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Electric Power Sector Challenges and Opportunities In 2020

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2020 Challenges

COVID-19 Pandemic

Essential Workers classification, PPEs

Wildfires

(California, Oregon, Washington, Utah,
Colorado, New Mexico, Arizona)

Derecho

Midwest (August 10-11) = CAT 4 Hurricane

Hurricanes

10 = Hanna, Isaias, Laura, Marco, Nana, Paulette, Sally, Teddy, Delta,
Epsilon and - 27 Tropical Storms



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Policy Trends & Industry Opportunities

Federal & State Policy Trends

- State budgets will likely drive the agenda in 2021
- Clean energy will remain a priority in 2021 – especially in blue states
 - Clean energy commitments – MI
 - Electric vehicle commitments – CA
 - What does this mean for transmission?
- COVID cost recovery – including uncollectables is a consideration
- Electricity investments as a recovery driver?
 - Economic development rates, shovel ready projects like grid modernization, transmission – Minnesota Public Utilities Commission
- Climate/Weather related legislation
- Discussions of market structure – ISO/RTO talk in the West and Southeast
- Broadband

Middle Mile Broadband

In 2019, the FCC reported that over 26% of American families in rural areas lack access to 25Mbps/3Mbps broadband.

Benefits of fiber optic solutions:

IMPROVED SAFETY

Improved AEP & public safety communications system

CATALYST FOR LOAD GROWTH

Communication Infrastructure to help stimulate commercial and industrial development

HIGH SOCIAL VALUE

Tele-Health care, Tele-EDU, Employment, Tele-commute, Property Values

CUSTOMER EXPERIENCE

Smart Meters, Home Efficiency, Positive Customer Outreach

RELIABILITY OF SERVICE

Distribution Automation, Improved Restoration, Smart Grid Deployments

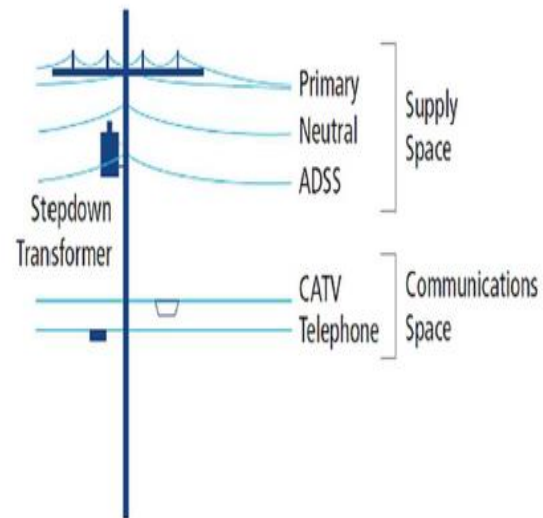
RESILIENCY

Eliminate dependence of third party communication services, Cyber Security

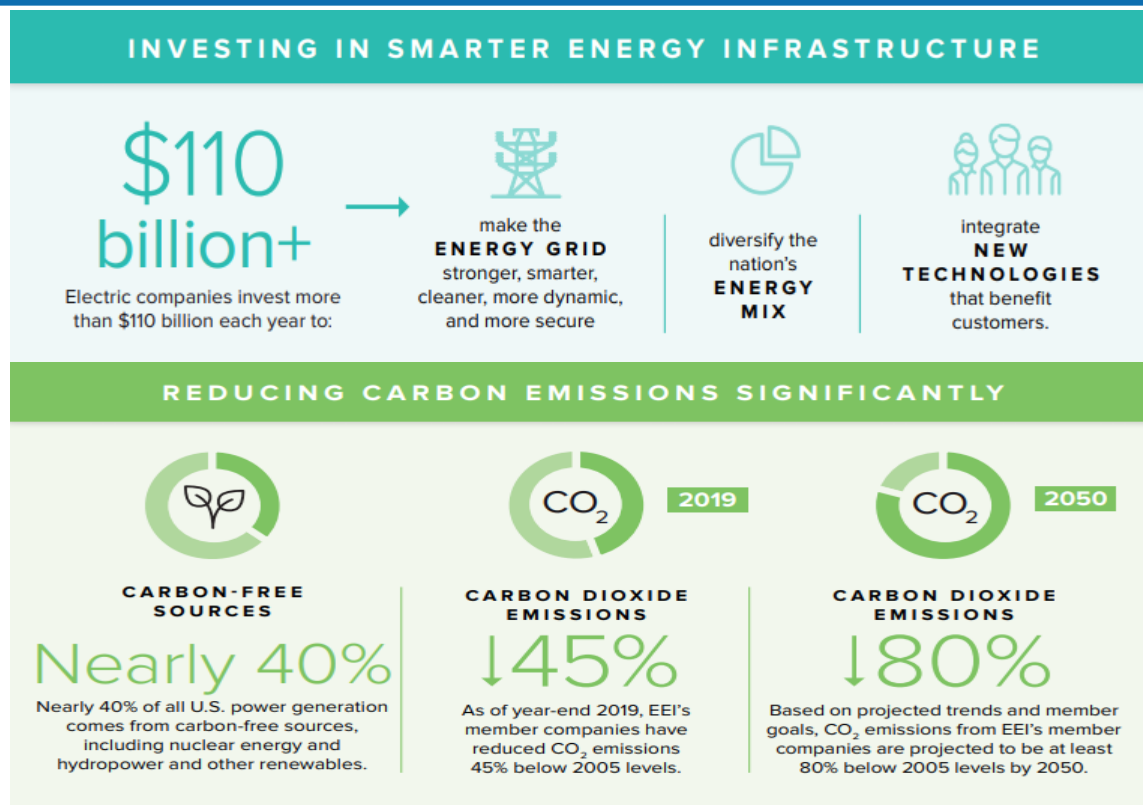
Customer Access to High-speed Broadband

Smart Grid Benefits

- Built in the Power Supply Space
- Final design based on collaboration between utility and ISP
- POP building for fiber and network aggregation
- ISP will own electronics for broadband services
- Utility installs dark fiber, ISP lights its fiber



Clean Energy As An Economic Development Tool



Post-2020 Election Federal Policy Trends

■ President Trump Re-Elect

- COVID-19 recovery package
- “Return to Normal” in 2021
- Infrastructure
- Taxes (COVID recovery, Tax cuts & Jobs Act extenders)
- Deregulation agenda
- Trade (China focus)
- Healthcare (prescription drug pricing, repeal of ACA)

■ Biden/Harris Win (plus Dem Control of Senate)

- COVID-19 recovery package
- Infrastructure
- Climate change, “Re-Regulation”, Environmental Justice
- Foreign policy “reboot”
- Police reforms
- Economic inequality (taxes, expansion of Social Safety net programs)
- Healthcare (universal care, prescription drug pricing)

Focus of Electric Power Sector: Near-Term Core Four

- **COVID-19/Economic Recovery Package**
 - Moratoriums on service disconnections and debt collection
 - Other provisions: LIHEAP, pension relief, tax
- **Infrastructure**
 - Broadband Middle Mile
 - Electric Transportation
 - Grid Modernization
- **Clean Energy/Climate**
 - Carbon-Free Technology Initiative
 - Climate Legislation
- **Taxes/Tax Extenders**
 - Renewable Tax Credits
 - Revenue Raisers