



A BETTER APPROACH TO MULTI-YEAR CAPITAL ALLOCATION

With PowerPlan

Simplifying the Complex
for Utilities

With clarity comes confidence.

Asset Investment Planning is the Key to the Future

Prioritizing investments that satisfy requirements and create the highest ROI is mission-critical. Capital investment decisions have long-term impacts for all stakeholders involved.

How can you ensure that your investments are aligned with your organization's strategic objectives? Do you have clarity on which projects will drive the most value? How can you apply a consistent framework across different lines of business to prioritize investments? Can multiple constraints and project dependency rules be considered? Will your investments meet forward-looking compliance requirements with limited capital? And how can you clearly justify investments for internal and external stakeholders?

Overcoming the Obstacles

Many organizations strive to foster asset investment decisions through a complex and labor-intensive process in an effort to manage project dependency rules, options and synergies, conflicting constraints and objectives. Most organizations rely on an army of people and spreadsheets, but the sheer volume of data, projects and assets exceed this tool's capabilities. Fifty-page matrices of data do little to allow for agile analysis, provide transparency for stakeholders or make a persuasive business case.

Not all projects are created equal

Compounding the problem are forces that make impartial choices almost impossible. Every utility has different functions competing for a finite pool of capital dollars. Typically, these groups maintain siloed and disparate project requirements with different evaluation criteria. Add in regulatory, environmental and consumer demands and you have a near impossible task of consistently and objectively evaluating the entire pool of projects with limited resources.

Financial and capital planning professionals need a way to efficiently centralize project information with a consistent prioritization framework that factors in business and customer value, risks for health, safety and environment along with system reliability. A common framework must be applied to determine required projects as well as the trade-offs to address risk, performance and cost.

How to Tell the Story Simply

CFOs and regulators need data to make decisions based on a transparent framework that aligns projects with the organization's key strategies. Capital planners need a way to present that information to them in a format that creates clarity and inspires confidence with internal and external stakeholders.



Proactively Plan for the Future

Visualize Clear Trade-offs Between Investments

PowerPlan's Asset Investment Planning solution features the Visual Leveler, a portfolio optimization engine that is purpose-built with a dynamic algorithm to help organizations optimize available resources over the planning horizon.

The Visual Leveler creates a multi-year portfolio with optimal investments through prioritized projects. The solution accounts for multiple constraints that can be customized and updated in real time to assess trade-offs and what-if scenarios. The result is improved transparency and investment planning athleticism.

You can use it to:

- Help C-level executives use real-time information to support agile decision-making
- Improve use of available capital
- Model scheduling scenarios for projects within a portfolio
- Compare different investment options to find the most valuable plan for your organization
- Create project plans within your regulatory planning window
- Strategically assess risk, value and cost trade-offs

“With PowerPlan, there’s consistency, alignment, and transparency, so it’s easy to see what our objectives are, why we’re doing it, and what we’re doing about it.”

– Principal of Asset Management Systems, EvoEnergy



Making Sound Investment Decisions Based on the Impact

PowerPlan's Asset Investment Planning (AIP) Solution helps business leaders and capital planners simplify investment optimization into a three-point approach:

1. Develop Project Portfolio

To optimize your ROI, you need to know your investment alternatives. PowerPlan's AIP Solution translates this data into objective plans that evaluate:

- Business value
- Customer value
- Mitigated risk
- Environmental impacts
- Reliability
- Health and Safety
- Compliance requirements

This allows you to develop the priorities in terms that are consistent across functions and operating units. You can capture multiple constraints and objectives, plus determine project risk and value along with synergy, optionality and dependency rules.

Example

The Energy Delivery group is proposing a massive 5-year modernization project supported by the Commission and public, but the energy supply group needs significant replacements to address aging assets. How can the CFO objectively evaluate which projects to prioritize with the funding available? What if the modernization program is spread over 7 years instead of 5? Can some of the Energy Supply projects be deferred 2 years with little impact to reliability and risk? What if it is some combination of the two? PowerPlan's AIP Solution helps you quickly address each of these questions.

2. Evaluate Options on Objective Decision-Making

With the portfolio of projects laid out, you must confidently determine the most important investments.

With PowerPlan's AIP Solution, you can analyze “what-if” scenarios, which enable objective comparison of various portfolio options and the impact each has on the organizational objectives and risk. Scenarios can be evaluated side-by-side to select from multiple projects to align with business goals, objectives and needs. For example:

- “What if we do project A instead of project B?”
- “What is the impact on reliability if we defer an infrastructure replacement program out two years to accelerate a modernization program?”
- “What is the impact to regulatory lag recovery if we move a rate case filing out 8 months?”

PowerPlan runs through every scenario to determine which projects to pursue – and when to launch them. It allows you to understand the impact of each decision in terms of risk and the effect of deferrals. And concise dashboards enable you to illustrate the impact of various investment options.

Example

Regulators have required a utility to provide deeper objective analysis of project business cases and demonstrate why projects were selected over alternatives. Further, regulators ask for the customer value to be clearly articulated for each project. How will you find the hours to streamline that information? How can you concisely assure regulators that your proposed portfolio of projects are the best projects for all stakeholders involved? PowerPlan's AIP solution considers each investment scenario, which helps utilities gain credibility with regulators.

3. Arrive at an Optimized Plan

Now you have the foundation necessary to generate a comprehensive project investment portfolio.

PowerPlan's AIP Solution helps you present fact-based plans, from validated data, to justify project recommendations to internal and external stakeholders. Through understanding forecasting value and understanding risk, you can clearly present investment decisions with a holistic view that is defensible and fully supported.



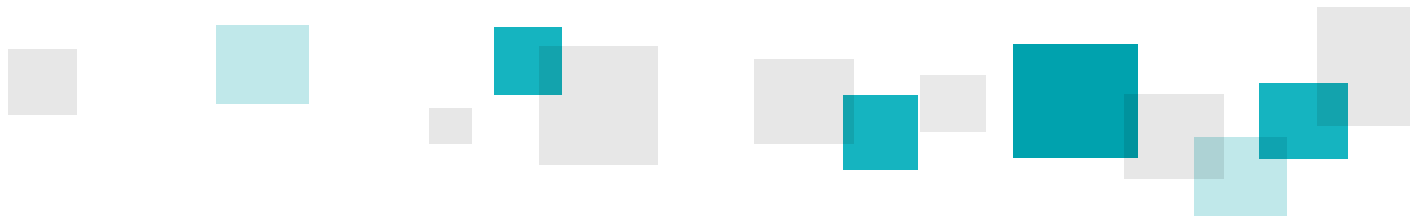
Replace Intuition with Clarity and Guesswork with Confidence

With PowerPlan's Asset Investment Planning solution, utilities have a better way to share the whole picture of their investment decisions. PowerPlan translates data from across the organization, turning reactive decisions into evidence-based, strategic planning that:

- Illustrates how investment decisions impact financial risk, performance, cost and other KPIs
- Monetizes risk and value to enable “apples-to-apples” comparisons
- Fosters objective prioritization for the utility across different areas and business units

Learn How Washington DC Improved their Capital Allocation Plans with PowerPlan

Access the 30-minute webinar now – <https://info.powerplan.com/dcgov-webinar>



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