COST MANAGEMENT: SMART GRID SOFTWARE & SERVICES CONTRACT

INTRODUCTION BY:
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Chief Operating Officer

PRESENTED BY:
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Interim Director, Grid Modernization

August 27, 2018
Approval Request on Consent Agenda
GRID OPTIMIZATION
DEPLOYMENT COMPLETE

Big Success!
Smart Grid Network installed – More than 1 million meters upgraded

Billing remotely
Eliminating estimations
Convenience at your fingertips
Truck rolls reduced

Project cost estimated to complete at 4% below budget, resulting in ~ $12M in savings
GRID OPTIMIZATION
MOVING FORWARD

Grid Optimization Project
2013 2018

• Smart Grid network installed
• Over 1 million meters upgraded
• New software implemented
• Customer portal

Our network investment will be leveraged to support
Flexible Path & Smart City initiatives

Grid 2.0
Today
**COST MANAGEMENT**

**SMART GRID DEPLOYMENT**

**Big Benefits!**

- **$6.7M** benefits savings already realized during deployment
- Identified **$8.7M** sustained annual savings
- Delivering real economic value to our customers

<table>
<thead>
<tr>
<th>Benefits</th>
<th>✔️</th>
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</thead>
<tbody>
<tr>
<td>Eliminating bill estimates</td>
<td>✔️</td>
</tr>
<tr>
<td>Automated move-in/move-outs</td>
<td>✔️</td>
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<tr>
<td>Decreased truck rolls</td>
<td>✔️</td>
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<tr>
<td>Real time outage notification</td>
<td>✔️</td>
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<tr>
<td>Electric vehicles integration</td>
<td>✔️</td>
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<tr>
<td>Energy management solutions</td>
<td>✔️</td>
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<tr>
<td>Customer pricing alternatives</td>
<td>✔️</td>
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<tr>
<td>Rooftop solar integration</td>
<td>✔️</td>
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Reduction in truck rolls lowered miles driven by more than 250K miles, equivalent to reduction of ~ 200 tons of CO₂!
COST MANAGEMENT
SMART GRID SOFTWARE & SERVICES CONTRACT

CONTRACT DETAILS:
Vendor: Itron
Term & PO Amount: 52-month, $27M
Savings: $4.8M

VALUE CREATION:
• Partnering with Itron to reduce overall cost to CPS Energy & Community
• Provides flexibility to continue to build & evaluate new technologies
• Itron Center Of Excellence- “test bed” for new technologies

<table>
<thead>
<tr>
<th></th>
<th>Reduction in Spend ($ in millions)</th>
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<tbody>
<tr>
<td>FY 2019</td>
<td>$0.3</td>
</tr>
<tr>
<td>FY 2020</td>
<td>1.2</td>
</tr>
<tr>
<td>FY 2021</td>
<td>1.1</td>
</tr>
<tr>
<td>FY 2022</td>
<td>1.1</td>
</tr>
<tr>
<td>FY 2023</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$4.8</strong></td>
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Successfully negotiated a 15% discount over the term of new contract, resulting in an estimated new savings of $4.8M
### Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>CO₂ - Carbon Dioxide</td>
<td>Carbon dioxide emissions are produced when carbon-based fuels are burned. It is a greenhouse gas.</td>
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