



A Constellation Energy Company

Overview

Country or Region: United States
Industry: Utilities, energy

Customer Profile

Constellation Energy, a Fortune 200 company with 9,850 employees, is the nation's largest competitive supplier of electricity to large commercial and industrial customers.

Business Situation

Faced with a gas rate case and a shortage of experienced Legal Affairs employees, Constellation Energy needed to increase the speed and accuracy of its processes while boosting productivity.

Solution

Constellation Energy adopted the CaseWorks automated rate-case management solution from AUS Consultants and Flexnova, building on the Microsoft®-based solutions already deployed.

Benefits

- Helped achieve the company's most successful rate case
- Increased responsiveness by 44 percent
- Increased productivity by 40 percent
- Enabled efficient, cost-effective maintenance
- Captured business knowledge

Constellation Energy Sees Its Most Successful Rate Case with Case Management Solution

“With CaseWorks, we had the most successful gas rate request we’ve ever had. We were awarded a very high percentage of our requested increases.”

Dennis Hartline, Pricing and Regulatory Services, BGE-Constellation Energy

Constellation Energy's Baltimore Gas and Electric subsidiary hadn't filed a rate case with its public service commission—which would enable it to adjust rates to customers to reflect changing costs—in five years. Its legal staff was smaller than before, and many employees experienced with the previous rate case were gone. To help ensure the success of its rate-case application, the company adopted the CaseWorks rate-case management solution from AUS Consultants and Flexnova. Based on Microsoft® technologies, CaseWorks helped Constellation Energy to speed its responses to the public service commission by 44 percent while boosting the accuracy and quality of those responses—and increasing productivity by up to 40 percent. The result was the company's most successful rate case ever.

Flexnova



“We had a more thorough review process in place, which enhanced the quality of our application. The way we presented information was more useful. All this contributed to the result we achieved.”

Mary Jean Goetz, Legal Assistant,
BGE-Constellation Energy

Situation

The deregulation of the U.S. gas and electric utilities industry over the past few decades was supposed to make rate cases—in which a utility petitions a state commission for the right to increase its prices to customers—extinct or, at least, much rarer than they used to be. And, for a while, that was the trend.

Baltimore Gas and Electric (BGE), a Constellation Energy company, for example, hadn't petitioned its state utility commission for permission to raise natural gas prices since 1999; its last electric rate case was even older, dating to 1992. No one at Constellation Energy missed having to process rate cases. They could entail thousands of requests for information, each of which had to be answered within 10 days or the utility would risk not conforming to the commission's rules, which in turn could affect the fate of its application. Tracking those thousands of requests was an onerous chore involving manual creation and updating of spreadsheets and word processing documents.

So much rides on a rate case, too. “It's more than a question of revenues,” says Dennis Hartline, Pricing and Regulatory Services at BGE. “If we don't make our projected earnings per share, we disappoint stockholders, and the value of our stock goes down. That in turn raises the cost of borrowing. If we try to cut operating expenses to compensate, that can affect the reliability of our system. You really want to get all that you request in your rate case.”

But rate cases didn't go away entirely. Energy deregulation stalled while fuel costs rose dramatically over the past few years. As a result, Constellation Energy, like many other utility companies, began to see the need for new rate cases. Near the end of 2004, the company decided to submit its first rate case in five years, a request to increase prices on

natural gas to BGE customers by U.S.\$45.6 million, and to increase its rate of return to 8.93 percent.

Obtaining a favorable decision in the rate case would be much harder than it had been five years before, however. The Legal Affairs staff was 20 percent smaller than during the last rate case. Worse, most of those who had left over the years—generally to retirement—were those with the greatest experience in handling rate cases. In addition, information and resources for the current rate case were scattered around the company. Finding them and ensuring fast turnaround of information requests would thus be even more challenging than before. Constellation Energy needed a better way to manage the rate-case process.

Hartline and his colleagues considered their options. The company had already installed a long-term data storage solution by Documentum. Could a rate-case management application be written to run on top of the data storage solution? Hartline and his colleagues determined that a custom application would take six to nine months to create—and their rate-case deadline was just four months away, in April.

They needed another option.

Solution

They got that option from AUS Consultants and Flexnova, two companies with a combination of utilities-industry and business-process expertise. AUS Consultants specializes in utility industry business consulting, and Flexnova specializes in developing utility industry solutions for information workers and business-process management. Together, the companies created CaseWorks, an automated rate-case management and workflow solution based on Microsoft® technologies, including Microsoft Office SharePoint® Portal Server 2003.

Figure 1: The CaseWorks solution provides a centralized location from which to track the status of all information requests, helping to expedite replies to a public utility commission.

CaseWorks automates the procedural steps in rate cases and other utility regulatory procedures, including drafting, reviewing, and filing business-critical documents such as testimony, briefs, and data requests. The application also coordinates regulatory activities with external groups such as legislative bodies and legal counsel.

Constellation Energy deployed the solution between February and April 2005. Employees received one to two hours of training—those who would closely manage the rate process received some additional training—and then began to use the solution to prepare the gas rate case, which was due to begin the following month.

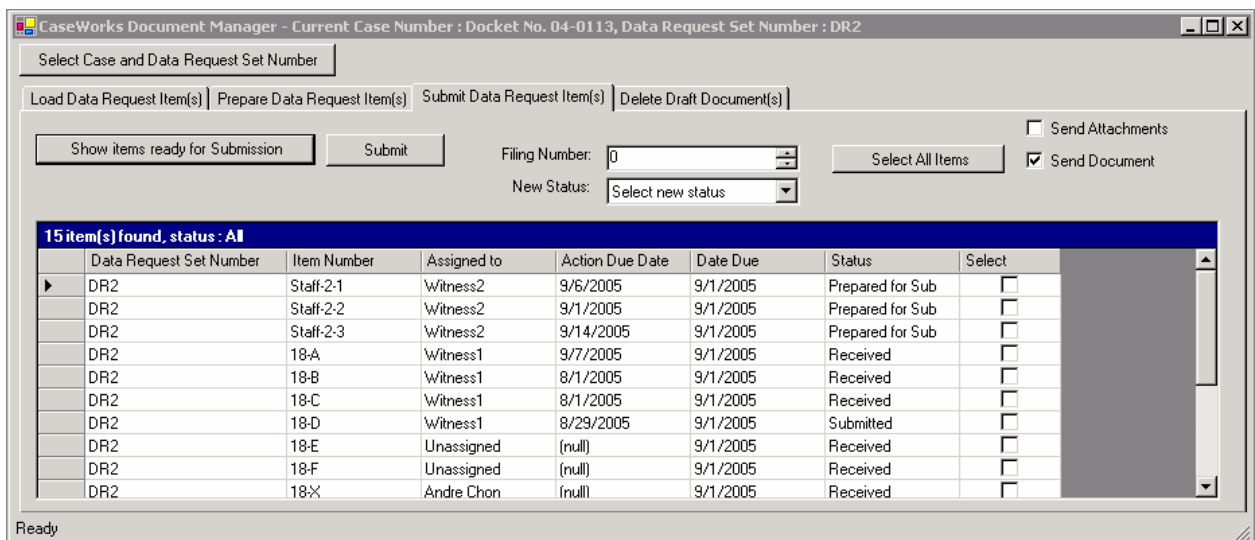
In the past, Constellation Energy Legal Assistant Mary Jean Goetz would have used e-mail and document attachments to solicit answers to the 2,000 information requests that the company received in connection with its new case. Then she would have tracked task assignments and completion manually in a spreadsheet. With CaseWorks, she used a central SharePoint Portal Server 2003 site to

post and assign all information requests. Incoming documents—for example, information requests—were automatically loaded by XML into collaboration spaces based on SharePoint Portal Server for viewing, storage, and manipulation.

These collaboration spaces provided a central location for assigned personnel to respond to the requests and for other employees to view and comment on the responses. Automated notifications ensured that participants knew when new requests and new responses required their attention. Automated tracking provided centralized, up-to-date status on each information request as it was processed.

Written testimony and exhibits—the other components of a typical rate case—were managed the same way, using the SharePoint Portal Server collaboration sites to assign, track, and review these elements as they were developed.

Of course, Constellation Energy personnel were still required to do the work of deciding



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how to assemble the rate-case application and how to respond to information requests—and CaseWorks facilitated those processes, as well. Goetz and her colleagues used CaseWorks in combination with Microsoft Office Live Meeting 2003 to run twice-weekly meetings at which open items were discussed and assigned for completion. Participants used Live Meeting to attend the meeting over the Web from wherever they happened to be. And because Constellation Energy ran CaseWorks in its Live Meeting sessions, all participants could see the documents and other rate-case components being reviewed in the meeting.

The CaseWorks solution at Constellation Energy runs on three load-balanced computers. Each computer runs CaseWorks and Windows® SharePoint Services, with SharePoint Portal Server 2003 installed on one of the computers to provide search capability throughout the solution. CaseWorks provides the utility-specific interface to SharePoint Portal Server 2003, which in turn is the document management and collaboration interface to the Microsoft SQL Server™ 2000 relational database management software that stores and manages the rate-case contents.

Benefits

The CaseWorks solution contributed to Constellation Energy’s most successful rate case ever, while also boosting the productivity of employees working on the rate case.

Helps Achieve the Company’s Most Successful Rate Case

The point of a rate-case application, of course, is for a utility to be able to achieve the revenue and rate of return targets that it requests of its public service commission. For the gas rate case for which Constellation Energy used CaseWorks, the company was allowed to increase its revenue by \$35.6 million of the \$45.6 million “allowable” rate

increase it requested—78 percent of that request, and it also was allowed to recover 95 percent of its requested 8.93 percent allowable rate of return.

“With CaseWorks, we had the most successful gas rate request we’ve ever had,” says Hartline. “We were awarded a very high percentage of our requested increases. Typically, significantly less is awarded.”

“CaseWorks definitely helped us to do as well as we did with the rate case,” says Goetz. “We were able to get our information to the commission in a more timely way. We had a more thorough review process in place, which enhanced the quality of our application. The way we presented information was more useful. All this contributed to the result we achieved.”

Boosts Responsiveness to Requests by 44 Percent

A key productivity measure in rate-case management is the portion of information requests that are successfully handled within the allotted 10-day period. That’s tough to do when a potentially lengthy and complex response must be assigned, researched, written, reviewed, and revised all within that short period of time.

With CaseWorks, Constellation Energy filed 90 percent of the answers to information requests on time, compared to filing just 50 percent of the answers on time during its previous rate case, an increase of 44 percent. Not only were answers delivered more promptly—they also were more accurate, according to Goetz.

“The CaseWorks solution made us more effective and more efficient, and that helped us to deliver answers more quickly and accurately in response to information requests,” says Goetz. “We met our discovery

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John Deermer, SharePoint System Administrator, BGE-Constellation Energy

obligations, and that in turn helped us to achieve our successful result.”

Cuts Administrative Time by Up to 40 Percent

Thanks to its new rate-case management solution, Constellation Energy achieved its success while also boosting the productivity of key administrative employees participating in the process. In particular, because the solution expedited and even automated much of the administrative work that Goetz and her colleagues used to do in the course of a rate case, they were able to provide greater management of the process while cutting time on administrative work by up to 40 percent.

“I saw a significant savings of my own time, thanks to CaseWorks,” says Goetz. “For the first time, I didn’t have to create and maintain spreadsheets to track our work. I didn’t have to look in multiple places for information. I became much more efficient, and that meant I could do a better job of helping to ensure the quality and accuracy of our response.”

Enables Efficient, Cost-Effective Maintenance

Constellation Energy needed a rate-case management solution that it could deploy and maintain quickly, efficiently, and cost effectively. That’s what it got with CaseWorks—in large part because the solution was built on the Microsoft technologies that the company already used.

“CaseWorks has run flawlessly since we deployed it almost two years ago,” says John Deermer, SharePoint System Administrator at Constellation Energy. “It requires very little maintenance.”

Deermer attributes that success to the fact that the solution is an extension of the existing Microsoft-based environment at Constellation Energy. “We had everything

working and in place for CaseWorks—SharePoint Portal Server, SQL Server, Microsoft Office—when we decided to deploy it,” he says. “We just put CaseWorks on top of our existing infrastructure. It was a more cost-effective solution than anything else we could have considered. And if you know how to run a SharePoint-based environment—and we do—then you know how to run CaseWorks. It’s that simple.”

Captures Business Knowledge

As much as Constellation Energy benefited from the use of CaseWorks in its first rate case, the company expects to see additional benefits far into the future. That’s because all the knowledge collected in CaseWorks for each rate case is available to employees in the future, when they work on subsequent rate cases. This significantly reduces the challenge of determining who has the latest versions of important documents because the solution serves as the system of record for all rate-case-related activity. In addition, this enables the company’s employees to use the built-in search engine in SharePoint Portal Server to quickly locate documents in current and past rate cases using keyword searches.

“Employees can’t stay with us forever, of course,” says Goetz. “In the past, as they retired, their knowledge was lost to us. With CaseWorks, we can capture that knowledge and leverage it for years to come.”

For More Information

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For more information about AUS Consultants products and services, call (856) 234-9200 or visit the Web site at: www.ausinc.com

For more information about Flexnova products and services, visit the Web site at: www.flexnova.com

For more information about Baltimore Gas and Electric—Constellation Energy products and services, call (410) 370-1342 or visit the Web site at: www.constellation.com

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