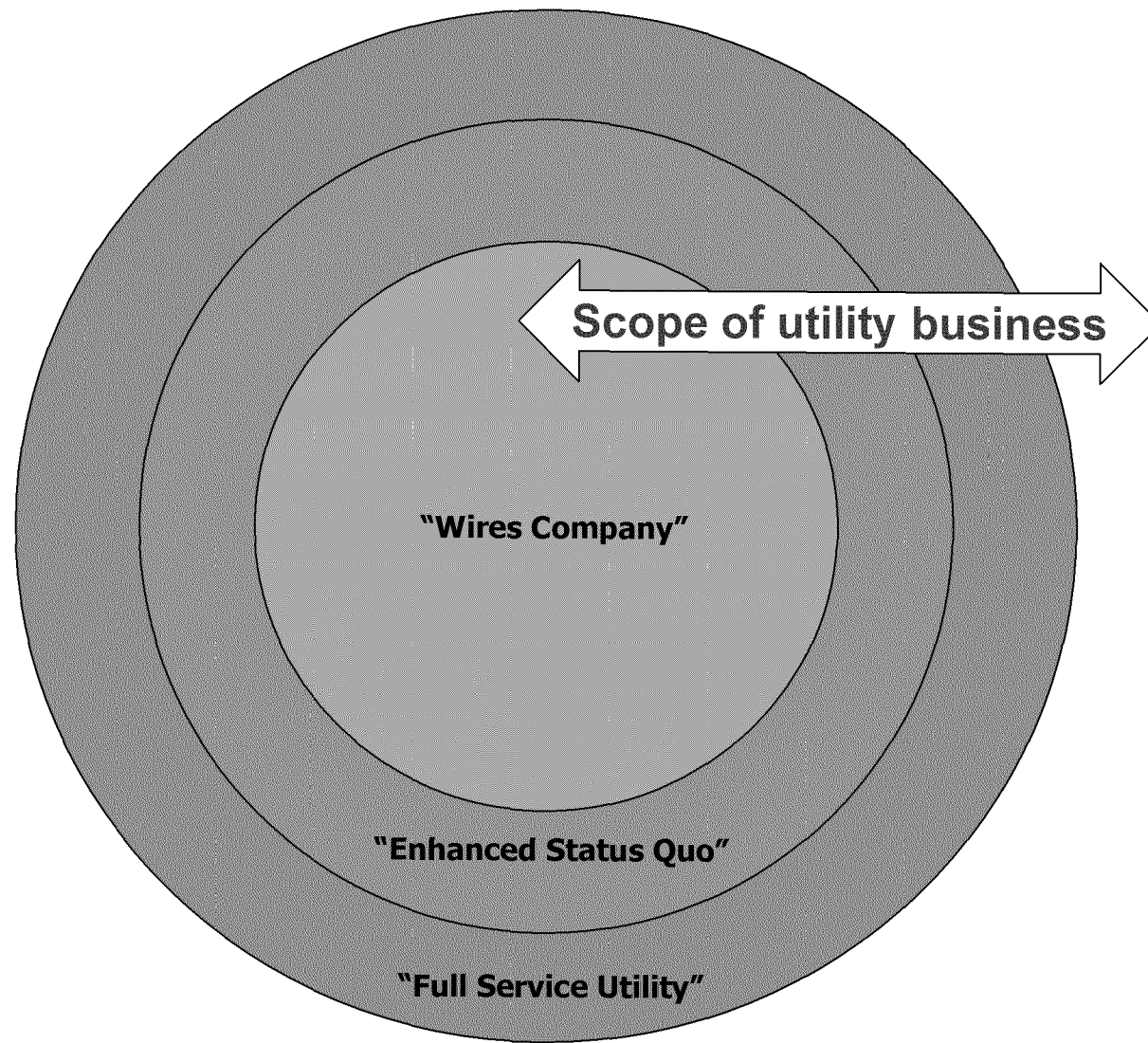


POTENTIAL ISSUES IN THE FUTURE

- **Infrastructure Investments:** How will infrastructure investments occur in the future and be paid for?
- **Generation:** How will electricity be produced and delivered in an increasingly decarbonized system? **Central station or distributed generation?**
- **Energy Markets:** What will the wholesale energy markets of the future look like?
- **T&D:** Who will coordinate, plan, design, and build the transmission and distribution system network in the future?
- **Reliability:** Who will ultimately be responsible for reliability?
- **Customer:** How will changes in the utility business model impact the consumer?
- **Utility Business Model:** How quickly will the transition from traditional utility business model to something different occur?
 - Will the transition be incremental or sudden?
 - Given the regulatory uncertainty regarding recovery and rates, how can the regulatory environment evolve to allow the utility to make investments and be more innovative?
 - **What is the future vehicle to achieving policy objectives if the utility business model changes?**

POTENTIAL BUSINESS MODELS IN 2030



POTENTIAL BUSINESS MODELS IN 2030**“Wires & Meters Operator”**

- Focus on ownership and operation of distribution networks
- Provider of reliability, standby, and power quality services
- Limited energy procurement for customers – provider of last resort
- Open, standards-based architecture supporting integration of distributed resources and micro-grid operations
- Will not depend on the volumetric sales of energy

“Enhanced Status Quo”

- Similar to today’s world
- Continue procurement functions
- Primary focus on wires, including transmission – with structural changes as defined in “Wires Company” scenario
- Selected customer focused services under regulated rates and standards, primarily offered for large commercial and industrial customers
- Current rate structure issues are resolved

“Energy Service Utility”

- Utilities provide a wide range of services, including behind the customer’s side of the meter
- Utilities directly compete with unregulated market players
- New performance based incentive mechanisms that is aligned with customers’ changing needs and values and reflects the changed utility risk profile