2013 Customer Operations

<table>
<thead>
<tr>
<th>Project/Program Title</th>
<th>Customer Service System Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Number</td>
<td>High</td>
</tr>
<tr>
<td>Project Manager</td>
<td>Michael Murphy</td>
</tr>
<tr>
<td>Budget Reference</td>
<td>4XB1600</td>
</tr>
<tr>
<td>Status</td>
<td>In Progress</td>
</tr>
<tr>
<td>Estimated Service Date</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Work Plan Category</td>
<td>Reliability</td>
</tr>
<tr>
<td>ERM Addressed</td>
<td>Billing Accuracy &amp; CSS Obsolescence</td>
</tr>
</tbody>
</table>

**Work Description:**
The Company needs to make improvements to maintain a viable Customer Service System (CSS). The Company’s Customer Service System (CSS) is composed of a suite of systems that provide for the support of the customer service and billing functions. Over the years, new applications and enhancements to the existing systems have introduced new technologies, enhanced functionality and improved integration between the systems that comprise the Customer Service System suite. Due to these efforts, the CSS has remained viable and technically supportable, and these efforts need to continue. The CSS Life Extension project seeks to maintain a viable CSS with the required flexibility to support the current and future operating environment.

Work to be completed under this program includes upgrading the programming languages in which CSS was originally developed to a more universally used and supported language and implementing functional enhancements and risk mitigation strategies. In addition, the Company has completed a process to assess the top CSS risks and plans to implement the identified risk mitigation strategies during 2013-2016.

**Justification:**
The availability of programmers and technicians trained in the older COBOL, ASSEMBLER and RAMIS programming languages in which CSS programs were originally developed continues to diminish. Without an upgrade to more current programming languages CSS will be increasingly difficult to support and maintain resulting in the inability of CSS to be effectively expanded and modified. In addition, future releases of the operating system under which these systems execute may not support these older programming languages. Therefore upgrading to a more universally used and supported language is critical to the continued viability of CSS and the Company’s ability to bill and serve its customers. In addition, a more current and supported programming language is needed to more efficiently facilitate CSS integration with other systems. These changes are especially important as the nature of customer needs and billing are becoming more complex. CSS must be able to interact effectively with systems that enable such options as energy choice and Mandatory Hourly Pricing and facilitate quality data presentation to Customer Service Representatives. In addition various CSS programs such as bill calculation, activity file maintenance, and CIS display screens will continue to be expanded to meet the needs of initiatives such as Mandatory Hourly Pricing, off system billing applications, net metering, reactive power and energy efficiency programs.

We anticipate that the CSS will not be replaced in the near future. This necessitates the continued enhancement of our present system through identification and modernization of targeted areas of the system including large scale enhancements as necessary. The Company has already been successful at implementing major enhancements including a new bill sub-system, sophisticated user interfaces, wireless interfaces for real time field information and robust customer self-service features through our internet and IVR applications. We believe that we can continue to enhance our present system and in this way support customers needs cost effectively. The risk assessment identified key risks in the areas of technology, application functionality, governance, and resources. Implementing strategies to mitigate these risks is essential to continued viability of the CSS.

**Estimated Completion Date:**
Ongoing
## 2013 Customer Operations

**Status:**
In progress

### Funding ($000): CAPITAL

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Forecast</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$25,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Historical elements of expense (EOE’s)

<table>
<thead>
<tr>
<th>EOE</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>$</td>
<td>$</td>
<td>$302</td>
<td>$229</td>
<td>$96</td>
</tr>
<tr>
<td>*A/P</td>
<td>$</td>
<td>$</td>
<td>$408</td>
<td>$716</td>
<td>$1,267</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td>$</td>
<td>$126</td>
<td>$143</td>
<td>$108</td>
</tr>
<tr>
<td>Contingency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$</td>
<td>$</td>
<td>$836</td>
<td>$1,088</td>
<td>$1,471</td>
</tr>
</tbody>
</table>

Forecast

<table>
<thead>
<tr>
<th>EOE</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>$751</td>
<td>$770</td>
<td>$812</td>
<td>$820</td>
<td>$820</td>
</tr>
<tr>
<td>*A/P</td>
<td>$3,527</td>
<td>$3,536</td>
<td>$3,546</td>
<td>$3,606</td>
<td>$3,610</td>
</tr>
<tr>
<td>Other</td>
<td>$722</td>
<td>$697</td>
<td>$642</td>
<td>$574</td>
<td>$670</td>
</tr>
<tr>
<td>Contingency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

* Note A/P requires further identification such as A/P – Contract Labor, A/P - Equipment Maintenance, A/P - Corrective Maintenance, etc.