

EAPA Conference: Supply Outlook for the Utility Industry

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Global Supply Chain Challenges

Global and domestic supply chain challenges have impacted all industries, including ours, over the past 18-24 months, and many of the underlying drivers will continue through 2024. Risk areas include:

Manufacturing disruptions due to semiconductor, subcomponents, and raw material both overseas\domestically

Extended lead times across all material categories

Labor shortages at factories have resulted in high employee turnover and difficulties in retaining employees.

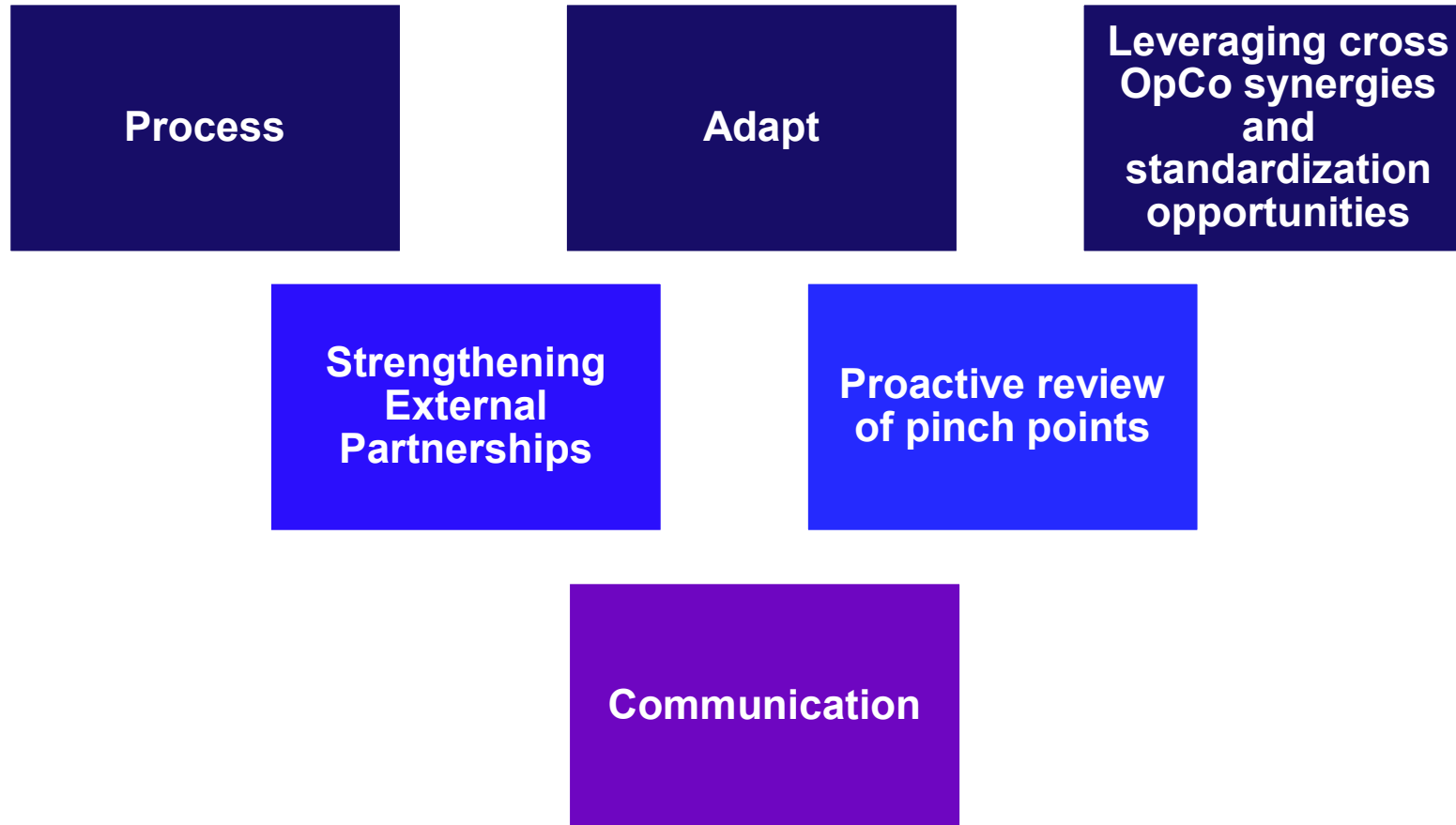
Logistics challenges (cargo ships, port delays, domestic trucking, etc.).

Smart Meters: Availability of Network Interface Cards (NICs) briefly delayed smart meter deployment and meter availability

Currently sufficient materials to manage a large storm, a severe impact storm could deplete that stock increasing risk for the next storm.



Overall Mitigation Efforts



Power/ Distribution Transformers – Mitigation Efforts

Proactively assessing market conditions and forecasting demand 12-18 months in advance, 2023 and beyond

Work with SMEs to identify alternate OEM's (domestic and international)

Implemented a harvesting and refurbishment program (distribution only)

Engaging New Business / Project teams across OpCo's to get a better line of sight into any jobs in the pipeline and ensure needs are addressed

Where applicable, utilize units between OpCos/DCs

Electric Meters – Mitigation Efforts

Removing inactive meters from the field to put back into inventory

Utilizing multiple AMI meter types for different applications

Utilizing Non – AMI meters in place of the AMI meter needs

Implemented a refurbishment program with Exelon and maximizing all refurbishment opportunities with external suppliers

Pole Line Hardware and Safety – Mitigation Efforts

Proactively assessing market conditions and forecasting demand for seasonal preparedness (Summer and Winter)

Ensuring sufficient reserves are set aside for priority work/storm restoration

Approving alternate suppliers wherever possible

Standardizing equipment across OpCos to help with availability issues

Material Risk Task Force Meeting – Best Practices

Material Risk Task Force teams with cross-functional Supply representation (Engineering/Standards, Project Management, Electric/Gas Operations, etc.) are in place and continuously monitor line-item level supply and demand details, assign and track actions to resolve all at-risk items, meet regularly with Utility Steering Committees, and communicate weekly status updates to business leaders and stakeholders.

Communication Effectiveness

- Sub teams have been created with more narrow focus and more specific mission
- Prioritization efforts reviewed and discussed
- Information shared with Sr. Leadership
- Weekly report distribution

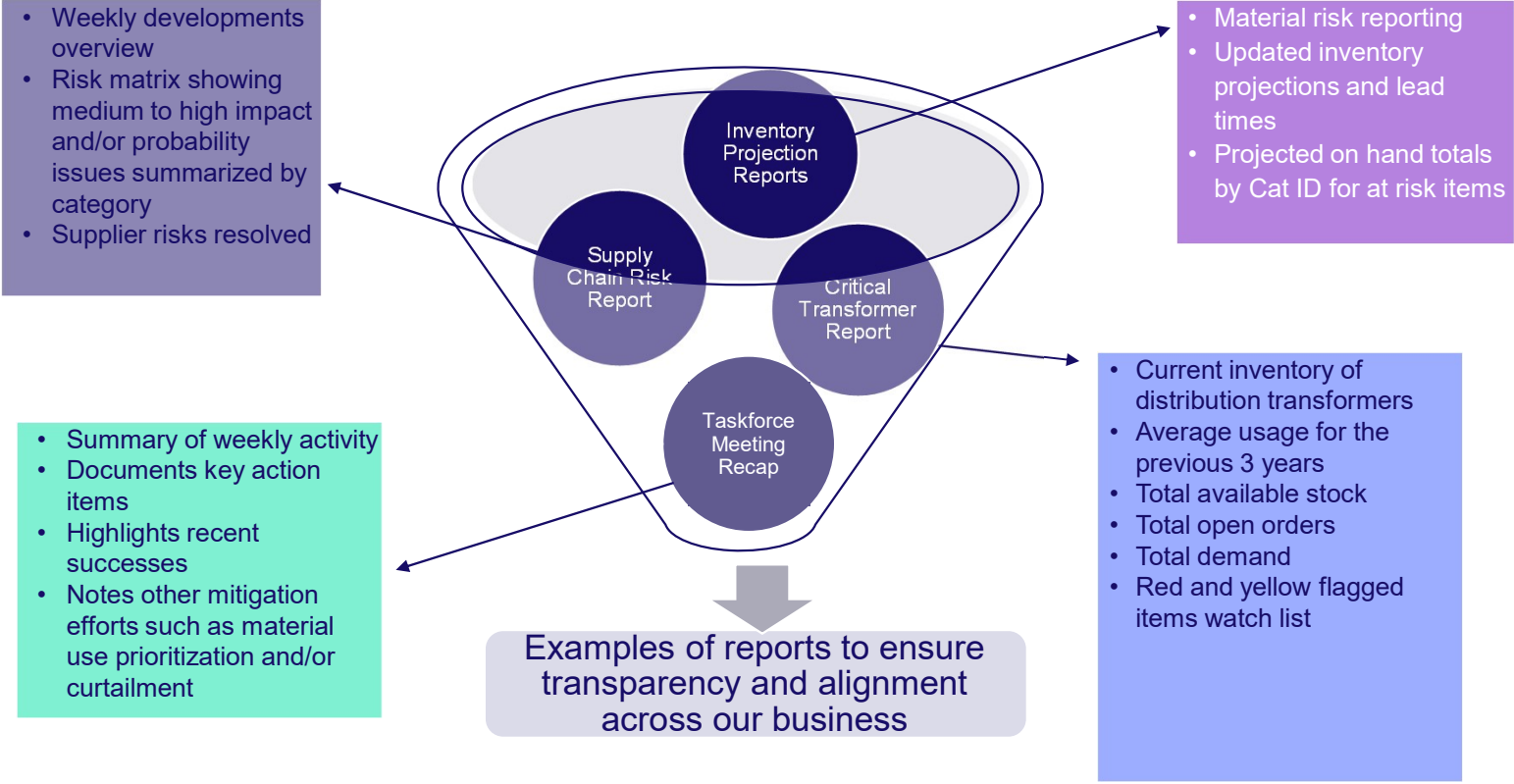
Increased focus on material shortages

- Line by line analysis of material shortages
- Review of project needs to identify pinch points and risk areas
- Selecting pole replacement jobs based on more readily available sizes

Active engagement

- Ensure long term success and sustainability of efforts

Ongoing Strategic Communications



Storm Restoration Preparedness

PECO:

- Emergency inventory isolated from working stock that is only utilized during storm restoration. This includes wire/cable, distribution transformers, and pole line hardware.
- Storm kits to support worst case scenarios are at the ready to deploy to crews.
- Bulk material to build additional kits available at both our Central Warehouse and Integrated Supplier.
- Storm projection report run monthly to identify any potential watch areas.

FirstEnergy

- Emergency inventory isolated from working stock that is only utilized during storm restoration. This includes pole line hardware as well as transmission hardware and conductor.
- 12 master storm kits and 20 OpCo specific storm kits to be deployed to staging sites to support storm restoration
- Distributor holds a backup of our storm stock to be released during storm restoration.
- Critical materials quarantined to ensure supply during storm restoration

Questions