Customer Service Re-Platform

2018 GRC Overview

November 2, 2016

Presented by: Thomas Walker & Lorene Miller
Today’s Objective is to provide information about SCE’s CS Re-Platform project, including the drivers and how customers will benefit.
What is CS Re-Platform?

Upgrade Customer Relationship and Billing Systems

Replacement of Mainframe and Related Systems

Core Customer Service Functions That Will Be Improved

**Customer Care**
- Inquiries
- Service Requests
- Rate Plans
- Programs / Services
- Account Management
- Customer Data Analytics

**Billing & Payments**
- Calculate and Produce Bills
- Process Payments
- Customer Notifications
- Alerts

**Credits & Collection**
- Collections
- Payment Arrangements
- Extensions
SCE delivers Customer Service in a complex and changing environment

<table>
<thead>
<tr>
<th>5.1 Million</th>
<th>57 Million</th>
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<tbody>
<tr>
<td>Service Accounts</td>
<td>Billing statements, notices, reminders and other correspondence per year</td>
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<thead>
<tr>
<th>16.8 Million</th>
<th>217,000</th>
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<tbody>
<tr>
<td>Inbound contacts annually</td>
<td>Paper bill statements, letters, and checks each business day</td>
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<tr>
<th>11.1 Million</th>
<th>40% Growth</th>
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<tbody>
<tr>
<td>Outbound call attempts (IVR) annually</td>
<td>NEM applications per year since 2011</td>
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<tr>
<th>2 Million</th>
<th>2.3 Million</th>
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<tbody>
<tr>
<td>Customer energy usage &amp; billing exceptions per year</td>
<td>Turn On and Turn Offs per year</td>
</tr>
</tbody>
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<tr>
<th>1 Million</th>
<th>212,000</th>
</tr>
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<tbody>
<tr>
<td>Paper applications processed per year</td>
<td>Field orders/exceptions and Meter tests/inspections per year</td>
</tr>
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While there is a growing shift to digital transactions, many customers continue to prefer a non-digital experience
Customer Needs Are Evolving

Customers prefer personal, simple and automated solutions .... and are increasingly becoming more connected and digital

<table>
<thead>
<tr>
<th>Distributed Generation</th>
<th>Customer Self -Service</th>
<th>Mobile Applications</th>
<th>New Energy Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Management</td>
<td>Zero Net Energy Standards</td>
<td>Outage Notifications</td>
<td>Community Choice Aggregation</td>
</tr>
<tr>
<td>Net Energy Metering</td>
<td>Default Time of Use Rates</td>
<td>Electric Vehicles</td>
<td>Energy Storage</td>
</tr>
<tr>
<td>Energy Efficiency Programs</td>
<td>Baseline Credits</td>
<td>Alerts and Notifications</td>
<td>High Usage Surcharges</td>
</tr>
</tbody>
</table>

CSRP will enable

- Simple and efficient service in an increasingly complex environment
- Accurate information that allows customers to understand their usage/costs and participate in grid and energy management solutions
- Integration of customer data with other systems

Replacement and upgrades of critical Customer Service systems are needed to provide simple, low effort and cost-efficient services to our customers.

The time is right to replace and upgrade CSS and related systems because:

1. SAP software maturity: SAP functionality now meets core SCE requirements and needs
2. AMI stabilization: the Edison SmartConnect (TM) program has successfully implemented and stabilized
3. Customer needs: Legacy systems cannot easily support new rates and energy management options, growing digital interactions, and increasingly complex grid

In addition, mainframe extension beyond 2020 increases system failure risk.
Technology Obsolescence and Risk

System obsolescence hamper’s SCE’s ability to meet current and future business needs
Obsolescence is impacting our business today and will only get worse

Aging Technology + High Operating Costs + Limited Agility for Future

- Complex and highly customized legacy architecture
- 220+ applications
- Unsupported or obsolete applications
- Increasing complexity and failure risk due to on-going changes
- Decreasing availability of skills and expertise to support applications
- High legacy architecture, support and license costs
- Slow and costly to make system changes
- Future efficiencies require more modern and agile technology platform
- System failures and resource-heavy manual workarounds
- Costly (and in cases cost prohibitive) to adapt to regulatory and customer needs
- Limited analytics and proactive customer engagement capabilities

Testimony Reference: Exhibit SCE-04, Vol. 3, pages 5-17, 50-56
The CS Re-Platform project will implement a new customer relationship and billing system

1. It will be used to provide critical customer service functions to our 5 million customers:
   - Customer bills
   - Account management
   - Customer Care
   - Credit and Collections
   - Accounts Receivable

2. It will provide a more integrated, modern, and flexible platform to allow SCE to adapt to the changing needs of our customers and business

3. CSRP is forecast to cost $209 million in capital from 2017 through 2020
   - $55.5 million of O&M is also forecast to implement and stabilize the new system (from 2018-2020)

4. CSRP is focused on furthering the SCE customer service strategy of providing a simple, low-effort customer experience delivered cost-efficiently
CSRPR will provide a more integrated technology platform, reducing complex interrelationships and dependencies.

- Over 60% reduction in the CS applications
- $12.4 million reduced operating costs per year in this rate case period
- Reduced failure risk
- Improved performance
- Improved flexibility
Project Scope

**CSRP will include three key SAP modules:**
1. Customer Relationship Management and Billing
2. Energy Data Management
3. Business Intelligence (BI)

**Ten business processes with over 270 sub-processes will be included:**
1. Account & Receivables Management
2. Billing & Meter Reading
3. Data Conversion
4. Customer Interaction
5. Device and Field
6. Finance
7. Market Transactions
8. Product & Program Management
9. Reporting
10. Exceptions

**Most SCE business areas will be affected:**
1. Customer Contact Center
2. Revenue Services Organization
3. Meter Services Organization
4. Business Customer Division
5. Customer Programs and Services Organization
6. Transmission and Distribution
7. Information Technology
8. Finance
9. Regulatory

Testimony Reference: Exhibit SCE-04, Vol. 3, pages 18-20
Costs and Benefit calculations assume the following project phases and primary work tasks:

<table>
<thead>
<tr>
<th>Plan</th>
<th>Analyze</th>
<th>Design</th>
<th>Build</th>
<th>Test</th>
<th>Deploy</th>
<th>Stabilize</th>
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<tbody>
<tr>
<td>2 months</td>
<td>4 months</td>
<td>5 months</td>
<td>8 months</td>
<td>6 months</td>
<td>6 months</td>
<td>6 months</td>
</tr>
</tbody>
</table>

- **2017**
  - Understand / document As-Is business processes
  - Define To-Be business processes
  - Define Business Requirements
  - Develop solution functional designs

- **2018**
  - Develop process flows for individual activities
  - Design to support To-Be business processes

- **2019**
  - Development
  - Build areas of solution requiring configuration of the packaged software
  - Build and test solution components
  - Planning of testing of custom components

- **2020**
  - Integrated testing
  - Performance testing
  - Mock data conversion
  - User acceptance testing
  - Begin Training on new system
  - New system Go-Live
  - Retire legacy system
  - Continue new system training
  - Address system issues and defects
  - Provide operational support (including staff augmentation)

<table>
<thead>
<tr>
<th>Costs ($ millions)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital (76%)</td>
<td></td>
<td>$58.2</td>
<td>$71.1</td>
<td>$76.1</td>
<td>$3.3</td>
<td>$208.7</td>
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<tr>
<td>O&amp;M Average (24%)</td>
<td></td>
<td></td>
<td>$18.5</td>
<td>$18.5</td>
<td>$18.5</td>
<td>$55.5*</td>
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*The O&M Expenses have been normalized for ratemaking purposes and do not include O&M expenses for 2016-2017*

CS Re-Platform Total Costs through 2034

What CS-Replatform is

Drivers

Project Scope

Costs & Benefits

Customer Benefits

Testimony Reference: Exhibit SCE-04, Vol. 3, pages 3

Note: Amounts shown in Nominal $
Projected benefits total $805 million* through 2034

*$65 million of benefits reflected in SCE’s 2018 GRC

Testimony Reference: Exhibit SCE-04, Vol. 3, page 45
Customers will experience improved service from SCE

**Improved**
- Quality, reliability, and availability of usage, rate and billing information
- Information to support customer questions, inquiries, and overall support
- Integration and access to data to support customer analysis and service decisions
- Ability to support customer grid and energy management needs
- Ability to support new rates and programs and address increasing service complexity
- Ability to support changing customer relationship with SCE
- Customer experience that will be simpler and more efficient

**Decreased**
- System maintenance costs and overall cost to serve
- System and incidents

**Avoided**
- Risk of customer service system failures
- Risk of providing an insufficient customer experience in core utility transactions
The CS Re-Platform will result in a new enterprise customer relationship and billing system that will perform critical service functions with impacts to Customer Service, T&D, Finance and Revenue Reporting, and HR.

<table>
<thead>
<tr>
<th>1 Program</th>
<th>2 Drivers</th>
<th>3 Primary Outcomes</th>
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<tbody>
<tr>
<td>CS Re-platform GRC Request</td>
<td>• Provide CS and IT with the platform to improve service, simplify the customer experience and reduce operating cost</td>
<td>• Increased service business capability maturity:</td>
</tr>
<tr>
<td>• 31 mo. project imp.</td>
<td>• Address obsolescence, complexity and risk of the CS technology portfolio</td>
<td>• Process standardization, optimization, automation</td>
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<tr>
<td>• $209M Capital expenditures</td>
<td></td>
<td>• Integrated customer data</td>
</tr>
<tr>
<td>• $55M O&amp;M expense</td>
<td></td>
<td>• Increased proactive customer communications</td>
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<tr>
<td>2017 start date</td>
<td></td>
<td>• 360 degree of customer</td>
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<td>2020 implementation</td>
<td></td>
<td>• Customer analytics</td>
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<td></td>
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<td>• IT portfolio simplification:</td>
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<td>• Risk mitigation</td>
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<td></td>
<td></td>
<td>• Reduced costs</td>
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<td></td>
<td>• 60% reduction in CS applications</td>
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<td></td>
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<td>• Simplified IT architecture</td>
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