

To: Pioli, Christopher[Christopher.Pioli@jacobs.com]
From: Van Overberghe, Ken
Sent: Thur 8/21/2014 3:33:06 PM
Subject: RE: Notes for today
Received: Thur 8/21/2014 3:33:06 PM

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OK

Ken VanOverberghe

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From: Pioli, Christopher [mailto:Christopher.Pioli@jacobs.com]
Sent: Thursday, August 21, 2014 10:08 AM
To: Van Overberghe, Ken
Subject: RE: Notes for today

Will try to arrive about 11:00. See you then

From: Van Overberghe, Ken [mailto:KVanOverberghe@peoplesgasdelivery.com]
Sent: Thursday, August 21, 2014 7:20 AM
To: Pioli, Christopher
Subject: RE: Notes for today

After reading the SOW, I agree – the ability of the cost/schedule model to address the O&M as well as some of the budget categories needs to be further baked. I agree that PGL needs to define what they want to the model to do (as I shared in the memo towards the bottom).

Lets chat for a bit when you get here....

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From: Pioli, Christopher [<mailto:Christopher.Pioli@jacobs.com>]
Sent: Thursday, August 21, 2014 9:12 AM
To: Van Overberghe, Ken
Subject: RE: Notes for today

Ken,

Attached is the task in Consultancy's SOW 5 that is relevant to this initiative.

My concern is that we are putting forth a solution to fulfill a long recognized gap, that may or may not meet the broader needs of the program and stakeholders. The phrase that comes to mind is "begin with the end in mind."

This should not prevent us from starting work on the core components of the model: cost and schedule.

The time frame is doable, and I would like to put forth a short list of tasks. The first task is essential.

- Needs assessments
- Model definition
- Development
- Testing
- Production
- Training

I am also concerned, here comes another quote, that some in today's meetings are "unable to see the forest through the trees."

From: Van Overberghe, Ken [<mailto:KVanOverberghe@peoplesgasdelivery.com>]
Sent: Thursday, August 21, 2014 6:31 AM
To: Pioli, Christopher
Subject: Notes for today

Chris – your thoughts. I tried to keep this to a single page, but also highlight key points of deliverable and next steps....

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To: Van Overberghe, Ken[KVanOverberghe@peoplesgasdelivery.com]
From: Ken VanOverberghe
Sent: Thur 8/21/2014 12:56:25 PM
Received: Thur 8/21/2014 12:56:31 PM

Resource loaded schedule based program schedule based in P6 utilizing Risk Analysis for probabilistic modeling. Model is only as good as information provided....

Deliverable

schedule outlining current program execution sequence with limited resource loading detail
Risk analysis output with schedule completion histogram, cost histogram and program driver chart

Detailed write up on assumptions, inclusions, exclusions and input basis

Strengths

Various what-if scenarios based on cost and schedule parameters such as sequencing as well as constrained and unconstrained resources

Parse out cost and schedule drivers

Limitations

Current model based on parametric estimating (cost/ft, etc) on actuals to date, including 2015 and 2016 construction seasons. These will be triangulated with estimate checks for some components.

Fundamental shifts in program methodology (ex-all HP before neighborhoods, pipe size versus zonal approach, etc) require new or highly modified model

Model backbone is schedule, not cost, so certain financial modeling scenarios may be more difficult

Future

Maintain / refine / shift current program metrics to monitor and drive program cost and schedule
Improved cost estimates for immediate (ex - upcoming construction season) and near term (ex - construction 1-3 years out) based on more detailed phasing and packaging

Refine bracketing, etc., as program advances

Current status

Various assumptions from previous model being confirmed (material escalation percentage, labor percent escalation, arterial road percentage, soft cost/hard cost)

Other inputs being developed (construction complexity by neighborhood, schedule duration basis, productivity, select crew size, cost basis, risk analysis bracketing by activity, various activity coding, initial WBS, teasing contingency out of existing cost and schedule information.

Additional input requirements secured and verified by PGL (available resources for meter installation, available 18007 resources for program, productivity for installation, 'islands' and locations, rail interfaces, moratoriums, Neighborhoods constrained by HP installation, sequence of remaining HP installation, vaults and schedule dates, percentage split of 18007 resources committed to O&M, PI and capital program, percent of capex allocated to PI and capital program, estimated PGL costs for 'program' spend caps, resource caps, expected uses/users of model).

Ken VanOverberghe
C 773-447-2519
Sent from my iPad

SCOPE OF WORK NO. 5

Task Order - Planning and Capital Forecasting

SCOPE

In concert with Gas Engineering and Change Management, Jacobs Consultancy will develop a 10-year System Plan, update the 5-year Construction Plan and align the Zonal Replacement Strategy with a number of internal and external developments, including, but not limited to, the Legislative Rider, new program performance metrics, increased number of City infrastructure projects, high-pressure expansion, and managing all PGL capital work.

In addition, and in support of the PMO Planning and Forecasting Manager, we will develop a new Capital Investment Forecast Model based in part on the model most recently used to project the AMRP capital investment, incorporating into the forecast the major capital budget categories, such as Expansion, Asset Integrity, Sustainability, and Enforcement.

Jacobs will provide advisory and resource support in the development and assessment of the 10-year System Plan and update of the 5-year Construction Plan that includes:

- A review of the relevancy of the UMR in Zonal/Neighborhood Prioritizing.
- Alignment of main replacement with DIMP.
- Documented Main Replacement Construction Plan.
- Project execution tactics.

The overarching aim of Jacobs is knowledge transfer to enable Gas Engineering to carry-on the planning and capital forecasting roles when resources and other initiatives permit.

WORK PLAN

To successfully complete this Task Order and enable company personnel to execute the plan and use the model going forward will necessitate PGL designating staff to work on portions of the strategic elements mentioned above.

The Work Plan will involve the following task:

- Work with Gas Engineering and Change Management to identify individual(s) who will be assigned to this project and work under the guidance of Jacobs.

10-year System Plan:

- Revise to the Zonal/Neighborhood Prioritization methodology to accommodate the impact of the Legislative Rider, performance measures, and DIMP.
- Develop a System Master Plan that allows the Capital Delivery Program to adapt efficiently to changes in enforcement projects, capital budget, and other unforeseen events.

- In support of the PMO Community Relations Manager, identify and develop tactics to address essential project execution elements, such as Neighborhood Coordination, City Coordination, Logistics, and Communication.
- Update the 5-year Construction Plan
- Present a draft of the Zonal Replacement Strategy and Construction Plan to the Program leadership.

Capital Forecast Model

- Together with the PMO Planning and Forecasting Manager, meet with Stakeholders to identify likely needs from the Capital Investment Forecast Model.
- Build a Capital Budget Program schedule based in part on the Zonal/Neighborhood Replacement Strategy; the schedule providing a dynamic cost forecast capability.
- Identify the major direct and indirect cost components for the capital categories and document the source of cost data.
- Provide model outputs that can be used for resource planning, program performance, and O&M impact.

DELIVERABLES

- Planning and Forecasting and Resource Support.
- Regular updates.
- Presentation of revised Zonal/Neighborhood Prioritization together with all support documentation
- One, five, and ten-year Main Replacement Construction Plan together with underlying support documentation.
- Zonal Replacement Strategy and Execution Plan together with underlying support documentation.
- Project loaded schedule for capital projects together with underlying support documentation.
- Dynamic Capital Forecast Mode together with underlying support documentation.

SCHEDULE

We propose to complete this work over a six-month period, with ongoing planning and forecasting and resource support until transitioned to Gas Engineering at a time acceptable to Gas Engineering.

BUDGET

The total estimated budget for the 10-year system plan and capital forecast model effort is \$220,000 (estimated 1090 hours) in fees, including expenses; plus, ongoing Planning and Forecasting support through the end of 2014 (7 months) of \$140,000 in fees including expenses. Changes to this task order may affect either or both fees.