

Challenges Facing the US Electric Utility Industry

- Capital expenditures are projected to total \$1.0 trillion in the next 15 years:
 - Generation: \$350.0 billion;
 - Distribution: \$300.0 billion;
 - Transmission: \$150.0 billion;
 - Conservation and efficiency: \$50.0 billion; and
 - Environmental retro-fits: \$50.0 billion.
- These investments will place pressure on all stakeholders, companies, customers, public officials and investors.

Challenges Facing the US Electric Utility Industry (cont'd)

- Within this context are several underlying sub-themes to acknowledge:
 - Environmental concerns:
 - › Costs of greenhouse gases;
 - › Renewable portfolio standards;
 - › Clean coal; and
 - › Storage of spent nuclear fuel.
 - Technology Opportunities:
 - › Energy efficiency;
 - › Alternative energy; and
 - › smart grid applications with T&D networks.

Challenges Facing the US Electric Utility Industry (cont'd)

- To successfully meet these challenges, collaboration is essential:
 - Informed stakeholders;
 - Energy policy;
 - › Long-term.
 - › Consistent.
 - › Non-Partisan.
 - › Positive business environment.
 - Rate Regulation;
 - › Provide for opportunity for fair return in a timely and consistent manner.
 - › Incentives for energy efficiency.
 - › Pre-approvals for capital expenditure programs.

Role of the Financial Markets

- Financial markets provide a forum for capital to be intermediated between issuers and investors based on real and perceived risk and return.