

Deloitte.



The power of Deloitte

Top issues facing the US power and utilities sector

The power and utilities sector is ever changing in a world where energy efficiency; resource conservation; and savvy commercial, industrial, and residential consumers drive fundamental changes in how you do business. Deloitte understands the challenges you face because we've spent years working in this industry. We're here to help you anticipate, plan for, and manage the dramatic swings that characterize your market.

Given the changing dynamics of global energy demand, supply, and infrastructure, the power and utilities sector faces a broad suite of strategic, financial, and regulatory challenges. At Deloitte, we welcome the opportunity to discuss the industry's critical issues and help our clients meet strategic objectives and navigate the shifting landscape.

Challenges and opportunities:

- Improve **operating performance** by upgrading aging generation, transmission, and distribution infrastructure.
- Enhance strategic alternatives by investing in and/or forming business partnerships focused on **innovation** and prompting the evolution of a **new energy business ecosystem**.
- Minimize **cyber threats** and physical attacks to critical infrastructure by investing in data and physical security systems.
- Enhance the **quality and reliability** of service by undertaking technology and capital improvement initiatives.
- Address **capital project risk** and improve financial rate of return by maximizing investment in operating assets.
- Leverage **advanced analytics** to optimize grid operations, customer interactions, and the integration of distributed generation.
- Identify and evaluate **enterprise wide risks** in a systematic fashion and manage business operations to mitigate operating risks.
- Address growth in demand for **distributed generation** and consider expanding investment in **renewable energy** to meet regulatory and customer requirements.
- Improve **technology infrastructure** to reduce costs, enhance efficiencies, and improve decision making.
- Recruit and retain qualified **talent** while addressing the overall brain drain of experience in the sector.
- Redesign **pricing** and **regulated rates** to address issues of declining/shifting consumer demand.
- Pursue and leverage **merger and acquisition** transactions to gain scale, enhance efficiencies, and balance the portfolio.
- Adapt to meet stringent **government regulations** on environmental issues and market manipulation.

We complete the circuit

Your business functions don't work in silos, and neither do we. The depth of our industry knowledge and breadth of experience in working across the power and utilities value chain is unsurpassed. Through our member firms, we offer a complete range of industry-focused services to meet the unique and dynamic needs of power and utilities organizations. Our Deloitte teams work across all of our businesses to tackle issues from all angles.

Audit

Deloitte is the leading auditor of the power and utilities sector, providing audit services to 55% of the Fortune 1000 power and utilities companies. Quality is our top priority, and by focusing on innovation, we continue to raise the bar on quality and deliver greater value to our clients.

Human capital

Today's business challenges present a new wave of human resources (HR), talent, and organization priorities. Deloitte's Human Capital services leverage research, analytics, and industry insights to help design and execute critical programs from business driven HR to innovative talent, leadership, and change programs.

Mergers and acquisitions

We help organizations embrace change, grow their business, accelerate performance, and emerge resilient following periods of change, disruption, financial difficulty, or crisis. Our professionals provide value across the entire deal life cycle, from strategy to execution to integration or divesture.

Regulatory

Deloitte helps clients create and protect value in order to realize strategic objectives, protect shareholder value, and achieve improved profitability. We help organizations anticipate the changing regulatory landscape; enhance the Internal Audit function for greater performance and value; and navigate and resolve business crises, controversy, and transactions to mitigate disruptions.

Risk and resilience

Deloitte Advisory's Risk and Resilience team works with organizations to better manage cyber, strategic, information technology, supply chain, and operational risks. We help companies manage commodity price risk and address the strategic, operations, technology, risk management, regulatory, valuation, data analytics and accounting needs associated with commodity transacting.

Strategy and operations

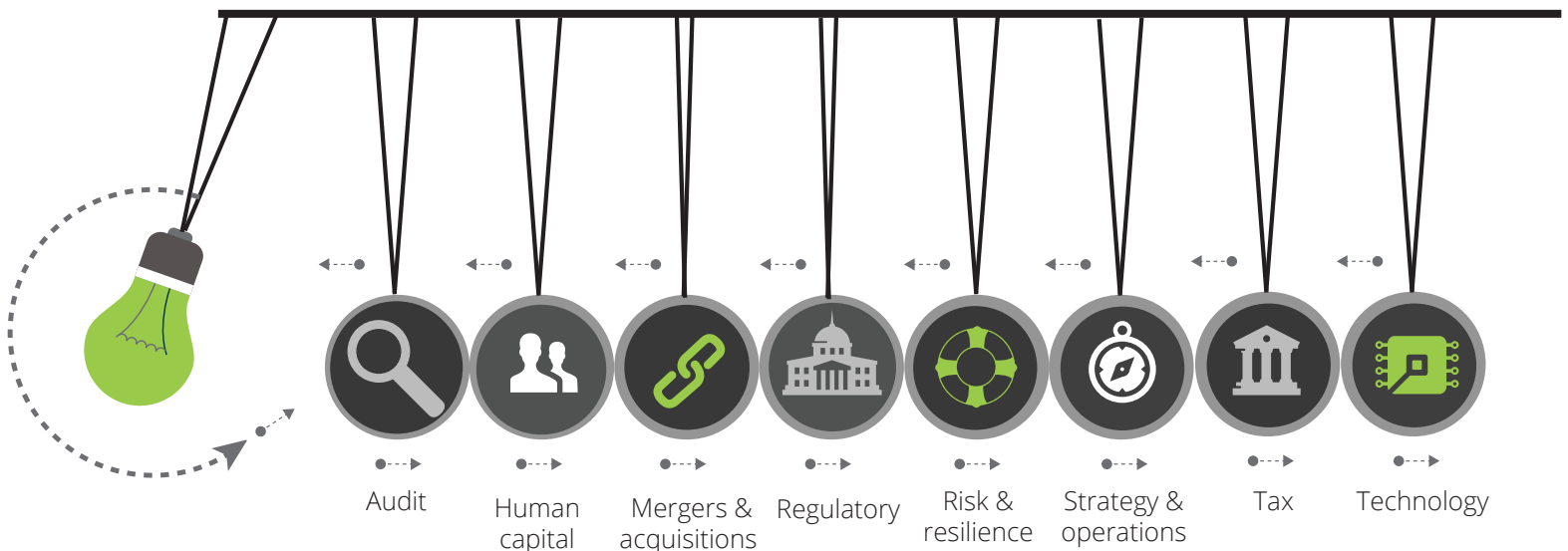
Deloitte's strategy and operations practice works with senior executives to help them solve their toughest and most complex problems by bringing an approach to executable strategy that combines deep industry knowledge, rigorous analysis, and insight to enable confident action.

Tax

Today's power and utilities companies balance numerous challenges, nearly all with tax implications. Now more than ever, tax needs to be a part of critical decisions and to be included in technology processes and projects. Our tax consultants and specialists are experienced with the impacts of tax reporting on ratemaking as well as with the structures and issues facing unregulated power and utilities companies.

Technology

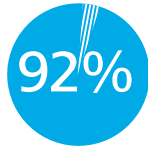
Keeping pace with the emerging technology landscape can be difficult for even the most tech-savvy leaders. Deloitte's technology professionals have deep experience applying technologies to help you achieve your business goals.



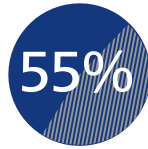
Our practice by the numbers



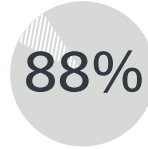
- More than 1,000 practitioners in the US with deep industry experience



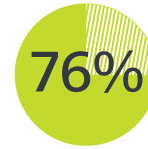
- Serves 92% of the *Fortune 1000* power and utilities companies



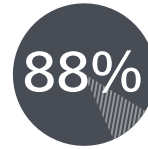
- Audits 55% of the *Fortune 1000* power and utilities companies



- Provides advisory services to 88% of the *Fortune 1000* power and utilities companies



- Provides consulting services to 76% of power and utilities companies on the *Fortune 1000*



- Provides tax services to 88% of power and utilities companies on the *Fortune 1000*

*Fortune statistics are from the 2016 Fortune report, covering 2015 data.

Our insights

Deloitte regularly publishes research and analysis that presents a unique point of view on topics ranging from energy storage, to community solar, to customer engagement and disruption in the power and utilities sector. See our latest insights and register for upcoming events at www.deloitte.com/us/powerandutilities.

Let's talk

Scott Smith

Partner
US Power &
Utilities Leader
Deloitte & Touche LLP
ssmith@deloitte.com
+1 619 237 6989

Bill Graf

Partner
US Audit Power &
Utilities Leader
Deloitte & Touche LLP
wgraf@deloitte.com
+1 312 486 2673

Reid Miller

Principal
US Consulting Power &
Utilities Leader
Deloitte Consulting LLP
remiller@deloitte.com
+1 612 397 4156

Brian Murrell

Partner
US Advisory Power &
Utilities Leader
Deloitte & Touche LLP
bmurrell@deloitte.com
+1 212 436 4805

Dave Yankee

Partner
US Tax Power &
Utilities Leader
Deloitte Tax LLP
dyankee@deloitte.com
+1 312 486 9842

Deloitte Center for Energy Solutions

The Deloitte Center for Energy Solutions (the "Center") provides a forum for innovation, thought leadership, groundbreaking research, and industry collaboration to help companies solve the most complex energy challenges.

Through the Center, Deloitte's Energy & Resources group leads the debate on critical topics on the minds of executives—from the impact of legislative and regulatory policy, to operational efficiency, to sustainable and profitable growth. We provide comprehensive solutions through a global network of specialists and thought leaders.

With locations in Houston and Washington, DC, the Center offers interaction through seminars, roundtables, and other forms of engagement where established and growing companies can come together to learn, discuss, and debate.

www.deloitte.com/us/energysolutions

[@Deloitte4Energy](https://twitter.com/Deloitte4Energy)

Deloitte.

This publication contains general information only and is based on the experiences and research of Deloitte practitioners. Deloitte is not, by means of this publication, rendering business, financial, investment, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte, its affiliates, and related entities shall not be responsible for any loss sustained by any person who relies on this publication.

Copyright © 2016 Deloitte Development LLC. All rights reserved.