



Investment Recovery

Eric Vincent

Sr. Supply Business Analyst



Outline

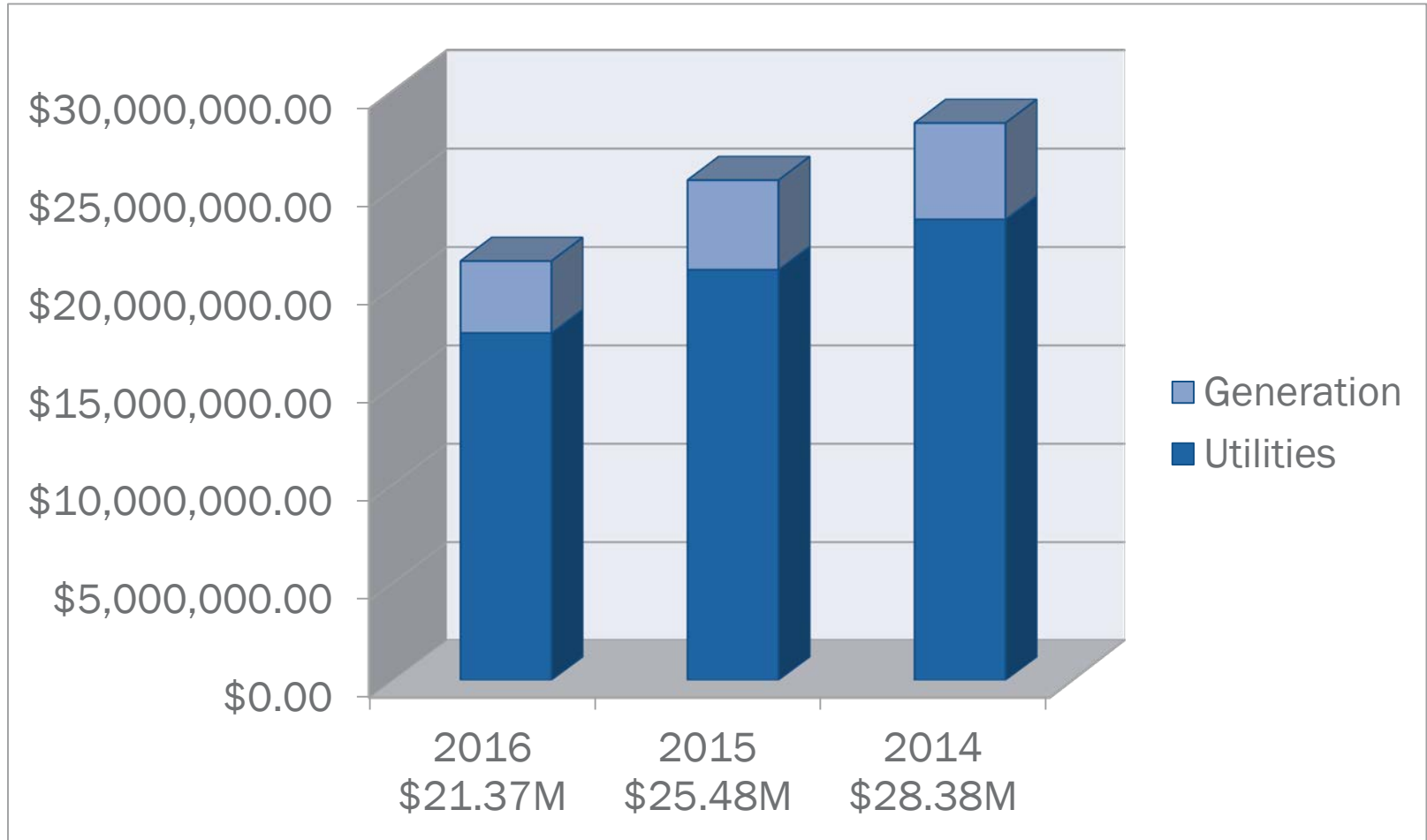
- Exelon's Investment Recovery Group
- Revenue Summary
- Investment Recovery Growth
 - Change in culture
 - Strategic Relationships
 - Right Time Resources
- Decommissioning Project Team
- Oyster Creek

Investment Recovery Group

- The Investment Recovery (IR) is part of the BSC Supply Business Operations and Technical Support (BOTS) organization.
 - 3 Full Time Employees– Managing every aspect of asset recovery for 14 Nuclear Facilities, 21 Fossil Sites, and 6 Utilities.
- Investment Recovery is responsible for the disposition of company assets that have been determined to be no longer required by the business units.
- Business Units are not authorized to directly seek or accept asset recovery on their own.
- Investment Recovery will assess the asset and will identify the recovery option that returns the greatest return on investment such as:
 1. Sales to other end-users – can be done via direct sales, or through an auction service
 2. Sales to third party resellers
 3. Scrap – selling the asset for its scrap value (e.g., steel, copper, aluminum, etc.)
- The Investment Recovery program is procedurally managed and governed.

NOTE: Investment Recovery will never accept offers for sales of assets that are less than the scrap value of the raw materials.

Investment Recovery Revenue Summary



Investment Recovery Growth

- Since 2013, five nuclear stations have ceased power production in the U.S. and begun decommissioning, with another seven plants already announced that they plan to close by 2019, in addition to two other plants planning to shutter four more reactors by 2025.
- Fossil Closures 2010 to 2013 comprised 19,772 MWe of coal, 12,167 MWe natural gas, 6,793 MWe of oil-fired,

How do you grow your Investment Recovery Business and generate more revenue in a saturated surplus marketplace as demand throughout the industry diminishes?

- *Change in culture* – Increase Investment Recovery opportunities through changing the culture of how sites manage inventory and identify surplus. Challenging the status quo of your Investment Recovery Team
- *Strategic Relationships* - How can you work with your strategic partners to increase revenue and operate more efficiently
- *Right Time Resources* - What is the best use of your resources. What will bring you the most value

Change in Culture

Inventory Management:

- **Obsolescence Reviews**– Pool of items derived using the list of Cat ID’s that were reflected on the Inventory Reserve at the beginning of the year
 - ✓ Must remove the entire inventory on hand
 - ✓ Must remove the stocking levels and set the Cat ID to “obsolete”
 - ✓ Contact Investment Recovery for final disposition
- **Outage Returns**– Sites now performing analysis of what to take back into inventory
- **SEER Users Group**– working with SEER member utilities to fully implement SEER and to develop a robust inter-utility inventory market place

Investment Recovery Team

- **Re-Active:** Acting in response to a situation rather than creating or controlling it.
 - Waiting for opportunities to fall in your lap
 - Business as usual
- **Pro-Active:** Creating or controlling a situation by causing something to happen.
 - Increasing the volume of opportunities by performing regularly scheduled site visits
 - Fostering new relationships (internally and externally)
 - Educating all of the business units on Investment Recovery



Supply Investment Recovery Newsletter

Exelon's Investment Recovery Team is (part of BSC Supply). Since Business Unit Personnel are not authorized to directly seek or accept asset recovery, we have Three Full Time Employees that manage every aspect of disposition and recovery for 13 Nuclear Facilities, 21 Fossil Sites, and 7 Utilities. Investment Recovery is responsible for the disposition of company assets that have been determined to be no longer required by these business units. Investment Recovery will assess the asset and identify the best recovery option that returns the greatest return on investment such as:

- Direct Sales to other end users
- Direct Sales to 3rd party re-sellers
- Sales via our on line auction site
- Bid process (closed and open)
- Auction
- Scrapping

INVESTMENT RECOVERY TEAM MEMBERS

Eric.Vincent@Exeloncorp.com
Barry.Rice@Exeloncorp.com
Michael.Wright2@Exeloncorp.com

Visit our on-line auction site and IR
storefront today at: www.fairbid.com



Did you know? Exelon's Investment Recovery Revenue for 2016 exceeded \$20M for the 4th consecutive year! This could not have been possible without the relationships fostered throughout all the Business Units. Your support, fiscal responsibility, and commitment to sustainability is reflected daily and we thank you for another great year. Our goal for 2017 is to identify additional recovery opportunities by engaging and educating our business partners across Exelon.

If your Business Unit is currently sitting on stranded surplus equipment like cable, valves, pumps, pipe, generators, fork lifts, company vehicles, transformers, etc. or if you would like to learn more of what we can do for you contact an Investment Recovery Team Member today!

New Investment Recovery Project Comes

GenCo: As part of the Digital Electro Hydraulic Control upgrade to the Turbine Control System at Peach Bottom, over \$600K of obsolete analog inventory has been identified for asset recovery disposition in the fall. Investment Recovery is in the early stages of marketing these assets and all potential leads are appreciated.

Utilities: BGE currently has 10,000 surplus Silver Spring Networks Residential Gas Interface Management Unit's (SG012). If any of our utilities have a demand in the near future please contact Investment Recovery.

Facility in the Spotlight:



Peach Bottom Generating Station Supply, with assistance from the ASD Project Manager, identified several pieces of surplus conduit and over 3,800 feet of stranded cable left over from the ASD project. Rather than accepting all of this material back into stock and creating surplus inventory, we were able to sell all the material at 26% above scrap value. Well done Peach Bottom, well done indeed!



March 2017

Social Media



Strategic Relationship's

United Scrap

- Diverse Supplier. All material recycled is allocated towards the diverse spend goal
- Contracted through an RFP process to handle scrap recycling throughout Exelon, with the exception of three sites that are outside the USM territory at this time
- All recovery is tracked via a Salvage Release that is tied to each location or special project, created in our database
 - Storm clean up support – USM contracted to support clean up efforts during storm events
 - Metal dumpster deliveries to substations and jobsites
- Steel reel management –Steel reels sent to USM are stripped of scrap cable and USM contacts cable vendors (General Cable/Okonite) to pick up their empty reels when they have accumulated a truck load at their site.
- This past year we consolidated scrap metal recycling to a single supplier for all 17 PHI locations. Fully transitioned and on-boarded in 30 days
 - January to June total copper & lead scrapped 1,687,162 lbs. with previous vendors
 - July to December total copper & lead scrapped 1,322,779 lbs. with United Scrap
 - 364K less pounds scrapped, revenue increased by 19.5%

Strategic Relationships

- **Logistics Management Contract**
 - ATC is the selling agent for all in-stock inventory sales for Exelon Nuclear
- **Benefits**
 - Single source requestor & streamline process for requesting sites
 - IR no longer processing invoices and tracking down payments
- **Inventory Sales Revenue Increase from 2015 to 2016**

Month & Year	Revenue Increase
July	2%
August	84%
September	80%
October	66%
November	65%
December	46%
Total	54%

Right Time Resources

Expected Value Methods can help you make big, strategic decisions about where to spend your time. What projects should your business focus on this year. Which uses of time aren't effective and should be eliminated from your daily work routine

The amount of time you spend to earn money and the amount of money you earn during that time.

For example, let's say you spend 2,000 hours per year earning money:

- If you make \$100,000/year, your time is worth \$50.00/hour
- If you know your time is worth \$50 per hour, then you should always pay \$5 for shipping instead of spending one hour shopping at the store
- If you know your time is worth \$50 per hour, then you should not spend four hours cataloging and marketing a pallet of light bulbs you are going to sell for \$100

Once you know, in dollars and cents, how much an hour of your time is truly worth you can make better decisions on a daily basis.

Nuclear Decommissioning Project Team

- Develop and implement a comprehensive plan to safely transition from an Operating Unit into Decommissioning Unit
 - Exelon Nuclear Management Model (ENMM) – Establish the governance for plants at end-of-life and post permanent shutdown in all functional areas
 - Investment Recovery Decommissioning Procedures Developed
 - DPP-37 Decommissioning Project Plan Manual; Investment Recovery of Site Assets
Describes the approach to define the strategy, basis, required actions and process to disposition decommissioning site assets systematically.
 - SM-DC-3001; Investment Recovery Decommissioning Operations
Establishes the process that is used by the decommissioning organization in the disposition of inventory and company assets throughout the decommissioning process.
 - Business Case; Investment Recovery Resource for Decommissioning Sites
Outline the recommended resource strategy to achieve investment recovery that will maximize Exelon's ability to achieve the highest salvage rate.

Nuclear Decommissioning Project Team

- As we've been developing our Nuclear Decommissioning Management Model we've been assessing the methodologies and strategies to ensure that we're getting the best recovery

IR Decommissioning Model	Estimated Rate of Return (Best Estimate Combined Sites)
Auction	3.5%
Contractor in a limited IR Role	10%
Boots on the Ground Model	??%

Oyster Creek

- 2013 Station Engineering/Maintenance evaluated the top 1,422 inventory items which comprise ~84% (\$31M) of the total inventory value.
- Determining probability of usage during the remaining plant life, quantity that can be immediately placed into the IR process, and future years for those items not currently identified based on scheduled maintenance, outages, contingencies, etc.
 - 345 items were identified as available for immediate asset recovery from the initial review
 - 540 items to date have now been identified with 315 sold to date (58%)

Year	Rate of Return
2013	34%
2014	27%
2015	48%
2016	34%
2017 (As of April)	40%
Total	34%

- Internal Exelon Transfers have tripled since 2013