MEMORANDUM

TO: Larry Weis, General Manager

FROM: Kerry Overton, Deputy General Manager

DATE: February 24, 2012

SUBJECT: Customer Care and Billing Update

In response to the request from the Electric Utility Commission on January 23, 2012, this memo provides an overview and update on the Customer Care and Billing system implementation. The information contained in this notice was also discussed with City Council at the February 22, 2012, special called Council meeting.

Background

In October 2011, the City of Austin replaced its existing E-CIS billing system with the Customer Care and Billing (CC&B) software product. The CC&B system is designed to offer a customer-centric, state of the art, technological solution that modernizes business processes with more robust connections to other City systems providing a comprehensive customer information management tool. It is designed to provide a technology and software platform that is highly configurable, enabling the City to implement new functionality based upon the requirements of its users without costly customization.

CC&B is designed to offer our customers:

- An account management strategy that empowers Customer Service Representatives (CSRs) to quickly resolve customer inquiries.
- Robust connections to other City systems providing near real-time access to information.
- Timelier and automated billing processes.
- A revamped automated collections and severance process based on customer history and established business rules.
- The ability to bill new rate structures.

The CC&B solution is responsible for monthly combined City utility billing for approximately 480,000 accounts. There are 73 interfaces with other City systems and outside vendors. Our

vendor, IBM, worked with City staff for two years to configure and implement the solution. The CC&B system is hosted and maintained by IBM.

Implementation and Maintenance Costs

The total cost of the Customer Information System (CIS) Replacement Project is $54 million payable to the vendor. This cost includes $37.4 million for implementation and $16.6 million for a six-year maintenance contract. In April 2011, the Council approved a budget amendment of $3.6 million to complete additional work needed before the system could go-live. The total amount paid to the vendor to date is $32.4 million. To date there are $1.2 million in outstanding invoices for work already performed, resulting in a $3.8 million payment to be paid upon final acceptance. I am not aware of any scenario that will require additional cost on this fixed price contract for the specified scope of work.

Figure 1. Billing System Contractual Cost Summary

Implementation (approx. 2 years)	$ 37.4 M
Maintenance (6 years)	$ 16.6 M
TOTAL CONTRACT COST	**$ 54.0 M**
Implementation Cost	$ 37.4M
Less Amount Paid to Date	($ 32.4 M)
Less Outstanding Invoices	($ 1.2 M)
Remaining Amount to Pay	$ 3.8 M

System Stabilization Issues

As anticipated, projects with this the level of difficulty and complexity will encounter some system and data issues during the stabilization period which typically takes up to 10 months. Since October 2011, the stabilization of the City's CC&B system has created many issues for the City and its utility customers. Issues experienced during stabilization range from critical and widespread (such as unexpected system downtime) to minor (such as an incorrect display of the average water usage for a zip code on the bill). A description of the major issues and the City's resolution efforts is provided below:

Unexpected System Downtime
Early on, the system suffered from instability and unexpected downtime. This caused many customers who contacted the Contact Center during that time to experience long hold times and delayed issue resolution. During periods of system downtime, the customer care web site was unavailable as well. To mitigate the impact of this issue on customers, the Contact Center and Customer Walk-In Centers extended business hours. Also, 24 additional Customer Service Representatives were hired and trained to handle customer calls. In order to further minimize negative impacts to the customer, there have

been no disconnections or late fees charged to customers during the stabilization period. That will continue until such time that the vendor provides reliable system functionality with the appropriate applications.

City staff and the vendor worked to determine the cause of the system downtime and after much investigation a remedy was implemented that right-sized the computing power of the system's servers. As a result, unexpected downtime occurrences have significantly decreased in frequency.

Customers Experiencing Web Delays
Many customers who signed on to the new customer care website for the first time encountered one of two issues that prevented them from successfully registering their utility accounts. The first issue, which affected mostly residential customers, was the website's inability to correctly locate and match the customer's information to CC&B. If there was not an exact one-to-one match, the website would not allow registration. Our staff is automatically notified when this issue occurs and a Customer Service Representative contacts the customer to resolve the discrepancy. As the vendor continues to work on the automated solution, we have increased staff to assist customers with website registrations and these issues are now being resolved within two business days.

The second issue, affecting mostly Commercial customers, is a long delay on the website to display a large number of premises associated with the account (i.e. a multi-family apartment with 100 or more tenant units). When customers attempt to view the large list on the website, it can take over 20 minutes to return the data and occasionally the site stalls out completely. In this situation the customer must call the Contact Center for assistance. The vendor is resolving this issue through a three step programming process. As of February 21, 2012, two of the three steps have been completed. The City expects IBM to rectify this matter shortly.

Unable to Send eBills to Past Program Participants
The eBill program is designed to notify the customer via email when their bill is ready for viewing through the customer website. Because of the intermittent downtime of the customer website in October, the City decided to temporarily unenroll customers from the eBill program. Due to intermittent downtime, the City mailed paper bills to each of its 65,000 eBill customers. To date 19,000 of those customers have re-enrolled and are receiving electronic bills.

Inaccurate Bill Amounts
In December it was discovered that the electric rates for some commercial customers were incorrect. These rates were inadvertently switched from a demand rate to a non-demand rate during this billing cycle. Staff identified the root cause and repaired approximately 35,000 affected accounts.

There was also another system defect causing incorrect billed amounts. Customers may have received bills with an incorrect usage amount because of a problem with the system's automatic validation process. The system has an automatic process to review the metered usage amount for accuracy prior to sending the bill to the customer. It was discovered that this process was not functioning for a certain type of billing condition. Bills that were generated with a manual meter read or had a meter exchange were not going through the validation process. The root cause of the system error has been determined and a programmatic fix is pending. Since implementation, less than 500 customers experienced this type of error. The City has since built a manual process to review these types of bills to prevent an incorrect bill from being mailed to the customer.

Solar Reads Missing from the Bill
Unlike the legacy E-CIS system, the CC&B solution works in concert with Austin Energy's metering systems to manage distributed generation systems. In the case of solar generation systems, E-CIS was not designed to support reads from the customer's photovoltaic (PV) meter which required staff to hand calculate each bill. CC&B stores the amount of solar energy generated and the amount used and automatically calculates the customer's usage debit or credit. The system is capable of complex distributed generation scenarios and with proper configuration and testing will meet the current and future needs of the Utility.

It was discovered on the first billing cycle of the new system that the solar generation read was not displayed on customer bills. The bills provided the consumption meter read and the correct credit for the customer's solar generation, however it did not display the customer's solar generation. This error impacted approximately 1,000 customers. Solar customers received an apology letter in November 2011. The bill format issue was resolved and solar customers started to receive the PV generation information on their bills as of February 1, 2012.

Customers Did Not Receive a Bill
Approximately 300 customers did not receive bills in October or November. Those customers were manually billed in December. While the root cause for this error has not been determined for all situations, for 70 accounts the root cause was traced to a faulty interface which overwrote the address field within CC&B. A repair was made to the system in January. In addition, City staff developed a report to periodically search for unbilled customers and a manual process is in place to generate the missing bills.

Unexpected Budget Billing Activities
The new Budget Billing program, implemented in October, allows customers to make an average bill payment based on previous usage. In the previous billing system, the monthly budget amounts were reviewed and adjusted every 12 months. With the new

billing system, the monthly amounts are reviewed and adjusted every six months. This enhancement was made to help customers avoid large adjustments during periods of extreme weather. The six-month review was implemented prior to communication to participants about the change. In January, letters were mailed to approximately 11,000 program participants describing the new program and changes. As this matter was investigated, staff discovered that some of the customers received unusually large bill amounts. However, these errors were not related to the Budget Billing program but related to inaccurate billing amounts addressed earlier in this memo.

The table in Figure 2 summarizes the major issues of the system implementation and current status of remedies.

Figure 2. Summary of System Issues

System Issue	Qty of Customers Impacted/Frequency	Current Status
Unexpected system downtime	Daily issues during initial month	Improving (two or less occurrences per month)
Customers experiencing Web delays	30,000 customers	• All past issues are resolved • New issues are addressed within two days
Unable to Send eBills to Past Program Participants	65,000 customers	Currently receiving paper bills
Inaccurate bill amounts	35,000 accounts	Resolved via manual process
Solar reads missing from bill	1,000 customers	Resolved
Customers did not receive a bill	300 customers	Resolved via manual process
Unexpected Budget Billing activity	11,000 customers	Customers were notified via letters

<u>Current Status</u>

Currently the vendor is working to complete stabilization activities. The vendor's contract states that final acceptance of the new system occurs when all Acceptance Criteria are met. Progress towards completion is monitored daily and reported via status meetings held twice weekly.

The Acceptance Criteria contains metrics that help the City track major system milestones after implementation. An important milestone is the achievement of a "transitioned" system. This milestone is met when all requirements of the contract Statement of Work have been successfully completed as measured by the five other acceptance milestones. The other five milestones tracked via the Vendor Acceptance Scorecard are:

Converted data
This milestone is considered complete when the specified data from the legacy system resides in the appropriate data tables within the CC&B system. This milestone has been achieved.

Four Months of Billing Cycle
This milestone consists of four months of bills generated and processed through the CC&B system.

Severity 1 and 2 problem tickets
System issues with the CC&B system are tracked and given a priority. Completion of this milestone requires that all issues with a priority of Severity 1 or 2 be resolved. Severity 1 and 2 issues are assigned in accordance with contractual criteria. Currently, there are five open Severity 1 and 2 issues.

Oracle service requests
Some system issues require resolution by Oracle, the software developer. These issues are tracked as Oracle Service Requests and must be resolved in order to complete this milestone. Currently, there are two unresolved Oracle service requests.

Service Level Agreement compliance
Criteria for support and maintenance of the system are specified within a set of Service Level Agreements. The vendor has yet to provide data for several of the service level metrics.

Congruent with this criterion, an overarching list of outstanding items has yet to be addressed by the vendor. We are working diligently with the vendor to resolve issues and satisfactory completion is required before the City will release final payment. An excerpt from the list is shown in Figure 4.

Figure 4. List of Outstanding Vendor Items

Acceptance Criteria not yet met
A. CIS Solution
    1. Requirements not yet met
        a. Demonstrate 2125 requirements have been fulfilled
        b. Fulfill all unmet requirements
    2. Deliverables not yet provided or accepted
        a. 5.5.11 Production Environment, 5.5.14 Performance Test Results
        c. 5.7.1 Post Implementation Support
        d. 5.7.5 Production Monitoring Criteria
        e. 5.7.6 Final Acceptance
    3. Modifications to be delivered
        a. Meter Data Management interface
        b. Various requests for system changes
B. Four months consecutive billing
C. Complete all open Severity 1 & Severity 2 tickets
D. Oracle service requests
E. Resolution of test problems
F. Operate in accordance with Hosting Statement of Work Service Level Agreements for:
    1. Application availability
        a. Vendor unable to monitor
        b. Vendor notifies client of network issues in timely fashion
        c. Vendor failure to "respond to and fix client...problems in timely manner"
    2. Batch processing
    3. Bill print and eBill processing
    4. Service Incident Response Time
    5. Support of Define Critical Business Functions

Conclusion

The current state of the Customer Care & Billing system implementation is improving. At launch the system had poor performance and at times was unavailable for its users. The many issues can be categorized as system stability issues, billing errors, bill display errors, or contractual challenges.

An interdepartmental City team is and has been working with the vendor to resolve programmatic issues as they occur and to ensure that system requirements are met.
The City is holding the vendor accountable for delivering a fully functional CC&B solution. Oversight of the issues includes a twice weekly review of project activities, executive engagement, and withholding of final payment until contractual requirements are met.

In the first four months of implementation, 2.2 million bills were generated and delivered to over 480,000 accounts. The system is being utilized by our Customer Service Representatives to respond to customer inquiries. Over 122,000 web site users have registered and are managing their accounts via the web. Although there is a decrease in the number of new system-wide issues, individual issues unique to a specific account are still occurring. The City team is resolving unique issues quickly as the system automation stabilizes.