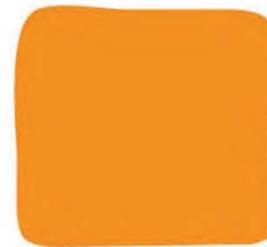


Small Volume Transport (SVT)

PAC Kick-off Meeting



02/06/2013



*FOCUSED ENERGY. For life.*

# Agenda

- *Executive Summary*
- *Approach*
- *Scope*
- *Estimated Budget Summary*
- *Cost Avoidance and Savings*
- *Deliverables*
- *Team (Organization Chart)*
- *Proposed High-Level Schedule*
- *Risks*
- *Issues*
- *Requested Approvals*



# Executive Summary

- Goal of today's meeting is to review project opportunity, activities to date, kickoff the project, and get approval to move forward with the planning phase.
- This project is to provide for all necessary labor, hardware, software, consulting, training and ongoing maintenance required to implement a new small volume gas transportation system (SVT).
- This project is distinct from GGTE in its customer focus. GGTE is for non-residential, SVT is for residential. Functionally, many of the GGTE created features for switching, billing and balancing, and account maintenance will be designed with SVT in mind, but the build and testing of SVT will not be executed until GGTE is completed. SVT's largest autonomous feature is the settlement system, which will not be addressed by GGTE design efforts.
- Workshop activities in 2012 resulted in an original estimate of \$6 - \$11M across two years which included drivers for the higher cost estimate (e.g., schedule crash/compression).
- The SVT workshops identified the need to:
  - Expand self-service functionality both via the web and EDI
  - Leverage existing EDI processes agreed during the ICC lead SB1299 electric workshops to be formatted to allow for gas since Ameren Illinois is a dual fuel provider
  - Conform Letter of Agency (LOA) language to current law/requirements
  - Eliminates need for new account numbers
  - Customer friendly process used for both gas and electric choice
  - Consistent communications
  - Less manual work
- This project's pre-design budget request is approximately \$7 million.
- This project's expected benefit is cost avoidance and savings of over \$94 million by 2018. The five year post-implementation net benefit is approximately \$89 million.

# Project Approach

- Collaborative management between GGTE and Small Volume Transport projects.
- Customer and business line training, marketing, and communication (Change Management) will be managed by the business line.
- This project will base initial estimates (pre-design) on functional groupings, order of magnitude, and common industry percentages for Design, Build, and Testing phases. At the end of the Design phase for each functional grouping, an actual resource and complexity estimate will be applied for the remaining phases (Build and Test) and presented to the PAC with the Design phase approval request.
- The nature of this project does not have distinct phase end points. The plan is to obtain **business approval** for Design and Build functional groupings before moving to the next phase, but not wait for all groupings to be completed before one could move on. We would request **PAC approval** for movement to the next phase after all phase deliverables are complete for all functional groupings.



# Cost Avoidance and Savings

(Conservative Incremental Ratio: FTEs & Cost)

	2014	2015	2016	2017	2018	2014 - 2018
<b>Labor Cost Impact - Avoided FTES Costs Conservative Ratio</b>						
EUT	- \$	1,267,178	\$ 7,603,070	\$ 8,870,249	\$ 10,137,427	\$ 27,877,925
CAD	- \$	2,182,715	\$ 13,096,289	\$ 15,279,004	\$ 17,461,718	\$ 48,019,726
IT Support	- \$	617,749	\$ 3,706,497	\$ 4,324,246	\$ 4,941,996	\$ 13,590,488
<b>Mail and Treasury cost avoidance by not splitting accounts</b>						
	\$	0	\$ 473,957	\$ 2,843,740	\$ 3,317,697	\$ 3,791,654
<b>Increased FTE Costs based on Improvements being Implemented</b>						
Business FTEs:	\$	(100,000)	\$ (100,000)	\$ (200,000)	\$ (200,000)	\$ (800,000)
IT FTEs:	- \$	(468,000)	\$ (468,000)	\$ (468,000)	\$ (468,000)	\$ (1,872,000)
Gas Supply FTEs:	\$	(400,000)	\$ (400,000)	\$ (400,000)	\$ (400,000)	\$ (2,000,000)
<b>Increased Annual O&amp;M Mailing Cost based on Customer participation</b>						
Switching letter required by ICC rule	- \$	(75,112)	\$ (450,672)	\$ (525,784)	\$ (600,896)	\$ (1,652,464)
<b>Total Cost Savings - Conservative Incremental Ratio</b>	<b>\$</b>	<b>(500,000)</b>	<b>\$ 3,498,487</b>	<b>\$ 25,730,924</b>	<b>\$ 30,197,412</b>	<b>\$ 34,663,899</b>
						<b>\$ 93,590,723</b>

Basis for calculations: \$ cost based on conservative FTEs per # of Rider T service points, then applied an anticipated switching levels based on history and anticipated gas government aggregation using the electric aggregation experience as a guide, then added the projected cost additions based on completing automation. See Roger Pontifex's "Calculation of Benefits SVT 1-18-13" spreadsheet for full calculation details.