

Strategic Plan: Business Process Improvement

August 11, 2010
Review Panel

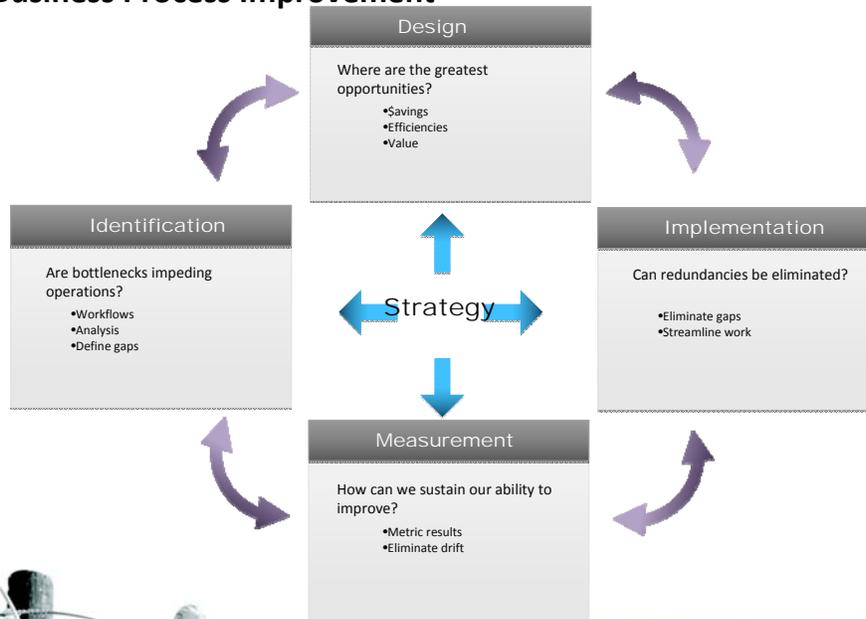
Kelly Enright, Customer Care Director
Carol Butler, Corporate Performance Director

We have a Vision.....

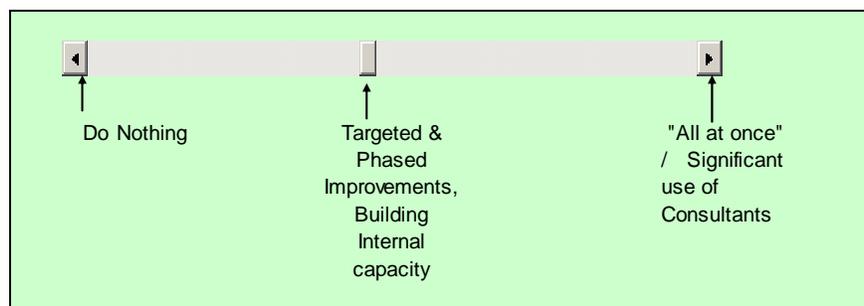
- › To set the standard for delivering the best customer service experience of any utility in the nation.
- › An integral part of achieving our vision involves making business process improvements
- › Our agenda today will cover the what, when, why, and how of business process improvements



Business Process Improvement



Business Process Improvement Alternatives



Short Term Lower Costs
Long Term Higher Rates

Short Term Highest Costs
Long Term Lower Success Rate

A sample of what have we done and what are we doing

Completed Projects

- Customer Electric Service Installation Program
- Street Lighting
- Overtime Plan
- Meter Exchange
- Accounting Division Review
- Inventory Process
- Project Management

Current and Future Projects

- Pole Damage Claims
- Billing
- Outage Management
- Work and Asset Management
- Customer Accounts and Credit and Collections
- Customer Connections
- Joint Use Poles
- Implementing technology at crew level
- Electronic Billing
- Implement Advanced Metering
- Improved Budgeting
- Energy Trading & Risk Management System

➤ Further Discussion Follows



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Completed Project: **Customer Electric Service Installation Process Project**

What we did:

- Focused on documenting and improving work processes over a three year period

Outcomes:

- Reduced service connection time for customer requested work



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Completed Project: **Streetlights**

What we did:

- Data base clean up

Outcomes:

- Generated \$50 k in savings
- Responded to 90.2% of streetlight trouble tickets



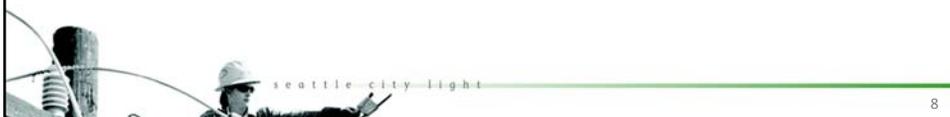
Completed Project: **Overtime**

What we did:

- Analyzed OT spending and processes

Outcomes:

- Dollar Savings



Current/Upcoming Project: **Implement Advanced Metering Infrastructure**

Intent:

- To replace over 400,000 electro-mechanical meters with “smart” digital meters

Challenges:

- Securing approximately \$102 million for the project
- Timing (current electro-mechanical meters are obsolete employees are retiring)
- Technology is still changing

Anticipated Benefits:

- Efficient and accurate meter readings
- Reduced energy consumption
- Captures potential loss revenues
- Significantly reduced labor costs for meter reading and billing



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Current/Upcoming Project: **Improved Budgeting**

Intent:

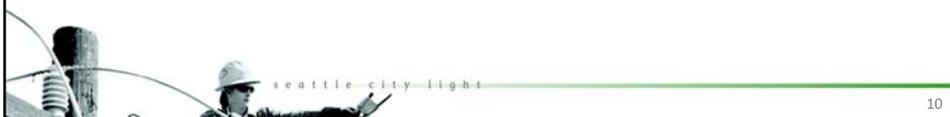
- Improve budgeting process by providing longer-term context (through linkage to rates & strategic plan) and improved tools for internal budget development
- Enable “program based” budgeting

Challenges:

- Internal systems, external timeline/requirements, coordination required

Anticipated Benefits:

- Improved transparency, more efficient process



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Current/Upcoming Project: **Energy Trading Risk Management System**

Intent:

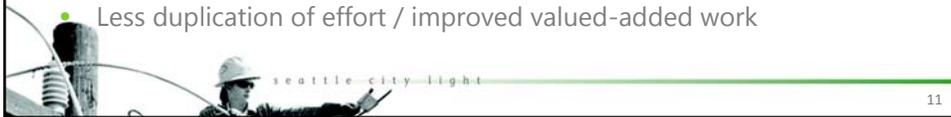
- Purchase and install a transaction management software solution that will provide Power Marketers and Risk Oversight the complete view of our energy portfolio and enable the elimination of 1,000 spreadsheets.

Challenges:

- Reliance on current systems / continuity of operations
- Transition from customized tools to "off the shelf" solution

Anticipated Benefits:

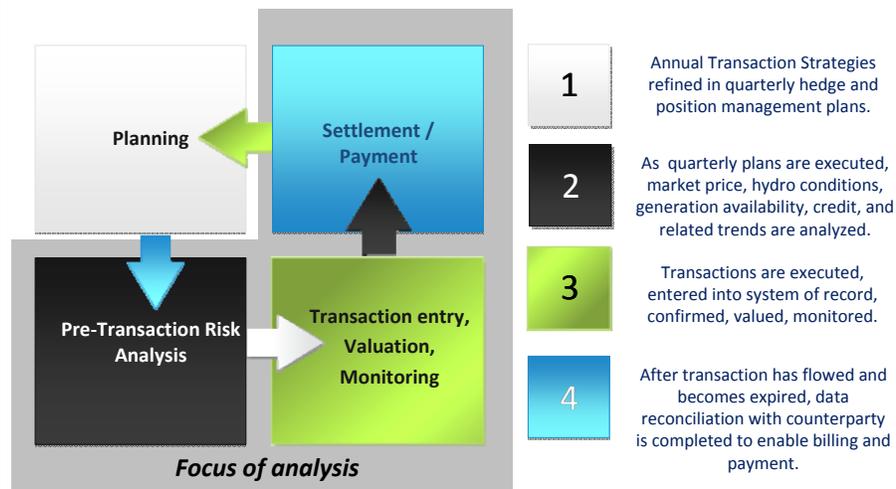
- Improved risk management
- Less duplication of effort / improved valued-added work



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Business Processes Improvement – Power Marketing

Macro level view: *Energy Transaction Lifecycle*



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“As is” Process and Dataflow – Documentation and Analysis

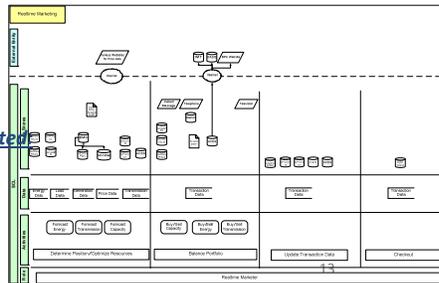
A look at how work is done surfaces challenges for the organizations supporting all aspects of the Power Marketing function

Processes documented:

- Contracts
- Forward Forecasts: Energy and Transmission
- Forward Marketing
- Day Ahead / Balance of Month Marketing
- Realtime Marketing
- Settlements: Short Term and Long Term
- General Accounting
- Cost Accounting

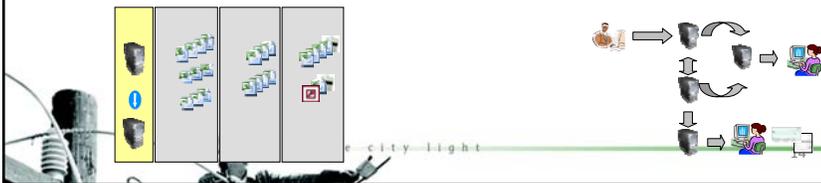
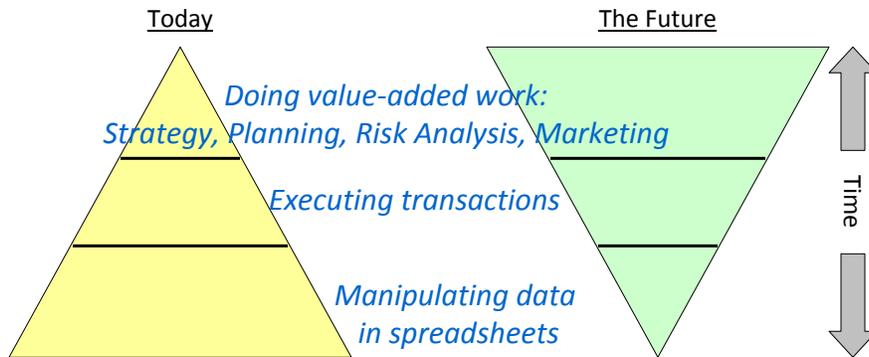
Dataflow diagrams created:

- Logical view
- Physical view



How Staff spend their time

We have the power to choose. Which will it be?



In Conclusion

- Business Process improvements integral to:
 - › Preparing the Utility for the Future
 - › Setting the standard for customer service
 - › Meeting expectations regarding rates/budget
- Strategic Plan will further detail initiatives including timeline / cost & benefits
- Joint team

