Planning a Project

Creating Success but Missing the Goal

Exacter, Inc.

Agenda

- Speak the Language of your Audience
- Be the Expert You Are Expected to Be
- Formalizing a Recommendation for Maximum Business Impact
- An Example of a “Whoops” with a Big Upside

Communicate Don’t Speak

- Problems are Opportunities to Demonstrate your Strengths
- You’re the selected expert!
- What is the person wanting to hear/understand?
- What do you need to say?
- How can you present a Technical Topic so your audience can understand and judge?

When I Ask the Time . . .

- Don’t Explain How to Build a Watch!
- Example of Geek Speak . . .

We have this cool technology where we can give our WPC info based on a pareto analysis of equipment related CMI so that we can address the top decile or quintile of key failure information to lower our SAIDI number. It works by mobile surveys using RF real-time analysis using the Doppler effect, FFTs, signature analysis, and statistical reviews among many algorithms to pinpoint failing overhead equipment. We provide .shp files from our GIS via secure FTP protocol.

After the surveys are completed a field engineer uses an ultrasonic gun to locate the failing component and we receive a GPS coordinate along with a picture of the failing component. We use our fractionalized T1 to an OC3 running at 155 Mbps to reach the cloud to access the information via a private web portal. We can also receive the reports via secure FTP, Excel, .csv, and other formats for import into our OMS and or GIS for future use. Did I tell you they use the .shp files from our GIS to program GPS units?

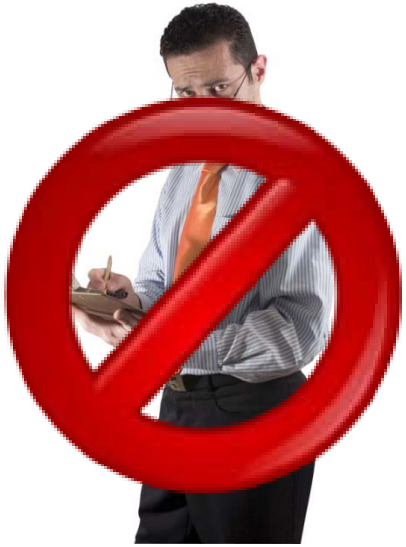
Whadda ya think? Oh yea and its patented! Whadda ya think?

Know Your Audience

- Put yourself in the executives position
  - You don’t understand their drivers
  - They don’t understand your motivations
- How did the car get wrecked?
  - It was dark
  - It was raining
  - The guy came out of nowhere
- Instead, How about - - -
  - I was going to fast for the conditions
  - I really learned a lesson

Be Ready to Adjust to a New Vision

- Experience brings new perspective
- New perspectives are an invitation for you to join the team – Work WITH not FOR your manager
- When a “idea” comes along --
  - Acknowledge
  - Review
  - Evaluate
  - Present your ideas
- AVOID ---
  - “We tried that”, “Won’t fit the model”, “Can’t work”
- Don’t ruin your opportunity to be THE go-to expert

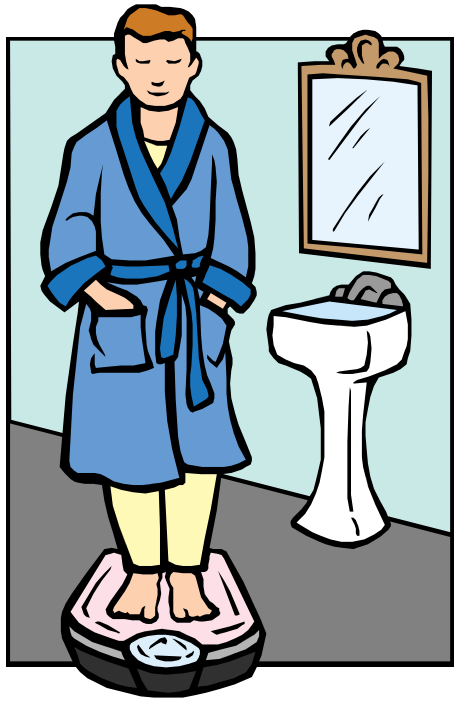


You are the Expert – Explain Don't Teach

- We assume we must be perfect when the educated guess is all that is wanted
- You have reasons why and why not
  - Never use excuses
    - "our guys will never go for that!"
  - Always organize your thoughts
  - Remember the goal
    - Achieve the goal
    - Use what you know

Set Measurable Goals

- You cannot manage what you do not measure
  - You know that
  - So does your boss!
- Always have a measurement declared
- Always set a schedule to report
- Always report on time
- If you miss the Goal. . . . . .
  - Learn and adjust
  - Change the Goal
  - Don’t hope it gets better



It is much better to Avoid than Fix

- Break the Goal into manageable steps
- Measure success one step at a time
- Report on each step and adjust as necessary
- Don’t try to land-on-the-moon as Step #1
- Plan – Measure – Adjust - Win

Don’t Hide Behind Technology

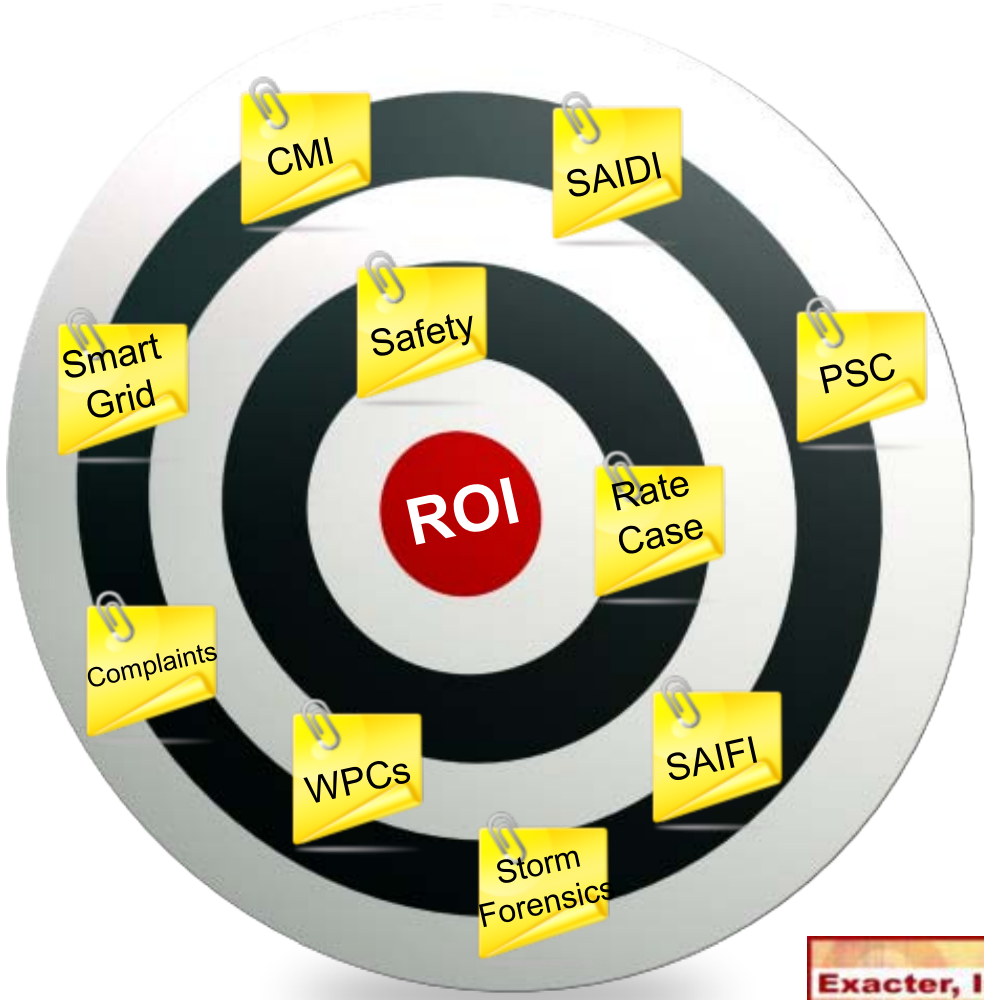
- A question is just that
- A question from an Executive is a collaboration
- Don’t dismiss ideas – Integrate them

Not All News Will be Good News

- Never lead a charge with Bad News
- Explain the:
  - Goal
  - Result
  - Outcome and most importantly
  - The New Approach

There are many Goals that can be achieved

Technology
&
Process
Enablement



CMI Impact Assessment:
Fix the Worst Performing Circuits
WITH Good ROI

- Midwest U.S. IOU Example

ABC UTILITY	
Territory	**Scope**
# CIRCUITS	47
OH Distribution Miles	1,039
Cost	
TOTAL COST (incl repairs)	**$ 376,771**
Repair Costs	$ 64,961
EXACTER Only	$ 311,811
Cost Benefit Analysis	
CMI/ Year	15,323,237
Impact Rate	10%
CMI Savings/Year	1,532,324
SAIDI CONTRIBUTION	**2.29**
Value @ 1.5MSAIDIMIN	**$3,437,049**
ROI	**912%**
Value @ 2.5MSAIDIMIN	**$5,728,416**
ROI	**1520%**
Value @ 3.5MSAIDIMIN	**$8,019,782**
ROI	**2129%**

Incl. Repair Costs at $500/Location
(actual utility costs are used)

CMI for targeted circuits

Contribution Minutes
System population of 670K

In the case of equipment failures, developing the Benefit/Cost metric has been problematic, but advances have been made based on the need to press ahead. Several utilities have developed a "rule of thumb" to address the Benefit (losses not experienced) issue. While this measure can differ from utility to utility based on system configuration and age, an approximate customer Benefit value of $1.5M[7] per SAIDI minute of reduced outage is commonly being used.

[7] Doug Staszesky, Director – Product Management, Automation Systems Division, S&C Electric Company
[8] Such technology exists and can identify equipment components in a failing mode with 98% accuracy and at a

Exacter, Inc.

Impact Analysis
Based on Initial Deployment Goals

Initial Pilot Deployment		
Territory	**Scope**	
# CIRCUITS	18	
OH Distribution Miles	308	
Cost		
Repair Costs	$	11,002
EXACTER Only	$	77,013
TOTAL COST (incl repairs)	**$**	**88,014**
Cost Benefit Analysis		
CMI/ Year		413,743
Impact Rate		30%
CMI Savings/Year		124,123

SAIDI CONTRIBUTION	**0.27**

Value @ $1.5M/SAIDIMIN	**$**	**398,100**
ROI		**452%**

Total Est. Project Cost
$500/Scheduled Repair/Location

 # repairs = 1 find per 14 miles surveyed
EXACTER cost @ $250/mile

CMI Reduction Opportunity

Target: 18 Circuits = 617K
EXACTER Locations: 8 Circuits = 414K

Contribution Minutes
Assuming population of approx 468K

ROI SUMMARY
Based on actual project results

Project Goal Missed but Positive ROI!

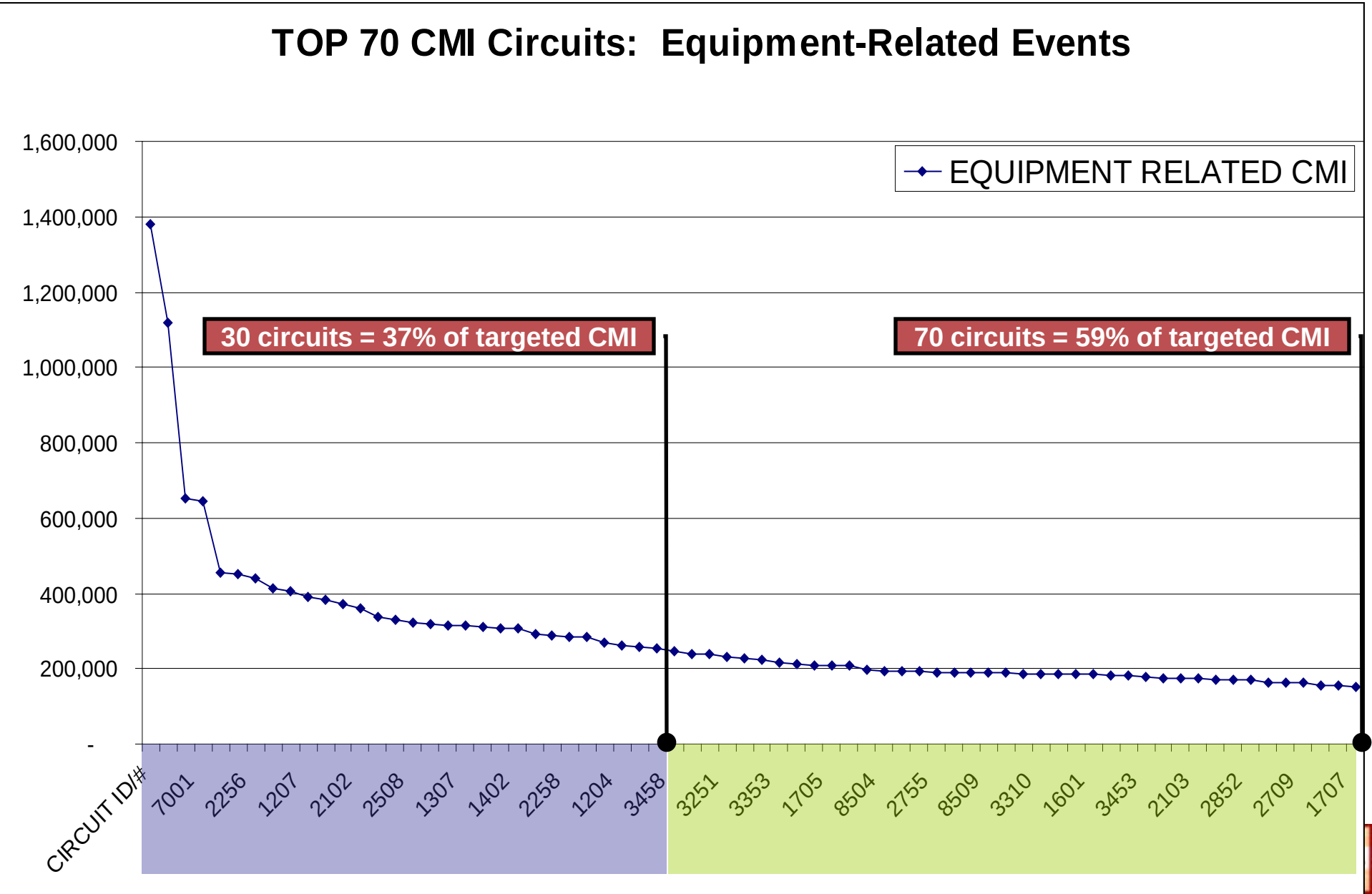
CHANGE: System-wide CMI Impact Assessment Methodology NOT: WPC

- System-wide analysis of **equipment-related** CMI (Customer Minutes of Interruption)
- Include 415 overhead distribution circuits across 3,682 pole miles in the Assessment
- Complete a Pareto Analysis of Top 70 CMI circuits evaluated

- *Objective: To achieve an optimum investment to SAIDI impact through selective system hardening and predictive, conditions-based maintenance*

Exacter, Inc.

CMI Data Summary



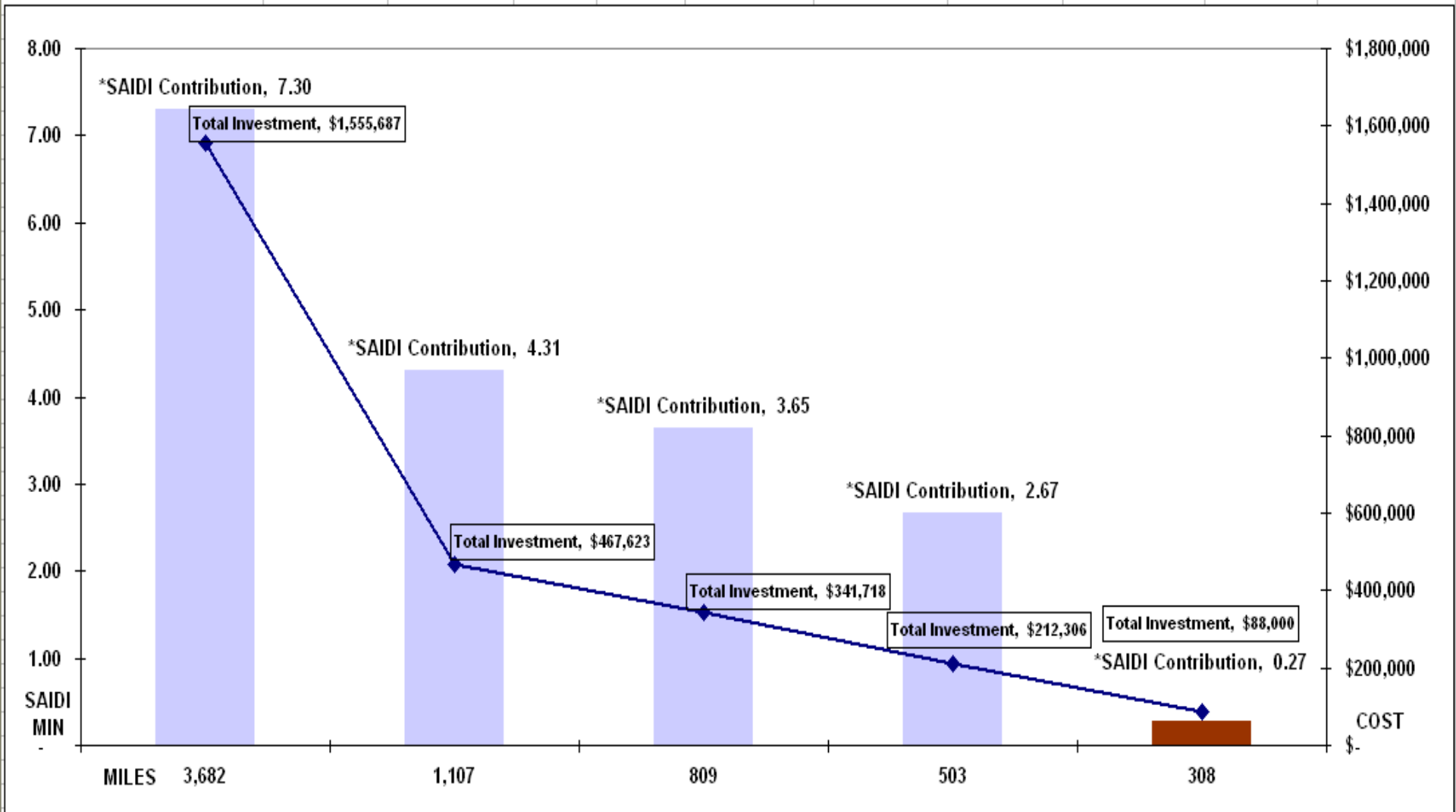
Strategic Scenarios	Addressible CMI	Addressible CMI %	Circuit Miles	# Circuits	*SAIDI Contribution	Survey Expense	**Repair Expense	Total Investment	***ROI%	Cost per SAIDI MIN
100% Miles - 100% CMI	34,158,875	100%	3,682	415	7.30	$ 1,325,556	$ 230,131	$ 1,555,687	604%	$ 212,995
30% Miles - 59% CMI	20,141,972	59%	1,107	70	4.31	$ 398,448	$ 69,175	$ 467,623	1281%	$ 108,579
22% Miles - 50% CMI	17,062,892	50%	809	52	3.65	$ 291,168	$ 50,550	$ 341,718	1501%	$ 93,663
13% Miles - 37% CMI	12,506,897	37%	503	30	2.67	$ 180,900	$ 31,406	$ 212,306	1789%	$ 79,390
Initial Pilot Deployment****	413,743	2%	308	18	0.27	$ 77,000	$ 11,000	$ 88,000	452%	$ 325,926

*uses conservative 10% impact rate for CMI reduction opportunity

**number of repair targets derived from national statistics of 1 location reported for every 8 pole miles surveyed at a cost of $500 for a scheduled repair

***ROI assumes value of 1 SAIDI Minute at $1.5M based on industry studies

****Initial Deployment results showed 1 location reported for every 14 poles miles surveyed - target circuits based on 2008 WPC data



Define Costs in Terms of the Outcome Desired

- Solidify program objective
- Determine investment measurement for comparison

MEASUREMENT	COST FOR 4.3 SAIDI MINUTES	
$/Customer	$1.00/Customer	*($3 to $4 typical)*
$/CMI	$0.23/CMI Minute	*($1.50 typical)*
$/SAIDI	$100K/SAIDI MIN	*($1.5M typical)*

***BASED ON SYSTEM-WIDE CMI IMPACT ASSESSMENT**

- Deployment recommendation
  - 3 year program @ 1000 miles per year
- Defined criteria for success

Exacter, Inc.

Questions?

John Lauletta, President
jlauletta@exacterinc.com

www.reduceSAIDI.com

866.880.0842

614.880.9320