



**CSS Implementation
Status Report**

January 17, 2023

I. Introduction

Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) submits its January 17, 2023 update on Con Edison’s Customer Service System (“CSS”) implementation project.¹

II. CSS Project Update

The CORE² CSS implementation project continues to progress and has started to conduct deployment and cut over readiness activities as part of the plan to go live in May 2023. The project progressed through several key activities in the fourth quarter of 2022 but has experienced a recent increase in the cost to implement that the Company is monitoring. (See Section V below.) During the fourth quarter the project continued to perform critical System Integration Testing (“SIT”) and User Acceptance Testing and began Parallel Billing testing. The project team executed Parallel Billing for six bill cycles, the results of which are being analyzed for accuracy and to identify billing exceptions that need to be corrected prior to going live. Cut over and deployment planning activities are being conducted as the project enters the final phases of implementation. Internal and external stakeholders have been identified and workshop sessions have been held to discuss cut over and deployment requirements and expectations. Some additional fourth quarter activities include:

- Continued data cleansing activities so that complete and accurate data is converted to Customer Care and Billing (“CC&B”) during the cut over weekend.
- Identified and resolved defects for key Oracle Utility Analytics (“OUA”) reports.
- Conducted business freeze discovery workshops with internal stakeholders to develop business freeze plans.

¹ Cases 19-E-0065/19-G-0066, Order Adopting Terms of Joint Proposal and Establishing Electric and Gas Rate Plan (“Rate Order”), January 16, 2020.

² Con Edison’s CSS implementation team is called CORE (Con Edison and Orange & Rockland Engagement).

- Conducted performance tuning on key customer-facing integrations to ensure positive customer experience with new system.
- Completed the build of 14 interfaces and entered the final SIT phase.
- Conducted tabletop walkthroughs of deployment plans as part of the go-live readiness checkpoints and Operational Readiness Testing scenario discussions.
- Maintained 57 CC&B environments and 10 OUA environments required to support all project activities.
- Continued end user training as scheduled, with over 460 training classes conducted.

In the fourth quarter of 2022, the project team also held Electronic Data Interchange (“EDI”) provider and ESCO testing kick off meetings so that third parties can interact with Con Edison once the CC&B system goes live. Operational Readiness Testing and End-to-End testing are scheduled to commence in the first quarter of 2023.

III. Project Cost Performance

a. Project Cost Variance (budget v. actual)³

The Company’s current revenue requirements do not reflect any carrying costs associated with CSS. For 2022 (“Rate Year 3”), the Company’s rate plans forecasted CSS capital expenditures of \$126.5 million. For Rate Year 3, the Company spent 113.6% of the forecasted capital costs, or \$143.8 million.

The Company’s current electric and gas rate plans include a downward-only O&M reconciliation over three years for the CSS project. At the end of the three-year period, any deferral amount will be used for CSS implementation, as authorized in future rate plans. Any deferral amount at the end of CSS implementation will be credited to customers.⁴ For Rate Year 3, the Company forecasted

³ This report is being filed pursuant to the Con Edison Rate Order and, as such, discusses only the Con Edison portion of the project costs. For informational purposes, cost tables include the full project costs, including O&R’s allocation of such costs.

⁴ *Id.* at Section E.16.

CSS O&M expenditures of \$9.6 million. The Company spent 99% of the forecasted O&M total for Rate Year 3.

The following chart details the fourth quarter 2022 budget results:

<i>Thousands ('000)</i>	Q4 2022			Project To Date Cost		
CECONY	Actuals	Budget	Variance	Actuals	Budget	Balance
Capital	\$ 39,351	\$ 28,608	\$ 10,743	\$ 378,192	\$ 421,000	\$ 42,808
O&M	\$ 4,638	\$ 3,178	\$ 1,459	\$ 15,394	\$ 36,000	\$ 20,606
Total CECONY	<u>\$ 43,989</u>	<u>\$ 31,787</u>	<u>\$ 12,202</u>	<u>\$ 393,586</u>	<u>\$ 457,000</u>	<u>\$ 63,414</u>
O&R						
Capital	\$ 2,953	\$ 2,476	\$ 477	\$ 28,893	\$ 34,000	\$ 5,107
O&M	\$ 311	\$ 182	\$ 128	\$ 1,121	\$ 3,000	\$ 1,879
Total O&R	<u>\$ 3,263</u>	<u>\$ 2,658</u>	<u>\$ 605</u>	<u>\$ 30,014</u>	<u>\$ 37,000</u>	<u>\$ 6,986</u>
Total CECONY & O&R	<u>\$ 47,252</u>	<u>\$ 34,445</u>	<u>\$ 12,807</u>	<u>\$ 423,600</u>	<u>\$ 494,000</u>	<u>\$ 70,400</u>

As shown in the chart above, for the fourth quarter of 2022, Con Edison had a capital overrun of \$10.7 million and an O&M overrun of \$1.5 million compared to the budget for this period. The capital variance was driven by IT costs (due to significantly more legacy IT integrations and expanded scope of the CSS upgrade as new requirements have been added) and the work required to resolve customer billing exceptions prior to go-live to avoid potential complications caused by carrying billing exceptions over to a new system. The O&M variance was driven by the longer-than-anticipated ramp-up of temporary call center support for go-live. The O&M costs for the temporary call center support was originally budgeted to begin in the second quarter but continue into the fourth quarter.

b. Change Control Metrics

In the initial statement of work, the Company and the System Integrator agreed to a change control process to allow for modifications of milestone deliverables or the addition of new scope. Under

this process, the Company and the System Integrator must agree to any additional scope or changes to the milestone deliverables that were included in the initial statement of work.

In total, the project has approved 44 change requests, 27 of them in 2022. In 2022, seven change requests were approved in the first quarter, 11 in the second quarter, one in the third quarter, and eight in the fourth quarter. Six of the fourth-quarter change requests had associated cost impacts, while two shifted project deliverables from their previously agreed-to milestones to a more appropriate milestone based on the refinement of project plans. Of the six change requests with costs impacts, five brought on supplemental staffing to complete necessary project work and one was for additional project scope related to updating bill usage formatting. The total cost for all fourth-quarter change requests was \$6.2 million.

IV. Project Schedule Performance

a. Schedule Adherence

The CSS Implementation project is currently progressing through project phases as planned but completion of successful testing is the key to having the project go live as planned. The table below shows the progress through the project phases and overall project completion:

Phase	Dates	% Complete	
		September 30, 2022	December 31, 2022
Planning	1/2/20 – 3/31/20	100%	100%
Analyze & Design	4/1/20 – 2/26/21	100%	100%
Build & User Testing ⁵	1/4/21 – 3/31/22	99%	99%
Testing	1/3/22 – 2/28/23	48%	66%
Overall Project Progress		66%	72%

⁵ The Build & User Testing phase remains open to accommodate project change request that are mandatory and must be incorporated into the new CSS.

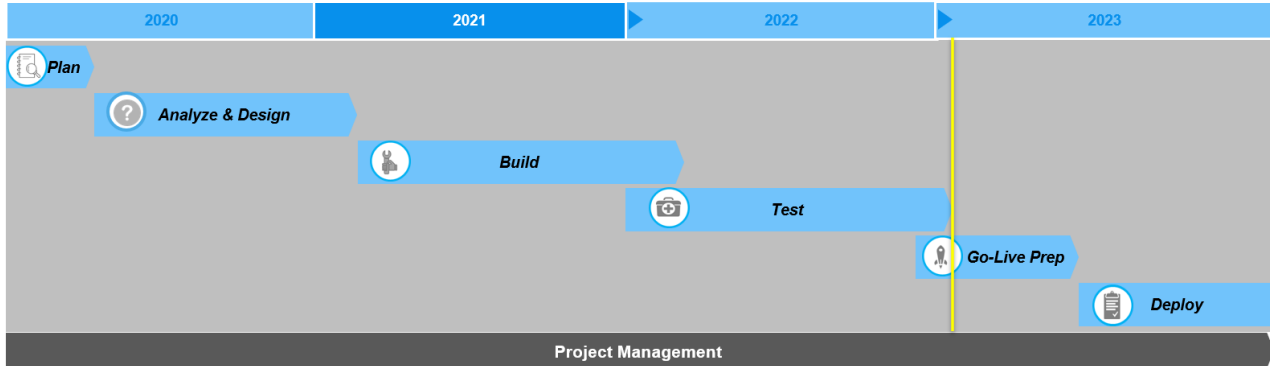
b. Project Milestones

Seven of the nine fourth quarter milestones have been completed.

2022 Milestones				
Milestone #	Phase	Milestone Description	Status	Milestone Due Date
27	Build and User Test	System Testing Completion - Cycle 3 and Phase Completion	Completed	1/31/2022
28	Testing	Communications Stage Gate	Completed	2/28/2022
29	Testing	Conversion Testing and Data Clean-up Completion	Completed	3/31/2022
56	Testing	Data Conversion/User Acceptance Testing Resources Payment #1	Completed	3/31/2022
60	Testing	Data Conversion Resource Payment #1	Completed	3/31/2022
30	Testing	System Integration Testing Completion - Cycle 1	Completed	4/30/2022
49	Testing	Extension (New and Rework) - Design and Build Completion	Completed	5/15/2022
31	Testing	Train the Trainer Materials Completion	Completed	5/31/2022
50	Testing	Integration – Design Completion – R4	Completed	6/15/2022
57	Testing	Data Conversion/User Acceptance Testing Resources Payment #2	Completed	6/30/2022
61	Testing	Data Conversion Resource Payment #2	Completed	6/30/2022
32	Testing	System Integration Testing Completion - Cycle 2	Completed	7/15/2022
64	Testing	UAT Resources Payment #1	Completed	7/31/2022
33	Testing	System Integration Testing Completion - Cycle 3 and Phase Completion	Completed	8/28/2022
65	Testing	UAT Resources Payment #2	Completed	8/31/2022
51	Testing	Completion of Bridge Testing, SIT2 Testing, Build for R4 Integration, Design for R5 Integration, Build of Rework Integrations Items.	Completed	9/15/2022
34	Testing	Training Materials Completion	Completed	9/30/2022
58	Testing	Data Conversion/User Acceptance Testing Resources Payment #3	Completed	9/30/2022
62	Testing	Data Conversion Resource Payment #3	Completed	9/30/2022
66	Testing	UAT Resources Payment #3	Completed	9/30/2022
35	Testing	User Acceptance Testing Completion - Cycle 1	Completed	10/30/2022
67	Testing	UAT Resources Payment #4	Completed	10/31/2022
52	Testing	OCM - Training content completion for additional work	Completed	11/15/2022
36	Testing	Completion of Disaster Recover Strategy and Disaster Recovery Plan	In-Progress	11/30/2022
68	Testing	UAT Resources Payment #5	Completed	11/30/2022

37	Testing	To-Do Playbook Delivered and User Acceptance Testing Completion - Cycle 2	In-Progress	12/31/2022
59	Testing	User Acceptance Testing Resource Payment #4	Completed	12/31/2022
63	Testing	Data Conversion Resource Payment #4	Completed	12/31/2022
69	Testing	UAT Resources Payment #6	Completed	12/31/2022

Project Timeline



- **Plan:** Define project plans for major workstreams and conduct final preparations for Analyze & Design phase.
- **Analyze & Design:** Break down the detailed business process flows into more granular individual activity and steps to determine how the process changes should be designed to support the defined To-Be business processes.
- **Build:** Refine the system requirement, configuration, integration, extension, and data conversion designs until they are concrete and detailed enough to be built.
- **Test:** Test every aspect of the solution to ensure that the end-to-end product works as expected. Training also begins during this phase so that future system users are given the foundational knowledge required to smoothly transition to the new system at Go-Live.
- **Go-Live Prep:** Once the system is fully tested, the effort can shift from building and testing the solution to preparing for it to be put in place.
- **Deploy:** Conduct all Go-Live activities and manage any system issues or defects that may arise once the system is live will so as to address and resolve them during this phase. In addition, this phase will extend beyond the "go-live" date to support operations as the new system is deployed.

V. Earned Value

a. Cost Performance Index

Cost Performance Index ("CPI") measures the financial effectiveness and efficiency of a project. It represents the amount of completed work for every unit of cost spent since project inception. This ratio is calculated by dividing the budgeted cost of work completed by the actual cost of work performed.

The Earned Value calculations are as follows:

Planned Value (PV) is the budgeted cost for the work scheduled to be done.

Actual Costs (AC) is the money spent for the work accomplished.

Earned Value (EV) is the percent of the total budget completed at a point in time. $EV = \% \text{ complete} \times \text{budget}$

Cost Performance Index $CPI = EV/AC$

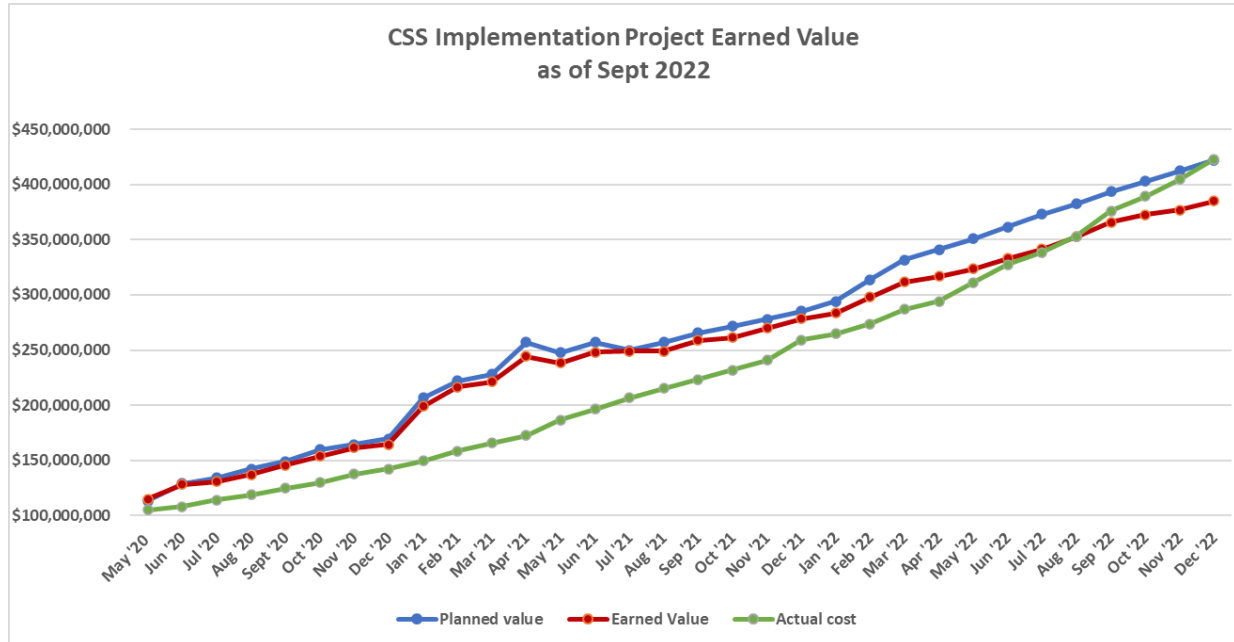
Schedule Performance Index $SPI = EV/PV$

For the fourth quarter of 2022, the CSS Implementation Project has an average CPI of .93, and as of December 31, 2022, the project has a CPI of .91. The average CPI for the quarter shows that while the project is currently overspending, it remains close to the earned value for the quarter.

b. Schedule Performance Index

Schedule Performance Index (“SPI”) measures how close the project is to being completed compared to the schedule. The ratio is calculated by dividing the budgeted cost of work performed by the planned value.

For the Earned Value (“EV”) look-back period ending December 31, 2022, the Company has initiated the final SIT phase, continues to make progress in UAT, and has begun Parallel Billing activities where the project team compares billing outputs using the existing billing system and the new billing system to identify billing types needing additional focus. While the CPI shows overspending against earned value, the SPI shows consistent progress against the plan. As of December 31, 2022, the SPI for the project is .91. The average SPI for the fourth quarter of 2022 remained at .92 from the previous quarter’s average.



VI. Organizational Change Management (“OCM”)

OCM Strategy Document and Update

The Organizational Change Management (“OCM”) team continues to progress its change management strategy, business readiness activities, and training efforts by continuing its targeted communications and engagement program to inform its business stakeholders of project progress and upcoming changes and by executing the monthly business readiness criteria validation process with key business areas to assess their business readiness for system go-live. The team finalized development of all Oracle CC&B end-user training content and materials, successfully conducted an intensive 9-week train-the-trainer program for 40+ trainers and delivery support resources, and launched end-user training on October 24, 2022.

With the launch of end-user training, a major focus of the engagement and communications activities with key business stakeholders is their preparations for training. The OCM team hosted virtual sessions to inform employees of what they could expect during training. These sessions were directed for specific end-user groups based on their role and training curriculum. In the sessions,

end users learned what topics would be covered in training, approximately how many hours of training they would receive and over what time period, when they could expect to receive invites, and what additional resources would be available to them to complement their training experience, e.g., online resources, quick reference guides, and step-by-step procedures. The OCM team met with General Managers and Section Managers to ensure their awareness of the detailed training schedule, the attendance management process, and student expectations. Since the start of training, the OCM team has worked closely with all key business stakeholder groups to deliver a training program that prepares employees for go-live while also allowing for business operations to continue operating effectively during training.

OCM has continued the monthly Business Readiness Validation cycles with each business organization's Business Implementation Lead (BIL). The OCM Business Readiness team meets with each BIL to report the status of their scorecards and discuss accomplishments or any issues that need to be mitigated. By utilizing the business readiness criteria developed with each BIL, the OCM team has identified key areas of readiness to prioritize and has worked with the broader implementation team to address gaps in knowledge and readiness related to the program. Since commencing these cycles in August 2022, overall business readiness metrics for go-live have continued to increase. The Business Readiness Validation cycles will be conducted monthly and increase in frequency in the two months prior to go-live.

The OCM team's efforts in 2023 will be focused on delivering a successful training program to prepare our end users for go-live, monitoring business readiness, defining and supporting implementation of mitigations as necessary to enhance readiness, and working closely with the broader program team to deliver communications that are essential for go-live preparations and business stakeholder understanding and support of go-live efforts.