



Portland General Electric
121 SW Salmon Street • Portland, Ore. 97204
PortlandGeneral.com

March 14, 2019

Public Utility Commission of Oregon
Attn: John Crider
Administrator, Energy Rates, Finance and Audit Division
201 High St., SE, Ste. 100
P. O. Box 1088
Salem, OR 97308-1088

Re: UE-335 PGE Benchmarking Update

Dear Mr. Crider;

Pursuant to Paragraph 2(d) of the Partial Stipulation dated September 6, 2018, Portland General Electric Company is providing the following update regarding benchmarking efforts:

PGE's Corporate Benchmarking department has solicited bid proposals from qualified bidders to conduct corporate benchmarking covering information technology, cybersecurity, and other shared service functions. The bid responses are due Friday, March 20, 2019. Upon receipt, the evaluation team will review and rate each proposal response in several areas including but not limited to the following: completeness in addressing all topics covered by the Request for Proposal (RFP), bidder's experience and past performance with clients that are similar in size, scope and complexity to PGE, and price.

Enclosed is PGE's benchmarking requirements document, provided as part of the above-mentioned RFP. In addition to the timing and areas identified for benchmarking within the benchmarking requirements document, PGE plans to benchmark generation, transmission and distribution, and customer service functions using third-party services provided through existing memberships. This approach provides PGE with cost-effective and informative results from organizations with deep subject matter expertise.

If you have any questions or require further information, please call me at (503) 464-7805.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stefan Brown", is written over a light blue circular stamp.

Stefan Brown
Manager, Regulatory Affairs

PGE Requirements Document – Corporate Benchmarking Program

I. Introduction

PGE's Corporate Benchmarking program strives to inform our major organizations with key industry performance quartile rankings and data driven objective reporting on continuous corporate performance compared to industry and best practice peers. Every year we look to check in on our key organizations to ensure we have up to date and refreshed data on where our key organizations stand performance-wise (cost, operations, staffing, etc.) in comparison to our industry, peers, and best practices.

II. Project Summary

As stated above, the Corporate Benchmarking program will annually look to collect and report out up to date and refreshed data on where our key organizations stand in comparison to our industry peers. These benchmarking initiatives are to help provide objective information and a compass direction on how our organizations are performing in comparison to our industry and/or peers. Studies will include current and historical financial, staffing and operational data which would enable us to see where we rank amongst peer sets and highlight areas for further investigation.

These benchmarking studies will show where PGE lands on key performance indicators such as operating costs, operating performance and staffing. These studies will provide comparisons against our industry, our regional/similar sized peers and against "world class". In addition, these studies would provide key learnings/findings of where PGE excels, where there are performance gaps and proposed action plans and paths for improvements.

Lastly, it is PGE's expectation that these benchmarking studies will be refreshed and provided to PGE on a triennial cadence.

III. Project Expectations

1. Supplier will develop detailed schedule and questionnaire that will meet data collection and milestone deliverables in advance of kick-off meeting. This includes but is not limited to the following:
 - a. Benchmarking study detailed schedule (kick off meeting, data collection, draft report, data validation, final report, executive presentation)
 - b. Templates/process and user guide for PGE to collect and submit data
 - c. Data Dictionary of key performance indicators (definition, method of measure)
 - d. Data Dictionary of Operating Data, Performance and Staffing assumptions
2. Supplier will host and facilitate kick-off meeting and cover the following:
 - a. Benchmarking study schedule and explain different components of schedule (i.e., data collection process, validation process)

- b. Discuss specifics of data required to be provided from PGE, resource needs and expected time needed to collect and submit data.
 - c. Walk through how to utilize and complete supplier templates for collecting and submitting data.
 - d. Walk through frequently asked questions on data collection process and key data assumptions to be aware of (i.e., labor loadings included or excluded)
 - e. Answer questions and provide process as well as technical solutions for data submittal
 - f. Provide support for on-going Q&A throughout the project.
3. Supplier will create and deliver initial draft report of benchmarking study including but not limited to the following:
 - a. List of companies in each sample set PGE is compared against (utility industry, peer group, best practice)
 - b. Draft PGE Performance profile for operating cost, performance and staffing key performance indicator results compared to sample sets (PGE quartile ranking, sample set mean, median, quartiles)
 - c. Draft detailed trend charts of PGE's KPI results against sample sets
 - d. Draft bar charts of PGE's KPI results against companies within sample sets (within the constraints of Non-Disclosure Agreements)
 - e. List of outliers, missing data sets and areas of focus from initial draft for PGE to validate and provide data revisions for final report if applicable
4. Supplier will create and deliver final report of benchmarking study to include but not limited to the following:
 - a. List of companies in each sample set PGE is compared against (utility industry, peer group, best practice)
 - b. Final PGE Performance profile for operating cost, performance and staffing key performance indicator results compared to sample sets (PGE quartile ranking, sample set mean, median, quartiles)
 - c. Final trend charts of PGE's KPI results against sample sets
 - d. Final bar charts of PGE's KPI results against companies with sample sets
 - e. Executive summary on key findings of where PGE excels, where PGE has performance gaps
 - f. Executive summary of proposed areas of focus for improvement
5. Supplier will hold and facilitate on-site executive presentation of benchmarking results:
 - a. Present overview of process, methodology, and components of business that was benchmarked
 - b. Present overview benchmarking results, key findings and proposed areas of focus for improvement

6. Supplier will provide benchmarking services for the following PGE Areas of Interest during the periods described below:
 - a. 2019 Areas of Interests:
 - i. Finance & Accounting (F&A),
 - ii. Information Technology and
 - iii. Cyber Security
 - b. 2020 Areas of Interest:
 - i. Legal & Compliance and
 - ii. Public Policy
 - c. 2021 Area of Interest:
 - i. Human Resources
 - d. Supplier will provide a refresh of benchmark study result for each Areas of Interest assigned three years following the initial benchmark study (i.e. F&A refresh to occur in 2022, Legal & Compliance in 2023 and Human Resources in 2024)

IV. Fixed Fee Contract Acceptance

Completion of services is based upon on delivery of a final benchmark study report and presentation to PGE’s Executive Team on results, key findings and proposed areas of focus for improvement, as outlined in the table below.

Year	Milestone No.	Milestone Description	Date
2019	1	Kick Off Meeting with Business Unit	April
	2	Submit draft report to PGE PM	July
	3	Submit final report to PGE PM	September
	4	Executive Team Presentation	October
2020	1	Kick Off Meeting with Business Unit	April
	2	Submit draft report to PGE PM	July
	3	Submit final report to PGE PM	September
	4	Executive Team Presentation	October
2021	1	Kick Off Meeting with Business Unit	April
	2	Submit draft report to PGE PM	July
	3	Submit final report to PGE PM	September
	4	Executive Team Presentation	October
<i>Milestone process repeated for refresh of benchmarking studies</i>			