

**Finance Platform and Technology Improvement Project (FTIP2)**  
**Corporate Spending Authorization (CSA)**  
Application Request

|                         |   |
|-------------------------|---|
| <b>Date Submitted:</b>  | 09/01/2017  |
| <b>Officer Sponsor:</b> | Matt Marcelia   |
| <b>Completed By:</b>    | Matt Marcelia, Todd Hanna, Ryan Brodniak, Darya Schmidt |
| <b>Phase Gate:</b>      | Design (close)  |

**I. Project Overview**

*You may copy/paste this section from the Initiation Proposal form. Be sure to update each section as applicable, noting any changes from the previous request/Gate.*

|   |   |
|---|---|
| <b>Problem Statement:</b>                 | SAP's current configuration limits PSE's ability to maximize the software's functionality.  |
| <b>Future Vision:</b>                     | This is a foundational project and is Phase2 of the work begun in the FTIP1 project. It will lay the foundation for the GTZ roadmap with a reconfiguration of FERC accounting and adding Level 4 WBS elements. In addition, it will enhance and streamline the budgeting, accounting and compliance processes by deploying consolidation functionality and the reconciliation tool; improve resource planning; and adding drill through from BPC to ECC. Additionally the project will simplify user experience, improve system performance, and provide better access to real-time data. |
| <b>Proposed Solution:</b>                 | See the Project Objectives and Deliverables section below for the solution summary.   |
| <b>Alternatives Evaluated:</b>            | See FTIP Phase 1 Initiation documentation for the alternatives evaluated.   |
| <b>Primary ISP Alignment:</b>             | Financial: Meet or beat the five year plan, and maximize long-term value;<br>Processes and Tools: Streamline processes to drive effectiveness and efficiency, and System reliability and integrity; and<br>People: Establish a culture that embraces ownership, innovation and continuous improvement   |
| <b>Type of Project:</b>                   | <b>Cost Benefit</b>   |
| <b>OCM Considerations:</b>                | Impacted Users (Internal):<br><input type="checkbox"/> < 100 <input checked="" type="checkbox"/> < 500 <input type="checkbox"/> > 500<br>Impacted Customers (External):<br><input checked="" type="checkbox"/> None <input type="checkbox"/> < 100K Electric or < 1K Gas <input type="checkbox"/> > 100K Electric or >1K Gas<br>Internal Organizational Impact:<br><input type="checkbox"/> 1 Dept or less <input checked="" type="checkbox"/> 2-5 Dept <input type="checkbox"/> > 5 Dept / Business Platform / Enterprise  |
| <b>Project Complexity &amp; Duration:</b> | <input type="checkbox"/> Straightforward, well understood <input type="checkbox"/> < 6 months<br><input checked="" type="checkbox"/> Complex and well understood <input type="checkbox"/> < 12 months<br><input type="checkbox"/> Complex and not well articulated <input checked="" type="checkbox"/> > 12 months  |

## II. Phase Gate Change Summary

Description of changes, including reasons and justification since the last submission / Phase Gate.

- Scope:**
- Profit Center Accounting has been removed from scope
  - SAP Fiori has been removed from scope
  - Closing Cockpit (Automation) has been removed from scope
  - Executive Reporting has been removed from scope
  - HP Business Process Modeling is not in-scope
  - PowerPlan Upgrade has been added to scope to achieve additional testing and OCM efficiencies

**Budget:** FTIP2 lifetime budget is \$30,781,307

**Schedule:** 04/17/2017 through 07/31/2018 (previously 01/01/2017 through 03/31/2018)

**Risk Profile:** As the program scope and budget have been developed, it has decreased the risks in those areas. The schedule and technology resource risks included in the attached risk register have increased with the need for a clear system environment plan.

## III. Key Schedule and Financial Information

You may copy/paste this section from the Initiation Proposal form. Be sure to update each section as applicable.

Proposed Budget Year(s): 2017-2018

Expected In-Service Date: 07/31/2018

Initial Estimate: Capital: \$30,781,307  
O&M: \$0.00

### Cost Estimate Maturity Score:

To determine the Estimate Maturity Score for the project, review the guidelines and complete/update the Project Cost Estimate Classifications Document here: <http://pseweb/Organizations/ProjMgt/EnterprisePM/Pages/Cost-Estimates.aspx>. Include a link to, or embedded copy of, the project's completed/updated document for reference.

**Score:** Class 1 - Discrete, detailed parts of project

**Cost Estimation Classification Document:** [Class 1 estimate](#)

### Updated Estimate for Total Project Cost:

Double-click on the table below to edit the values in cells for Phase Name, Contingency %, Capital, OMRC Costs and Total Cash Benefits. Adjust column widths if necessary. Once complete, click outside of the table frame to return to the Word document. Note, if you have issues opening the table, reboot your computer and try again.

### Total FTIP Cost, Benefits and Payback – Phase 1 and 2 Together:

|                          | FTIP Phase 1 | FTIP Phase 2 | Total            |
|--------------------------|--------------|--------------|------------------|
| <b>Cost</b>              | \$45,400,000 | \$30,700,000 | \$76,100,000     |
| <b>Benefits (annual)</b> | \$16,200,000 | \$620,000    | \$16,820,000     |
| <b>Payback in Years</b>  |              |              | <b>4.5 Years</b> |

The following analysis looks exclusively at FTIP Phase 2:

| Phase Name:                               | Realization          | Contingency<br>10%   | 7%          |                      |
|---|----------------------|----------------------|-------------|----------------------|
| Cost Type                                 | Capital              | OMRC                 | Opex        | Total                |
| Cost (without contingency)                | \$ 28,644,263        | \$ -                 | \$ -        | \$ 28,644,263        |
| Contingency (auto-calculated)             | \$ 2,137,044         | 0                    | 0           | \$ 2,137,044         |
| <b>Total (auto-calculated)</b>            | <b>\$ 30,781,307</b> | <b>\$ -</b>          | <b>\$ -</b> | <b>\$ 30,781,307</b> |
| <b>TOTAL ANNUAL CASH BENEFITS</b>         | <b>\$ 620,000.00</b> | <b>IF APPLICABLE</b> |             |                      |
| <b>PAYBACK IN YEARS (auto-calculated)</b> | <b>49.65</b>         | <b>IF APPLICABLE</b> |             |                      |

**Estimated Five Year Allocation:** Enter values in the cells for Capital, OMRC and Opex Costs, as well as Cash O&M Benefits, for years anticipated, up to five years, plus any expected future years.

| Category:                   | Year 1 (2017) | Year 2 (2018) |
|-----------------------------|---------------|---------------|
| Capital (incl. contingency) | \$16,708,136  | \$14,073,171  |
| OMRC                        | \$0.00        | \$0.00        |
| Opex                        | \$0.00        | \$0.00        |
| Cash O&M Benefits           | \$0.00        | \$0.00        |

**Cash Benefits by Department:** Add/remove rows, as applicable.

| Department Name    | Year 1    | Year 2    | Year 3    | Year 4    | Year 5    |
|--------------------|-----------|-----------|-----------|-----------|-----------|
| All Departments    | \$230,000 | \$230,000 | \$230,000 | \$230,000 | \$230,000 |
| Accounting         | \$190,000 | \$190,000 | \$190,000 | \$190,000 | \$190,000 |
| Project Management | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 |
| Total              | \$620,000 | \$620,000 | \$620,000 | \$620,000 | \$620,000 |

**Ongoing Annual O&M by Department:** (e.g., maintenance, FTEs, cloud storage, etc.)

Add/remove rows, as applicable.

| Category                          | Year 1    | Year 2    | Year 3    | Year 4    | Year 5    |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Accounting – Trintech maintenance | \$132,000 | \$136,000 | \$140,000 | \$145,000 | \$149,000 |

**Non-Cash Benefits / Future Cost Avoidance:** Stronger SOX compliance by having the FERC Module in place, better governance and adding Consolidations.

**Cash on Cash Single Payback:** 22.1% for the combine FTIP Projects (2.01% FTIP2 standalone)

**Annual Benefits Detail:**

| Benefit            | Area with the benefit                         | Benefit owner                         | hours saved/<br>month | \$ saved<br>(annual) | Notes            |
|--------------------|---|---------------------------------------|-----------------------|----------------------|------------------|
| BPC Enhancements   | CC Managers                                   | All CC managers                       | 1.0                   | 230,400              | 240 cost centers |
|                    | Project Managers                              | Project Managers                      | 1.0                   | 92,400               | 70 projects      |
|                    | Project Managers                              | Project Managers<br>(larger projects) | 1.5                   | 99,000               | 50 projects      |
|                    |   |                                       |                       |                      |                  |
| BPC Consolidations | Fin Reporting - prep/ consol<br>the fin stmts | Cazaras                               | 20.0                  | 15,600               |                  |
|                    | Fin Reporting - I/C consol<br>and recon       | Cazaras                               | 3.0                   | 2,340                |                  |
|                    |   |                                       |                       |                      |                  |
| Trintech           | GA - Recons                                   | Mata-Cazaras                          | 1 FTE                 | 171,000              | Snr Accountant   |
|                    | EDA - Recons                                  | Chueng                                | 2.0                   | 1,560                |                  |
|                    | PA - Recons                                   | Farrall                               | 2.0                   | 1,560                |                  |
|                    | FR - Recons                                   | Cazaras                               | 2.0                   | 1,560                |                  |
|                    | AP - Recons                                   | Farrell                               | 2.0                   | 1,560                |                  |
|                    | Sox and PwC audit support<br>(quarterly)      | Accounting managers                   | 16/qtr                | 4,160                |                  |
|                    |   |                                       |                       |                      |                  |
|                    |   |                                       | Total                 | 621,140              |                  |
|                    |   |                                       | Rounded               | 620,000              |                  |

#### IV. Project Description and Objectives

**Project Description:** This project will lay the foundation for the GTZ roadmap with a reconfiguration of FERC accounting and adding Level 4 WBS elements. It will enhance and streamline the budgeting, accounting and compliance processes by deploying consolidation functionality; improve resource planning; and adding drill through from BPC to ECC.

#### ISP Alignment:

| ISP Objectives, Mandatory and/or Corporate Risk | Strategy<br><i>Abbreviated <a href="#">ISP strategy descriptions</a></i>   | Benefit Description<br><i>Benefit, measurement and/or scorecard affected</i>                                      |
|---|--|---|
| Financial                                       | <input checked="" type="checkbox"/> Five-Year Strategic Plan<br><input checked="" type="checkbox"/> Maximize long-term value<br><input type="checkbox"/> Grow core business<br><input type="checkbox"/> Grow new business  |   |
| Customer  | <input type="checkbox"/> Execute the Customer Experience Intent Statement<br><input type="checkbox"/> Recognition of PSE role in community<br><input type="checkbox"/> Customer preparedness & safety<br><input type="checkbox"/> Ideal customer behaviors<br><input type="checkbox"/> Listen & dialogue with customers  | Nothing direct, but this project will lay the foundation for a number of GTZ projects that will impact customers. |
| Process and Tools                               | <input checked="" type="checkbox"/> Streamline processes to drive effectiveness and efficiency<br><input checked="" type="checkbox"/> System reliability and integrity<br><input type="checkbox"/> Safety and security of systems, information and assets<br><input type="checkbox"/> Extract and leverage value from existing technology and assets<br><input type="checkbox"/> Optimize product/service portfolio consistent with long-term strategy |   |
| People  | <input type="checkbox"/> Develop/Retain best employees<br><input checked="" type="checkbox"/> Ownership, innovation and continuous improvement   |   |
| Safety  | <input type="checkbox"/> Educate and train employees on effective safety and wellness strategies   |   |

**Project Objectives and Deliverables:** *Add/remove rows, as needed.*

#### Accounting Workstream Scope

|  | GA | Business Units | Financial Reporting | Rates | IT | Property Accounting |
|--|----|----------------|---------------------|-------|----|---------------------|
| Natural Accounts (remove FERC from orders) | ✓  |                | ✓                   |       |    |                     |
| FERC Module (incl. Level 4 WBS)            | ✓  |                | ✓                   | ✓     |    |                     |
| BPC Budget Retraction to ECC               |    |                |                     | ✓     | ✓  |                     |
| Reconciliation Tool (Trintech)             | ✓  |                |                     |       |    |                     |
| SAP Classic GL                             | ✓  |                |                     |       | ✓  |                     |
| Order Strategy and Numbering (incl. LOB)   | ✓  | ✓              |                     |       | ✓  | ✓                   |
| Holding Company Chart of Accounts/Orders   | ✓  |                | ✓                   |       |    |                     |
| I/C (Inter-Company) Accounting Automation  | ✓  |                | ✓                   |       |    |                     |
| Holding Co. Functional Area                | ✓  |                | ✓                   |       |    |                     |
| Data Governance                            | ✓  |                |                     |       |    | ✓                   |
| Functional Area                            | ✓  |                | ✓                   |       |    |                     |
| Estimate-based Derivations                 | ✓  | ✓              |                     |       | ✓  | ✓                   |
| PowerPlan Upgrade                          |    |                |                     |       | ✓  | ✓                   |

**Budget Workstream Scope**

|  | Budget | IT | FR | FP&A | BU |
|--|--------|----|----|------|----|
| Consolidation  |        |    | ✓  |      |    |
| Labor Supply and Demand Improvements                                   | ✓      | ✓  |    |      | ✓  |
| Drill Through to detail available in ECC (incl. Accruals and Invoices) | ✓      | ✓  |    |      | ✓  |
| Standard Tabs on Spreadsheets (Templates)                              | ✓      | ✓  |    |      | ✓  |
| Variance Explanation to BPC  | ✓      | ✓  |    | ✓    | ✓  |
| BPC Usability Enhancements   | ✓      | ✓  |    |      | ✓  |
| Multi-company Planning   | ✓      | ✓  |    |      |    |

**Project Alternatives Assessment:** *Add/remove rows, as needed.  
See FTIP Phase 1 Initiation documentation for alternatives evaluated.*

| Alternative          | Pros | Cons | Cost | Duration |
|----------------------|------|------|------|----------|
| Enter Alternative 1. |      |      |      |          |
| Enter Alternative N. |      |      |      |          |

**V. Risk Management**

*Identify anticipated risks associated with this project. Consider Federal, State, County, Local regulatory requirements, as well as contingencies, exit criteria and strategy. When the project risk register is created, utilize this section to identify critical/top risks and include a link to the risk register for further detail. Add/remove rows as necessary.*

| Risk          | Likelihood      | Impact of Occurrence | How Monitored | Mitigation |
|---------------|-----------------|----------------------|---------------|------------|
| Enter Risk 1. | Choose an item. | Choose an item.      |               |            |
| Enter Risk 2. | Choose an item. | Choose an item.      |               |            |

**Risk Register:**


SPP\_Monthly\_Report  
\_FTIP2.pdf

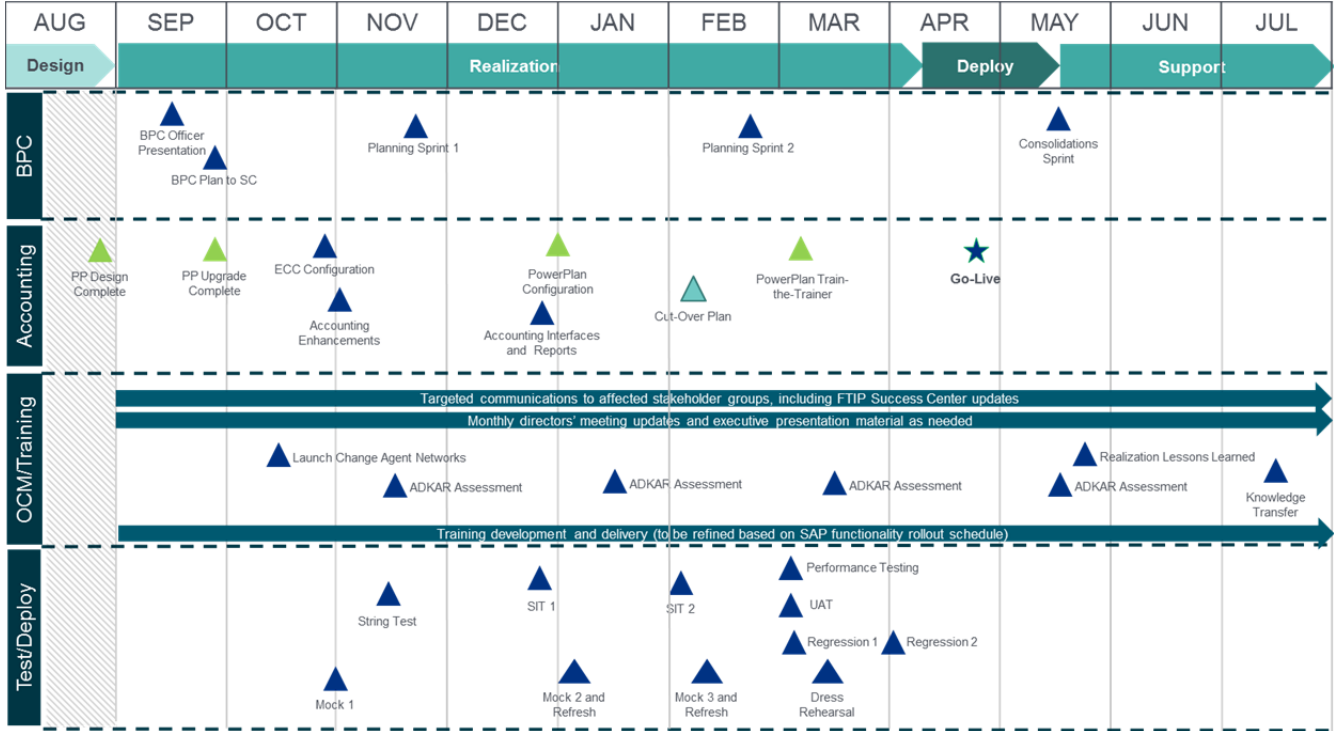
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## VI. High Level Schedule

**Guidance:** The following is an example of a high level schedule. Timeline detail may be shown on a monthly, quarterly or yearly (etc.) basis, and should reflect major phases and high level milestones.

**Options:** Utilize the below Visio template – OR – insert a similar view (e.g., MS Project/Primavera rollup). If you insert a similar view, delete the below template and instructions below.

To update the below timeline, double click on the image below and change the dates in the Start and Finish columns. Once you click outside the image, Visio will close. It may take 30 seconds to a minute after you have clicked outside of the image for the bars at right to reflect the revised dates.



**VII. Supporting Documentation**

*Options: Insert hyperlink to the documents or embed a copy of a document in the sections below. If you embed a document, remove placeholder rows provided. If you choose to provide hyperlinks, ensure access to the referenced location is setup/provided in advance. Add/remove additional document rows, as needed.*

**Cost Estimating and Budget:**


FTIP Design Gate  
Presentation 201709

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**Business Needs and Alternatives:** See FTIP Phase 1 Initiation documentation for alternatives evaluated.

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**Benefits Realization Plan:**


FTIP Benefits  
Realization Plan\_v2.5

**Project Audit Checklist:**


FTIP2 IT Project  
Audit.pdf

**OCM Sizing Worksheet:**


EPP.Sizing  
Worksheet.updated 5

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**VIII. Original CSA Approvals:** *Add/remove rows as applicable.*

| I. Prepared By | Title                | Role                 | Date      | Signature |
|----------------|----------------------|----------------------|-----------|-----------|
| Theresa Huizi  | Assistant Controller | FTIP Accounting Lead | June 2017 |           |

| Approved By    | Title                                   | Role    | Date | Signature |
|----------------|---|---------|------|-----------|
| Matt Marcellia | Dir Controller & Princip Acctng Officer | Sponsor |      |           |

| Acknowledgements | Title | Role | Date | Signature |
|------------------|-------|------|------|-----------|
|                  |       |      |      |           |

\*Benefit Owners must be added to the Approved By section during Execution Phase/Gate.