City of Seattle
Edward B. Murray, Mayor

Date: May 6, 2016
To: Councilmembers Kshama Sawant and Lisa Herbold
From: Kelly Enright - Seattle City Light
                Susan Sánchez and Melina Thung - Seattle Public Utilities
                Tom Nolan, Seattle IT
Subject: New Customer Information System

Project Description and Background

Seattle City Light (SCL) and Seattle Public Utilities (SPU) are replacing their current shared billing and customer information system (Combined Customer Service System or CCSS) with a New Customer Information System (NCIS). NCIS is designed to meet the business needs and strategic goals of the two utilities. A suite of Oracle applications, which include Customer Care and Billing (CCB), Meter Data Management (MDM), Smart Grid Gateway (SGG), Oracle Utilities Customer Self Service (OUCSS), and Oracle Utility Analytics (OUA), are being integrated with over 40 other City and external applications. The NCIS project includes:

- Replacing the 15-year old billing system for SCL and SPU;
- Re-engineering more than 80 customer service business processes, including billing, metering, finance, collections and field work;
- Providing a foundation for customer self-service;
- Implementing foundational systems required to support advanced metering for SCL;
- Improving business analytics and reporting, such as financial balancing;
- Employing a combination of enhanced security technologies, such as Oracle Identity Management, which prevents unauthorized access to the system; and
- Interfacing with more than 40 SCL, SPU, City and external vendor applications.

The system will be used by more than 600 staff from SCL, SPU and other City departments to serve more than 400,000 commercial, residential and industrial accounts. It produces 15,000 electric, water, wastewater and solid waste bills daily, resulting in $4.8 million in revenue each day for SPU and SCL.

In the 2015-2016 Adopted Budget, the NCIS project had an approved budget of $66 million. The anticipated Go-Live date was October 2015. The 2016 Adopted Budget and the 2016-2021 Adopted CIP increased this amount to $85 million with a revised Go-Live date of April 2016. The current Go-Live date is September 2016 with an estimated budget of $109 million.

Project Status

The NCIS project is in the implementation phase. Major activities underway include testing, training, dress rehearsals (practicing the process of cutting over from the current to new system), communication planning, business readiness, contingency planning, and staffing the post Go-Live support organization. Below are details on a few risk areas.

- *Testing*. The project team is in the midst of a significant testing effort. At this time, portions of the system do not yet meet our quality standards. Based on lessons learned from other cities' customer information system implementations, as well as detailed analysis of current metrics, we are extending our testing schedule.

  On 3/31/16 all test scripts in our "Day in the Life" testing phase were executed at least once. "Day in the Life" is a testing approach that runs test scripts based on every day business requirements. This includes items like moving a customer in, exchanging a garbage can, and financial balancing. We have over 3,000 business requirements. (Business requirements are the critical activities that must be performed to meet the NCIS project's goals.)

  By executing all test scripts, we now have an inventory of known defects, detailed plans to fix the defects, and projected fix dates. As a result, we are confident in our ability to meet the revised testing schedule.

- *Third Party Vendor Participation*. In mid-April executives from the City and NCIS interface partners met and committed to meeting the new Dress Rehearsal and Go-Live dates, as well as post-production support. Third party vendor commitment is critical to testing, fixing defects and executing successful Dress Rehearsals.

- *Post-Go-Live Support.* Several efforts are under way to support NCIS after it goes live. SCL, SPU and Seattle IT meet regularly to identify and secure staffing resources. We are leveraging existing contracts to address near-term capacity and skill gaps. And we are hiring temporary positions in the Contact Center to handle the anticipated large volume of calls.

Going forward, the following milestones are key to successfully going live in September:

- *Fixing and retesting defects* (By end of May).
- *Training* (through Go-Live)*.* Specific job-based training continues for all 600+ users.
- *Regression testing* (By early July). This is the process of testing existing software applications to make sure NCIS hasn't broken existing functionality in other Utility or citywide systems that will interface with NCIS.
- *Dress Rehearsals 4 and 5* (By mid-June and late July, respectively). This is the process of practicing cutting over from the current system to the new system. Our plan is to successfully cut over two more times.
- *User-acceptance testing* (By mid-August). This is testing by the intended audiences of the system.

Project Schedule and Budget

The new NCIS Go-Live date is September 2016 with an estimated budget of $109 million.

Like bricks-and-mortar capital projects, certainty of a technology project's schedule and budget increases as the project advances. However, unlike most bricks-and-mortar projects, a high degree of uncertainty remains even when construction (implementation) begins.

NCIS has reached a point in implementation where the degree of certainty is much higher. As mentioned previously, we now have targeted fix dates for all defects. We have commitment from our third party vendors to hit the major milestones and the new Go-Live date. In addition, we continue to make improvements to staffing, training, communication, business readiness, and many other activities.

Extending the project schedule results in an increase to the budget. Table 1 provides a high-level breakdown of the updated budget.

Table 1. Estimated Project Budget (All $ in millions)

Labor	PwC	Services	Infrastructure	Software	Other	Interest / Rent	Management Reserve	Total
35.7	47.3	7.5	0.7	10.8	0.4	3.0	4.0	**109.4**

The increased costs have no impact on adopted rates for SCL or SPU. They could impact future rates, as shown in Table 2. Please note this is a hypothetical calculation. As a matter of course, SCL and SPU are always actively managing and adjusting their finances to remain within budget and rate constraints.

Table 2. Hypothetical Rate Impacts

Fund	$ impact to revenue requirement	Average retail rate impact	$ increase to typical residential customer
Water (set thru 2017)	$0.5M	0.3%	12 cents per month
Solid Waste (set thru 2016)	$0.3M	0.3%	10 cents per month
Wastewater (set thru 2018)	$1.4M	0.54%	28 cents per month
Drainage	N/A	N/A	N/A
City Light (set thru 2016)	$1.5M	0.2%	11 cents per month

Notes to table:
- *The hypothetical increase on the wastewater bill is significantly higher than that for water and solid waste. This is because higher revenues are needed to meet wastewater's financial targets relative to the increased revenues required to meet the financial targets for water and solid waste.*
- *There is no allocation of costs to drainage rates as they are billed by King County on the property tax statement.*