WP(F-4) 2 70/131

Interfaces:

Legacy Interfaces:

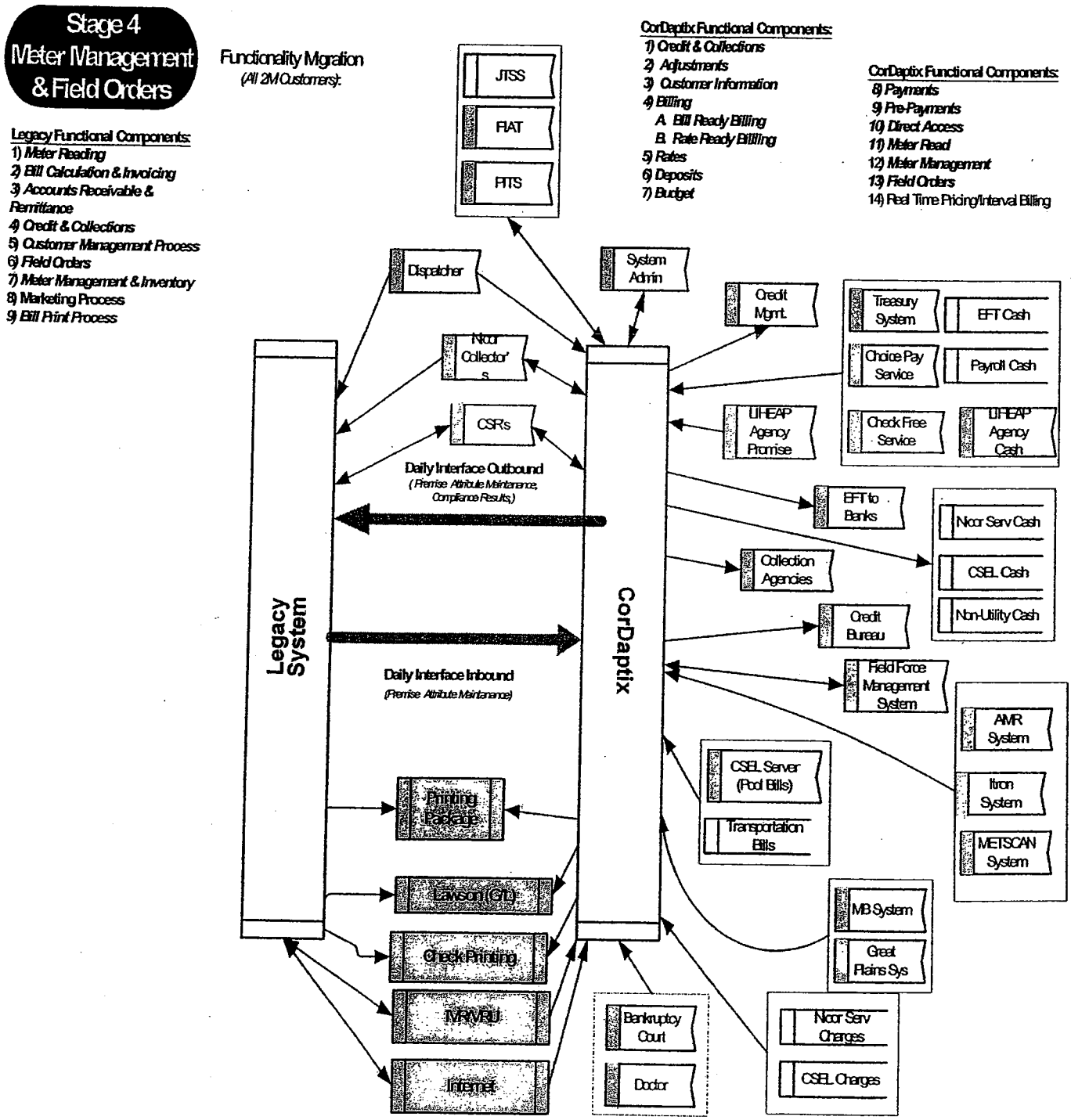
1. Transportation reading data to Legacy system (SB).
2. CorDaptix will send code compliance results received from ITRON system to Code Compliance System.
3. CorDaptix will send code compliance triggers to ITRON for CORCON program.
4. Filed reads will be sent to CorDaptix through Legacy.
5. CorDaptix will process a file from SB with the usage allocation to apply charges.
6. Atmospheric & Corrosion Control Results to Legacy System.

Non-Legacy Interfaces:

1. CorDaptix will be able to upload /download meter read & code compliance information to ITRON.
2. All AMR, IVR, MetScan, Dial Card, Internet reads will be interfaced directly into CorDaptix
3. Interface with Municipalities for water meter reads. May not be required if we are not supporting water meter reads in future.
4. CorDaptix will generate supplier usage files and send it to suppliers.
5. CorDaptix will process the meter reading re-sequencing information from ITRON.
6. Interface to Lawson for all financial reporting.
7. All client owned external databases, spreadsheets, and queries receiving data from the Legacy system used for miscellaneous activities need to be redirected to CorDaptix.

Stage 4 - Meter Management, Field Orders

Interface Diagram:



CIS Re-Engineering Model and Approach

Functionality:

- CorDaptix – Meter Management and Field Orders components will be implemented in this stage.
- Legacy – Field Orders (CS/CD/OP) and part of Meter Accuracy (MA) will be migrated to CorDaptix.

Process and Scenario Overview:

This stage will engage the Meter Management and Field Order modules of CorDaptix. The Legacy processes migrating to CorDaptix will include the following - define and track meters and equipment, manage device testing program, and equipment relationships; dispatch, schedule, and maintain field order activities.

Assumptions:

1. Managing of off premise meter inventory will remain on the Legacy system.
2. Managing of off premise meter devices (i.e. AMD, device Download valve, vaults etc) will remain on Legacy System.
3. Field Order activity will be handled by a new Field Force Management System and implementation of new CAD system should coincide with implementation of this stage to minimize field order rework.
4. The Nicor meter management testing and sampling functionality will comply with the CorDaptix standards.
5. New service process of setting up premises will remain on the legacy system up through initial meter install.
6. CorDaptix will support the Nicor concept of can't find orders for gas emergencies, locating (JULIE), landscaping & paving orders.
7. Emergency response, CGI safe statistics and reporting will be done from CorDaptix.
8. Field Force Management system will support field order criteria implemented in CorDaptix.
9. Availability of field orders will be handled outside of CorDaptix.
10. Field Force Management system (new CAD) will determine appointment availability, prioritization and distribution of field orders.
11. Management of service point materials will be handled by Legacy or future GIS system.
12. Adhoc queries and reports will be generated from CorDaptix.

Business Impacts:

Field Orders:

- Industry standard work codes - Migrating Nicor's work codes to the industry standards creates immediate clarity and future flexibility for the business - esp. simplifying the Distribution Area migration.
- Customer Centric field activity views - Presenting a comprehensive view of ALL field activities provides a consolidated knowledge base for users (CSRs, clerks, etc.) - enhancing customer satisfaction and eliminating CSR frustration.

- To Do's/workflows - Streamlines work processing flows to the Meter Shop, System Operations, Pressure, etc.
- Systems not in scope - The CM and SP systems will remain on the legacy system causing potential integration issues and added business function complexities - toggling between systems.

Meter Management:

- To do's/workflows - Automating existing manual processes by using CorDaptix To Do functionality will enhance productivity and will require new technical skills to be acquired.
- Lot failure forecasting - Building this pro-active planning process on CorDaptix will avoid significant cost of building on our legacy system and will allow Nicor to more effectively distribute its workload.
- CorDaptix meter sampling need to be changed to conform to current Nicor sampling program.

Impacts to Legacy & CorDaptix:

Legacy Impacts:

1. Outage sub system will remain in legacy and will require extensive modifications.
2. Legacy functionality migrated to CorDaptix need to be decommissioned.

CorDaptix Impacts:

1. The Service Pipe (SP) will be linked to Legacy or a GIS package.
2. Business rules for routing Field Orders to ITRON or Field Force Management System should be implemented in CorDaptix.
3. Need to track and maintain tagging of appliances & piping.
4. Reported leaks need to be tracked.
5. Create business unit reports from CorDaptix.
6. Dummy premise set up will be used to support Nicor concept of can't find orders.

WP(F-4) 2 74/131

Interfaces:

Legacy Interfaces:

1. Need to send premise, service point, and meter information to Legacy for meter management functionality.
2. Need an interface to Automatic Leak Recording (AL).

Non-Legacy Interfaces:

1. Need to interface with Field Force Management System (new CAD) on real time basis for scheduling orders.
2. Need to interface with JTSS for distribution orders. May need to change some aspect of JTSS.
3. Interface with IRTH/JULIE for locating gas lines.
4. Interface with LRS system for scheduling certain code compliance orders.
5. Need to interface with access database, spreadsheets, Monarch software for miscellaneous activities used for analysis.
6. CorDaptix will need to communicate with new Meter Management system or existing system on Legacy.
7. Interface with Legacy, or future GIS, to maintain Service Pipe relationship.
8. All client owned external databases, spreadsheets, and queries receiving data from the Legacy system used for miscellaneous activities need to be redirected to CorDaptix.

WP(F-4) 2 75/131

Conversion

Conversion
The conversion is a process of taking data used by an existing application and putting it into a format to be used by the new application. This process also ensures that the data is clean when the new application receives it.

There are four major areas of conversion that will need to be addressed in each stage of the CIS migration. Within each area a decision will need to be made to determine which choice is the best fit for the stage that the conversion is in. The areas are:

- Data Cleansing
- Conversion Framework/architecture
- Data Identification and Acquisition
- Validation

Data Cleansing:

This process often becomes tied to the conversion process. It is not only the effort to move the data to the new location, but also to ensure that quality data being moved. This can be in done through two approached a Push or Pull architecture.

Push Architecture – In this approach, the existing system (s) become (s) responsible for regular maintenance of its data. The existing architecture is responsible for regular maintenance of its data. Regular maintenance is significant and this includes thorough analysis and repair of the dirty data and business rules in the existing code. However, data quality is assured and is performed in the correct place. Conversion expects to receive clean data and becomes a straightforward combination of mapping and translation data directly to corresponding data and of unambiguous, reasonable mapping and transformation algorithms to the new system data and structures.
Pull Architecture – In this approach, the existing system(s) do(es) little or no maintenance on it's data. Conversion receives dirty data and performs the cleansing as part of the business rule mapping and translation. Conversion assumes the responsibility for the data quality. Conversion mapping and transformation complexity and execution time increase because of the nature, quality, and volume of cleansing. Interface can use some of the conversion rules, but also inherits the same execution time concerns transferred by conversion.

Since the legacy system can not guarantee that it contains clean data, we recommend that a pull architecture is used. This pull architecture will ensure that clean data is being brought into the system. It will slow down the execution time of the conversion programs, but it will ensure data integrity.

Data cleansing categories –
- On going maintenance – clean-up and continuing maintenance of existing DMS II dataset records, linkages and orphans.
- Outside Vendor/Package data scrubbing - task associated with researching vendor services that provide scrubbing of demographic data.
- Duplicate data – when multiple occurrence of the save data across different dataset/files/storage locations.
- Data clarification/Separation
  - Separation of attributes with domains used for different purposes. Attributes with code values are a prime target.
  - Separation of attributes with multiple fields within in one field. (i.e. bytes 1-2 mean "x", Bytes 3 -7 mean "y")
  - Separation of attributes with dependencies on other attributes such as status codes and sub-codes.

WP(F-4) 2 76/131

- Outdated/Unused Attributes – identify and evaluate the data that may have no fundamental meaning to the business.
- Data Reconciliation – validating the use of data with the business requirements.
- Default data/Data Correction/Missing Data Elimination – identify the business rules for assigning default values, correction or amending existing values, or create new data, codes, or values for data resulting from new business requirements or data required by the system.
- Data Quality and Standardization – remove duplicate occurrences of data, and standardize data naming and usage.
- Ongoing Maintenance – removal of orphan records and repair to legacy.

Conversion Framework/Architecture:

The architecture to be used for conversion, both in terms of environment and tables to be built will need to be established for all phases of the project. The conversion architecture will fit into the overall technical architecture. This architecture should be established up front. It should consist of rules on how the data should be pasted/cleaned, how the tables should be designed/built and what the target environments should be built.

Data Identification and Acquisition:

This is the process of determining the sources(s) of data from which the conversion will map and transform can mean different things in different environments. In different stages, this can translate to anything from accessing data from multiple sources to performing a number of data cleansing tasks defined to determine which data is the most reliable. The data acquisition becomes the physical process of collection the data determined in the identification step to be used by the conversion.

Validation:

There are four steps to the validation process. They are:
- Validate Mapping
- Validate Program Code
- Validate QA Test Results
- Validate Conversion Process

Validate Mapping - documenting how the data's to be converted from the existing system files to the target system tables.

Validate Program Code – validate that any code produced will meet the conversion rules.

Validate QA Test Results – validate what test cases need to be established and what the expected outcome of the test cases should be.

Validate Conversion Process – validate with a system test that the data is correct. Also monitor the results for a period of time.

WP(F-4) 2 77/131

Systems that will remain on Legacy are:

After the implementation of the four stages previously outlined the following systems will remain on Legacy, or will require migration to another standalone system:

- Partial Field Orders (CD)
- Development Section (DS)
- Partial Meter Accuracy (MA)
- Plant Accounting (PL)
- Labor Distribution (LD)
- Service Pipe (SP)
- Special Billing (SB)
- Partial Pool Accounting (PA) – Client Server (PA)
- Construction Maintenance (CM)
- CORCON
- Customer Information (CI)
- Outage
- Automatic Leak Recording (AL).

Glossary:

AC - Atmospheric Corrosion
ACD - Automatic Call Distributor
AL - Automatic Leak Recording
BI - Billing Investigation
CAD - Computer Aided Dispatch
CD - Code Compliance
CRM - Customer Relationship Management
CTI - Computer Telephony Integration
CSel - Customer Select
ERMS - Email Response Management System
JTSS - Job Tracking Scheduling System
PITS - Pressure Information Tracking system
RA - Revenue Accounting
SB - Special Billing

CIS Re-Engineering
Approach Document

WP(F-4) 2 78/131

Executive Summary:

The CIS Re-Engineering Model and Approach document details the recommended approach to implement the CorDaptix CIS application suite. The model and approach document will initially be utilized to develop the project cost model and business case. Once the project is approved, it will be the initial input for the in-depth analysis for the next stage following the successful implementation of Credit.

History

Since 1968 Nicor Gas has utilized a legacy billing system referred to as the Revenue Accounting System. For over six (6) years several committees and outside consultants have studied the viability of these systems and several options have been explored to replace it. Substantial time and effort were expended evaluating and beginning to pursue a full CIS Implementation (big bang), but the scope and cost grew to unacceptable levels and the project was abandoned. Following that decision, a committee consisting of several key Nicor Gas personnel evaluated three options for replacing the systems. Option one was purchasing a package and functionally migrating to it. Option two was outsourcing the billing function to a service bureau, and option three was to leave the existing system in place and stabilize and re-engineer key components to make it through the next five years while unbundling unfolded.

In November of 1999 it was determined by the Senior Sponsorship Team to pursue option three, the Stabilization & Re-Engineering alternative. It was determined that this alternative would position Nicor Gas to meet unbundling requirements on the upcoming horizon, while improving the IT infrastructure and capabilities. This project was approved in 1999 and came to be known as the Customer Care Information Systems Project (CCISP). *It was also understood at this time that the decision to replace the current CIS systems was only delayed and not eliminated.*

A group of the tasks within the scope of CCISP were written to address insufficiencies with the legacy Credit applications. The functionality of the current system can be described as one-size fits all and it has been unable to keep up with the changing and growing business unit requirements. Several options were explored before making the decision to evaluate package solutions in July of 2000. Based on the final vendor criteria evaluations, SPL WorldGroup's product known as CorDaptix was selected as the best option for Nicor based on the following key reasons:

- Meets all core business requirements
- Aligns with technology industry standards, provides more mature product and associated support tools
- **Contains full suite of product offerings that Nicor can leverage for future phases**

After the selection was finalized a fit assessment was completed in August of 2001 and the development effort was initiated in November of 2001. The Credit project is scheduled to be implemented in September of 2002.

Based on the results of the Credit and Collections Fit Assessment and an overall analysis of the future direction of CCISP, the CCISP project mission was changed to reflect the following:

- Enabling the necessary functionality for full unbundling
- *Positioning Nicor Gas to aggressively replace RA components*
- *Providing an anchor for a Customer Centric database and infrastructure*

Though many of the components of the original mission stayed intact (i.e. prepare for unbundling) much of the re-engineering tasks were canceled or substantially modified under the premise that Nicor would continue to implement CorDaptix, replacing the billing systems and related CIS components with in a 3-4 year window.

CIS Re-Engineering
Approach Document

WP(F-4) 2 79/131

Approach Summary

The following chart represent the four different migration approaches Nicor could take to implement the remaining Components of CorDaptix. After evaluating the Pros and Cons of each alternative, the Functional Migration approach is most feasible for Nicor. It supports the course Nicor has taken in implementing large initiatives, and is in line with the current modularization efforts the CIS software companies are taking with their application suites.

CIS Re-Engineering Approach Document

Implementation Type	Pros	Cons
Big Bang	• Least costly overall solution • Minimizes data synchronization issues • Benefits are realized sooner	• High one time investment • Extreme change impact to organization • High business risk
Geographical	• Change impact to the organization can be managed • Manageable business risk	• All functionality must be implemented in the first phase • High one time investment • High Change impact to the organization can be managed • Multiple processes/reporting structures for same customer types
Customer Type	• Manageable business risk • Change impact to the organization can be managed	• Most functionality must be implemented in the first phase • High one time investment • Medium to high change impact to the organization
Functional Migration	• Allows for checkpoints to stop and evaluate moving forward • Change impact to the organization can be managed • Investment can be spread over 3-4 year period of time • Allows for an orderly modifications/replacement of ancillary systems.	• Highest cost solution • Development of "temporary interfaces" • Multiple data conversions • Data synchronization issues • Heavy reliance on new interfaces between two or more systems • Users will work on two systems

An important issue that needs to be stated is that we will not move all of the Unisys applications to the new platform within the scope of this project. We will still have to rely, although to a much lesser degree, on our current mainframe for applications that are not covered by the CorDaptix functionality. The major systems that will remain on the mainframe are noted in this approach document.

Following are the recommended migration stages that are outlined in this document:

Stage 1

This stage, which is currently being implemented, enables the credit and collection functionality of CorDaptix and loads basic customer information for all customers and allows view only access and limited adjustment capabilities.

CorDaptix modules:

- Credit and Collections
- Customer Information (Partial)
- Adjustment (Partial)

Stage 2

In the stage, ownership of customer information is transferred to CorDaptix. All billing and financial transactions are passed and stored in CorDaptix (Bill Ready) and CorDaptix will handle all non-utility

CIS Re-Engineering
Approach Document

billing. In addition, credit functionality not included in the scope of Phase One will be implemented in this phase.

CorDaptix modules:

- Customer Information (Partial)
- Billing (Bill Ready)
- Accounts Receivable and Remittance Process
- Direct Access
- Deposits
- Adjustments
- Payments
- Rates (Partial)

Stage 3

In this stage the meter reading components will be transitioned and ownership of bill calculation will be transferred to CorDaptix.

CorDaptix modules:

- Rates
- Meter Read

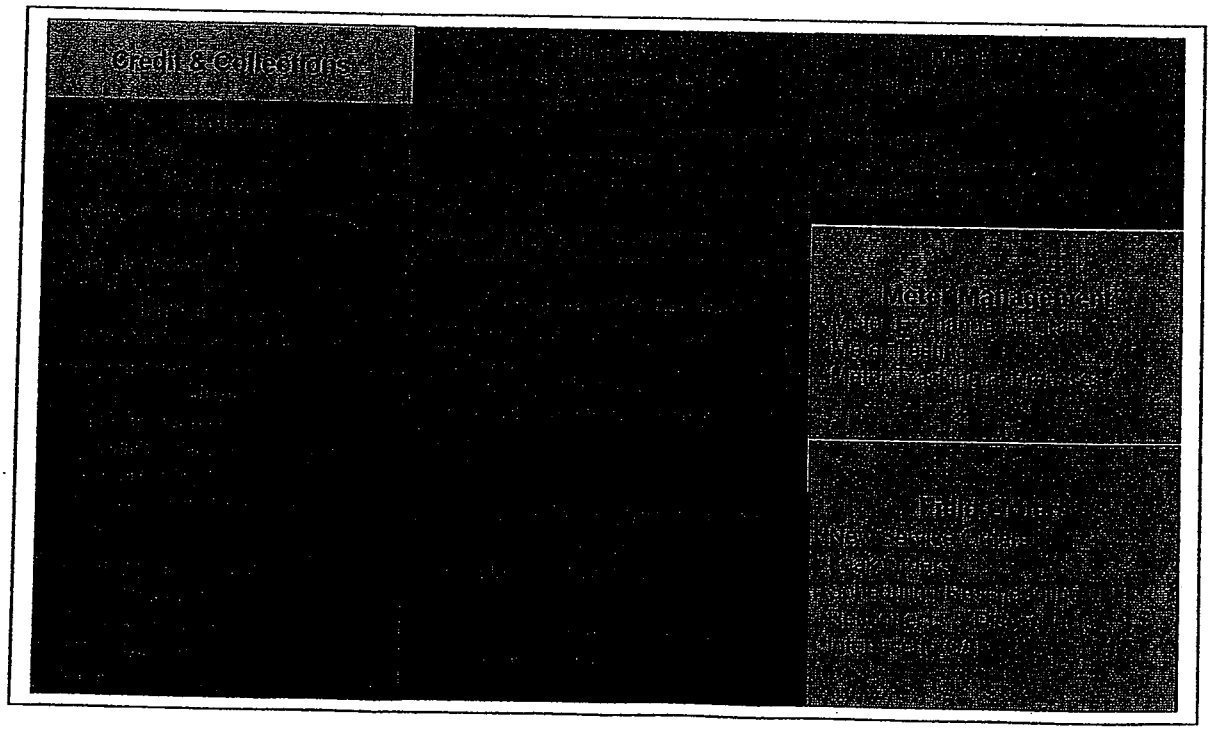
Stage 4

In the final stage, meter management will be migrated (excluding meter inventory) and ownership of field order processing will become a CorDaptix function.

CorDaptix modules:

- Field Orders
- Meter Management

To ensure that there is not any major functionality gaps or terminology differences, substantial effort went into mapping Nicor high level processes to the CorDaptix model. The following diagram summarizes and depicts those relationships.



CIS Re-Engineering
Approach Document

A brief analysis of each stage with the corresponding functional component(s) will follow with scenario overviews, legacy impacts, business impacts, assumptions and interfaces needed to accomplish this functional stage. Sections are also included in the approach document to address the systems that will remain on the Unisys and high level conversion considerations. Since stage one is currently being implemented, detailed information is not included for this phase.

WP(F-4) 2 82/131

CIS Re-Engineering
Approach Document

Key Assumptions and Facts

1. Current bill print package software seamlessly interfaces with CorDaptix.

2. Complete package will be available from a licensing perspective to implement necessary functionality in the various stages.

3. Applications not encompassed within this project will remain on the Unisys. Development of interfaces to these systems will be included in this project and will be estimated at a very high level for purposes of this analysis.

4. As the default, industry standard logic built into CorDaptix will be utilized. Deviations from this will be noted.

5. CSEL – Pool Accounting will continue to remain on the legacy application. The Interface between Pool Accounting and CSEL for gas nomination is not included in any phase.

6. The CorDaptix Pre-Payment and Real Time Pricing/Interval Billing modules will not be implemented in any phase.

7. The current scope of the Credit project will be implemented as scheduled.

8. SPL can be modularized in accordance to our planned migration without comprising the integrity of the application or a large amount of customization/plug-in development.

9. Real time or near real time transactions will be required between CorDaptix and other business applications (legacy, replacement systems). This will introduce another layer of complexity and new tools, including the use of new interface protocols into CorDaptix (XAI). We will include an Enterprise Application Integration (EAI) tool in the infrastructure/application architecture.

10. Once stage 2 is implemented, disaster recovery needs to be in place, whether it be an alternate data center site or our own or a 3rd party cold site.

11. Mercury related business issues and data issues are not addressed in the approach.

12. Marketing functionality has not been considered and interfaces/migration of the Unique system will need to be addressed at a future point.

WP(F-4) 2 84/131

CFM BECOMES N'ABLE

BOARD MEETING
MARCH 30, 2003

NICOR GAS COMPANY

BOARD OF DIRECTORS

PROJECT REVISION

WP(F-4) 2 85/131

Budget Item No. 8997 – IT Capital Project

Revision of the Capital investment costs associated with the Field Force Management/CIS Migration Project – upgrade and expand field force mobilization hardware and scheduling software. Implement corresponding CIS software to support the Call Center. This project improves reliability of field response and provides the call center with visibility to all field operations for improved customer call handling. This continues the CIS software migration begun in 2001.

Revision reflects a change in the implementation timing from a 4 ½ year project to a 3 ½ year project. Overall project expenditures are not expected to change.

Original Authorization	$15,000,000
Revised Authorization	$17,300,000

Customer Care & Field Force Management Program
Accelerated Timeline Benefits

The following is a list of potential Nicor benefits by accelerating the implementation timeline and providing higher annual funds for the CFM program.

- *Less Customization to base package*
  An accelerated timeline would put us in a position to implement the SPL package in one more step rather than two. A functional migration approach by its very nature indicates that the software package will be implemented in pieces/phases. While we were successful in this effort in phase 1 (Credit), the package modifications that are required to delay implementation of the billing modules will be much more significant. While SPL believes this can be accomplished, it does carry the most significant risk for this project. And we will be dependent on them to determine how to do it.

- *Less risk to the customer*
  Implementing the SPL package in its natural form will carry less risk than splitting it up. The largest risks to billing system projects generally relate to customization. Implementing SPL with significantly fewer modifications carries less risk.

- *Less Back-office Impact*
  A functional migration approach will have the back-office staff "living in two worlds" - Legacy and SPL. Most financial transactions will still be owned by the legacy systems between phase 2 and 3 - approximately 2 1/2 years. During this time, business processes will be performed across multiple platforms. The call center will be impacted by this as well.

- *Less Testing Required*
  Significantly less testing is required for several reasons: a) Less modifications to the package; b) impact to legacy systems will occur once, not twice; 3) Elimination of Do no Harm testing for Billing; and d) One set of tests rather than two (Integration, Operational Readiness; Stress Tests). These set of tests will be longer than any one phase, but still significantly less than the effort for two phases.

- *Timing of Billing Benefits improved*
  Flexibility in providing additional billing services and better support of Nicor's growth initiatives can be achieved two years earlier.

- *Downsizing of Unisys benefits can be achieved several years earlier*
  Downgrading of the Unisys mainframe can occur when the legacy billing system is moved to the new platform. Using the current scenario this would occur in 2007 - too late to achieve a downsizing in the 2005 negotiations with

WP(F-4) 2 87/131

FPC
APRIL 21, 2003

CFM Migration Strategies

- Recommendation:
  - Implementation Timeline should be 3 1/2 years
  - Scope includes Call Center, Field Force and Billing
  - Overall costs will be $3M-$4M less than originally planned
  - Nicor will manage hardware and software purchases (approximately $19M)
  - Fixed bid from Accenture to manage all labor (approximately $46M)
  - Relationships intact
  - Investigate early release components
  - There is a negative impact on annual cash outlay

WP(F-4) 2 88/131

Risk Mitigation

Causes of Failed Projects	4 1/2 Year	3 1/2 Year	Comments
Excessive Customization		↑	Significant customization is required wintin and around SPL to enable split
Data Quality (Input/Output, Interfaces, Conversion, data manipulation)		↑	Significant and ongoing synchronization of data and 2 conversions in 4 1/2 year option
Business Readiness	↔	↔	More total change/total training required in 4 1/2 year option. But less change/training at one time. Interim environment in 4 1/2 option is complex (BQA and Call Center across two systems)
Strong Business Ownership	↔	↔	Strong at Nicor
Inadequate/Inefficient Testing		↑	4 1/2 year option requires 2 full tests and testing of customization
Executive Sponsorship	↔	↔	Excellent at Nicor, but 3 1/2 year option is less susceptible to change
Forced Date			Not Application (unless impacted by a rate case)
Phase Containment		↑	3 year option will allow for greater focus on billing now, less focus on data synchronization
Teaming across departments	↔	↔	Minor and diminishing concern at Nicor

Less Risk ↑ On par ↔

Financial Impact Estimate

3 1/2 Year Option

Expenditures (dollars in millions)	3 1/2 year Project							
	2002	2003	2004	2005	2006	2007	Total	Potential
Capital Labor Dollars		$ 9.8	$ 9.3	$ 10.8	$ 10.5	$ -	$ 40.4	41.6
Hardware Software	$ 1.8	$ 5.7	$ 3.9	$ 5.9	$ 2.8	$ -	$ 20.1	19
Total capital	$ 1.8	$ 15.5	$ 13.3	$ 16.7	$ 13.3	$ -	$ 60.6	60.6
O.E. Labor	$ -	$ 1.0	$ -	$ 1.5	$ 3.3	$ -	$ 5.8	4.6
Total 3 1/2 year Estimate	$ 1.8	$ 16.5	$ 13.3	$ 18.2	$ 16.6	$ -	$ 66.4	65.2

Assumptions

+ Billing Phase begins immediately
+ Above represents cash flow for Nicor Gas
+ New spread of labor done at very high level
+ Hardware/Software purchases have been spread out
+ Accounting will require accrual of unbilled labor (Percent of Completion method)

WP(F-4) 2 90/131

WP(F-4) 2 91/131

IT STEERING COMMITTEE
MARCH 3, 2002

CFM Migration Strategies

- Recommendation:
  - Implementation Timeline should be 3 1/2 years
  - Scope includes Call Center, Field Force and Billing
  - Overall costs will be $4M-$5M less than originally planned
  - Nicor will manage hardware and software purchases (approximately $19M)
  - Fixed bid from Accenture to manage all labor (approximately $46M)
  - Relationships intact
  - Investigate early release components
  - Assign cross-function project lead
  - There is a negative impact on annual cash outlay

WP(F-4) 2 92/131

Risk Mitigation

Causes of Failed Projects	4 1/2 Year	3 1/2 Year	Comments
Excessive Customization		↑	Significant customization is required within and around SPL to enable component phasing
Data Quality (Input/Output, Interfaces, Conversion, data manipulation)		↑	Significant and ongoing synchronization of data and 2 conversions in 4 1/2 year option
Business Readiness	↔	↔	More total change/total training required in 4 1/2 year option. But less change/training at one time. Complex interim environment in 4 1/2 two phase for BQA and Call Center
Strong Business Ownership	↔	↔	Strong at Nicor with cross-function project lead
Inadequate/Inefficient Testing		↑	4 1/2 year option requires 2 full tests and testing of throwaway customization
Executive Sponsorship	↔	↔	Excellent at Nicor, but 3 1/2 year option is less susceptible to change
Forced Date			Not Application (unless impacted by a rate case)
Phase Containment		↑	3 year option will allow for greater focus on billing now, less focus on data synchronization
Teaming across departments	↔	↔	Minor and diminishing concern at Nicor

Less Risk ↑ On par ↔

WP(F-4) 2 93/131

Financial Impact Estimate

3 1/2 Year Option

Expenditures (dollars in millions)	3 1/2 year Project							
	2002	2003	2004	2005	2006	2007	TOTAL	POTENTIAL
Capital Labor Dollars	$ 0.3	$ 10.9	$ 11.9	$ 12.5	$ 6.0	$ -	$ 41.6	$ 41.6
Hardware Software	$ 1.8	$ 7.2	$ 7.0	$ 2.5	$ 1.5	$ -	$ 20.0	$ 19.0
Total capital	$ 2.1	$ 18.1	$ 18.9	$ 15.0	$ 7.5	$ -	$ 61.6	$ 60.6
O.E. Labor	$ 0.0	$ 1.2	$ 1.3	$ 1.4	$ 0.7	$ -	$ 4.6	$ 4.6
Total 3 1/2 year Estimate	$ 2.1	$ 19.3	$ 20.2	$ 16.4	$ 8.2	$ -	$ 66.2	$ 65.2
Original "Budget"							$ -	
Capital	$ -	$ 15.0	$ 15.0	$ 15.0	$ 10.0	$ 10.0	$ 65.0	
O.E.	$ -	$ 1.5	$ 1.0	$ 1.0	$ 1.0	$ 0.5	$ 5.0	
Total 4 1/2 year Estimate	$ -	$ 16.5	$ 16.0	$ 16.0	$ 11.0	$ 10.5	$ 70.0	

Assumptions

+ Billing Phase begins immediately
+ New spread of labor done at very high level (needs validation)
+ Hardware/Software purchases can be spread out (needs validation)
+ 2006 Hardware/software is contingency
+ Accounting requires accrual of unbilled labor
+ Percent complete of milestone will drive accruals (not just payments made)

Next Steps

- Refine Cash Flow data
- Update Board, CARE (CMT)
- Establish communication plan
- Finalize other contract terms
  - Resource Commitments
  - Payment Schedule
  - Assumptions/Scope Document
  - Testing Plans
  - Metrics/Acceptance Criteria
- Engage Billing Team

Credit Update

Business Case - $2M Annual reduction in charge-off

Findings First 170 Days with CorDaptix

+ $725,000 Savings in hand
  + High dollar active customers with inside meter and no payment ($200,000)
  + New Final Bill credit cycle ($250,000)
  + Deposits to final bills ($300,000)
  + One-time tax savings ($100,000)
  + Special Handling Customers Credit Cycle ($50,000)
  + Skip Tracing ($100,000)

+ Other Areas of Value
  + Deferred Payment Arrangements Credit Cycle (up and running)
  + Budget Plan Credit Cycle (up and running)
  + Commercial Account tracking (up and running)
  + Liens and wage garnishments (500 additional accounts)
  + Customer-centric linkage (not yet active)

Source: Dave's memo of 2/25/03

WP(F-4) 2 97/131

SPONSORS
FEB. 28, 2003

CFM Migration Strategies

- Opportunity:
  - Implementation Timeline: 3.5 years vs. 4.5 years
- Impacts:
  - Risk Assessment
  - Business Benefit Impact
  - Cost Implications

WP(F-4) 2 98/131

Risk Assessment - Plan A

4.5 Year/2 Phase Approach

Risk Improvements

+ Spread internal Change Mgmt (Call Center/Field vs Billing/Customer) (900 employees vs 100 employees & 2M customers)
+ Post implementation "storm" period focused on fewer business applications and processes.
+ More time for knowledge transfer and support from project resources

Risk Mitigated with Technology

Risk Inhibitors

– Introduces Legacy Billing System Risks in Call Center phase (due to complex data synchronization)
– Split/Customization of SPL Package between phases
– 4.5 years is a long time to stay focused

Impacts

- Legacy Customer Billing followed by SPL Customer Billing impacts
- Back Office Gaps and workarounds during interim
- Dependency on SPL

Risk Assessment - Plan B

3.5 Year/ 1 more Phase Approach

Risk Improvements

+ Limits legacy integration - (Nicor can focus on new technologies)
+ Project Management Best Practice - shorter is better
+ Longer and staged Operational Readiness Test (12 months vs 8 months) - Business Readiness improved.
+ Back Office impacted once not twice.
+ Understand Billing requirements and risks sooner
+ Legacy is a fallback option

Risk Inhibitors

– End Users and Customers impacted simultaneously in one additional step implementation
– Field change management will get less focus
– Post-implementation "storm" period on 3 major business processes together.

Impacts

- Business Disruption all at once

Risk Mitigated with People

Business Benefit Impacts

4.5 Year/2 Phase Approach

+ Field/Call Center Benefits realized mid-year 2005
– Billing Benefits realization delayed 2 years - mid-year 2007

3.5 Year/1 Phase Approach

+ Unisys Downsizing achieved several years earlier
+ Billing benefits and flexibility achieved 1 year earlier - mid-year 2006
– Field/Call Center Benefits delayed 1 year - mid-year 2006

WP(F-4) 2 101/131

Cost Implications

4.5 Year/2 Phase Approach

+ Cash Flow spread out
+ Nicor resource contribution mix is higher

3.5 Year/1 Phase Approach

+ Overall NPV improved by +$5M
+ Lower overall cash outlay ($7-8 million)
+ Integration Effort Reduced 5-10,000 days
+ Lower overall Testing Effort
+ Lower Project Management
+ Lower Contingency
+ Lower total post-implementation effort
– Higher annual cash outlay
– Delay in direct benefits

WP(F-4) 2 102/131