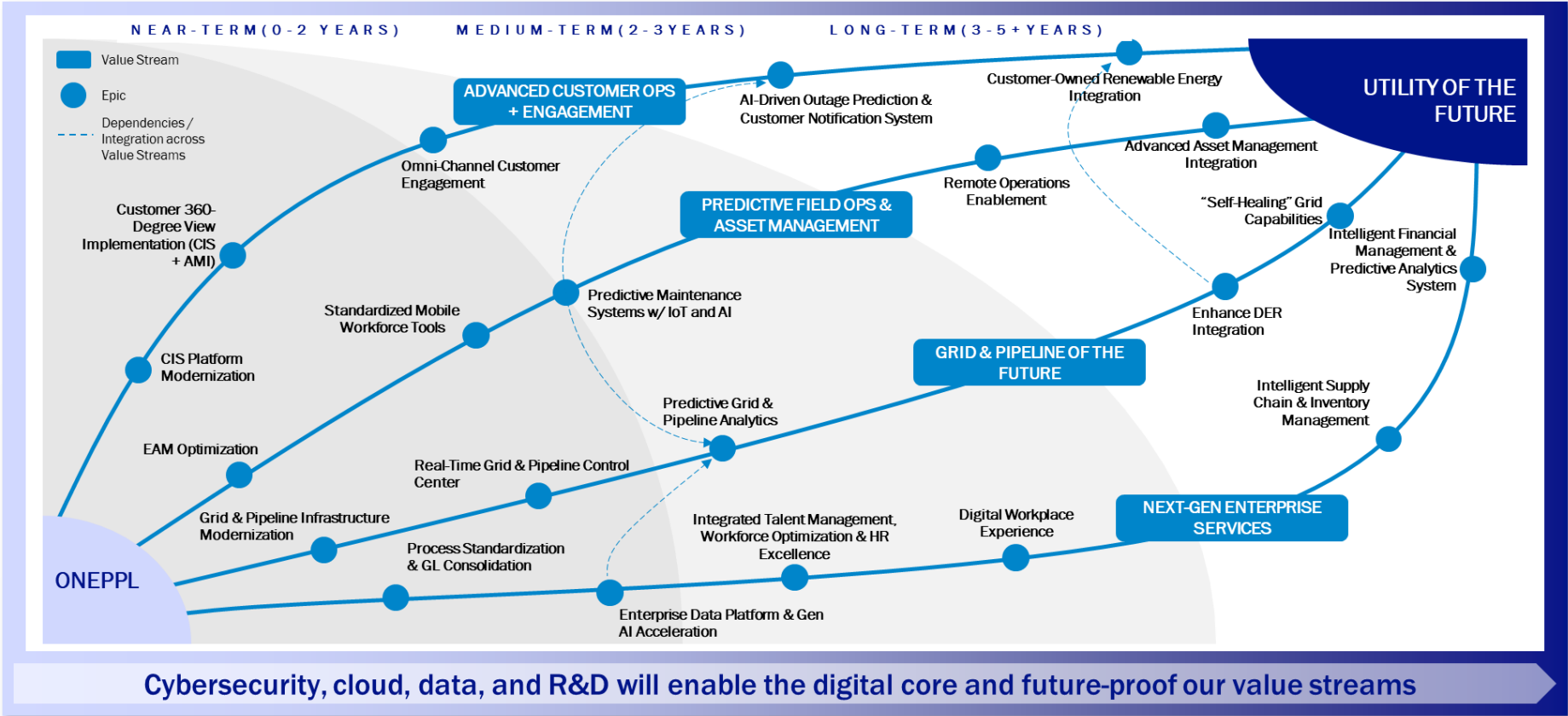
Example: We will leverage Agile process to deliver Digital Customer and Colleague Experiences

Customer Digital Experience Enablers

- Multi-channel and Omni-channel capabilities

- Proactive and personalized experiences across journeys

- Conversational AI for voice, chat, and messaging (Digital Agent)

- Gen AI and automation for agents

- Customer 360 view

Colleague Digital Experience Enablers

- Enhanced onboarding experience

- Consolidated applications, Gen AI and automation

- Single collaboration platform with email and relaunched Teams

- Single ERP for Finance/SC and HCM consolidation

- Fully-digitized labor & payroll management solution

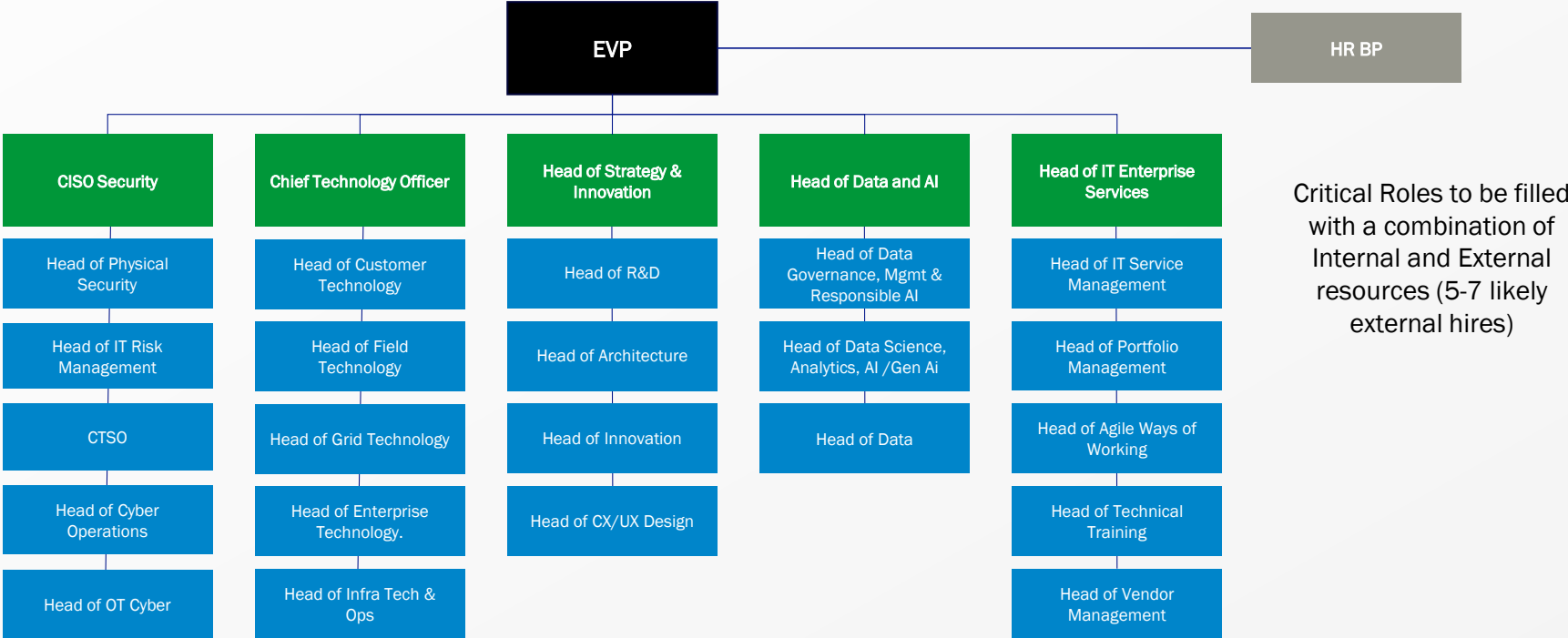- Digital-first career paths and personalized upskilling journeys

We re-designed the IT operating model to be business-aligned and much more efficient
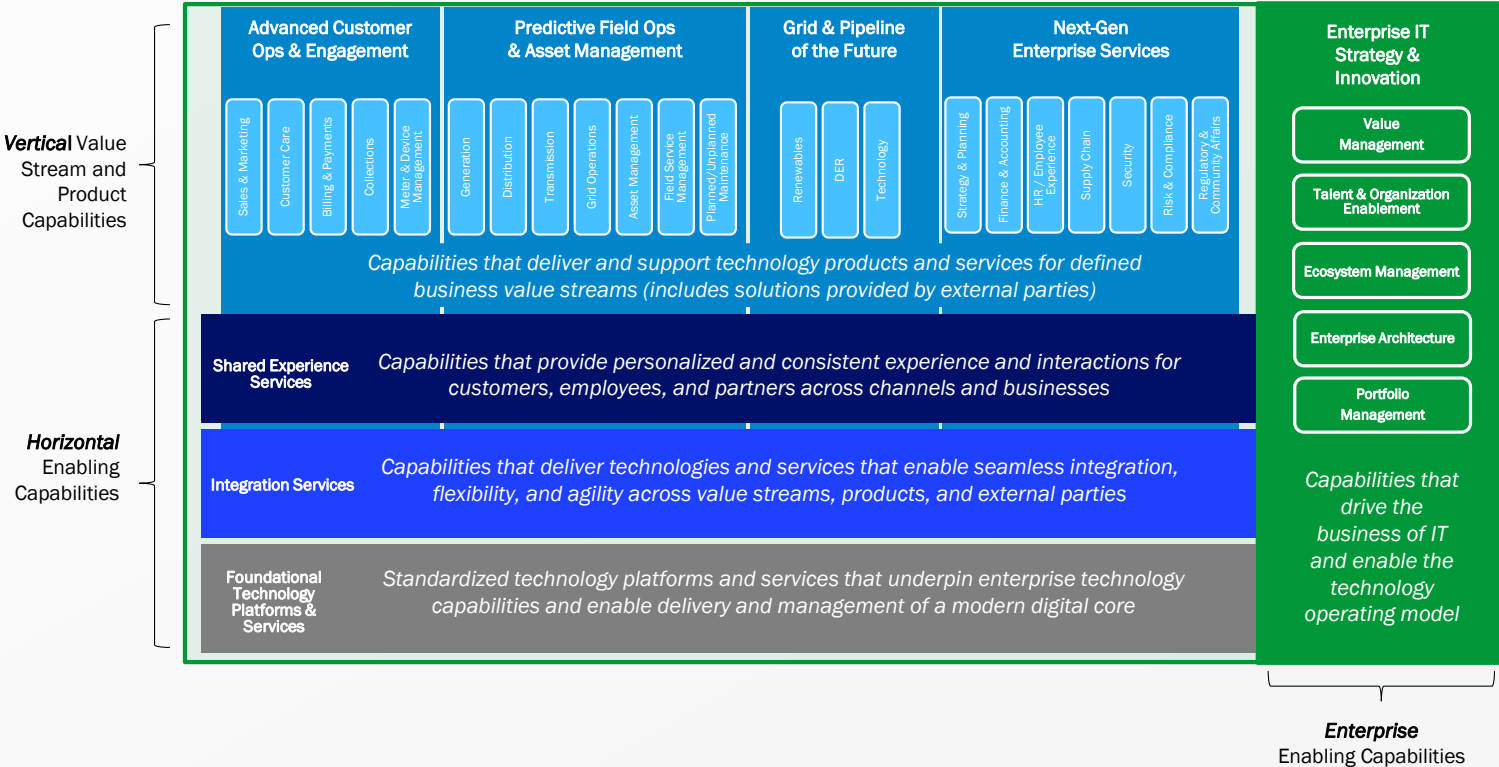
KEY CONCEPTS:

- Tight **business alignment** is maintained through **vertical product teams** with end-to-end accountability for delivering business technology solutions

- **Common platforms** enable **omnichannel experience** and **data integration** across value stream products

- Enterprise IT services **orchestrates value** by prioritizing the portfolio, measuring performance, and **developing IT talent** with skills to enable growth and innovation

- **Agile ways of working** established throughout operating model to enable collaboration across vertical and horizontal teams **throughout the entire delivery lifecycle**

New organizational structure will support the implementation of the new technology strategy

Org chart:

EVP (top) — connected to **HR BP**

Reporting to EVP:

CISO Security
- Head of Physical Security
- Head of IT Risk Management
- CTSO
- Head of Cyber Operations
- Head of OT Cyber

Chief Technology Officer
- Head of Customer Technology
- Head of Field Technology
- Head of Grid Technology
- Head of Enterprise Technology.
- Head of Infra Tech & Ops

Head of Strategy & Innovation
- Head of R&D
- Head of Architecture
- Head of Innovation
- Head of CX/UX Design

Head of Data and AI
- Head of Data Governance, Mgmt & Responsible AI
- Head of Data Science, Analytics, AI /Gen Ai
- Head of Data

Head of IT Enterprise Services
- Head of IT Service Management
- Head of Portfolio Management
- Head of Agile Ways of Working
- Head of Technical Training
- Head of Vendor Management

Critical Roles to be filled with a combination of Internal and External resources (5-7 likely external hires)

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Implementation Risks

It is critical to get the organization aligned around the new strategy and to manage the following risks effectively:

- Avoiding "burn out" after intense Rhode Island Integration
- Moving too slowly – elongating the tail of investment
- Recruiting talent we need by January 1, 2025
- Picking the right strategic partners by January 1, 2025
- Obtaining capital funding approval during Business Planning process
- Getting business/IT sponsorship and alignment

To effectively manage these risks, we will:

- Secure ELT buy-in and alignment on objectives (ELT already bought-in at high level)
- Operationalize our new Agile operating model and measurements
- Launch value realization and change management office
- Align strategic partner fees to outcomes