

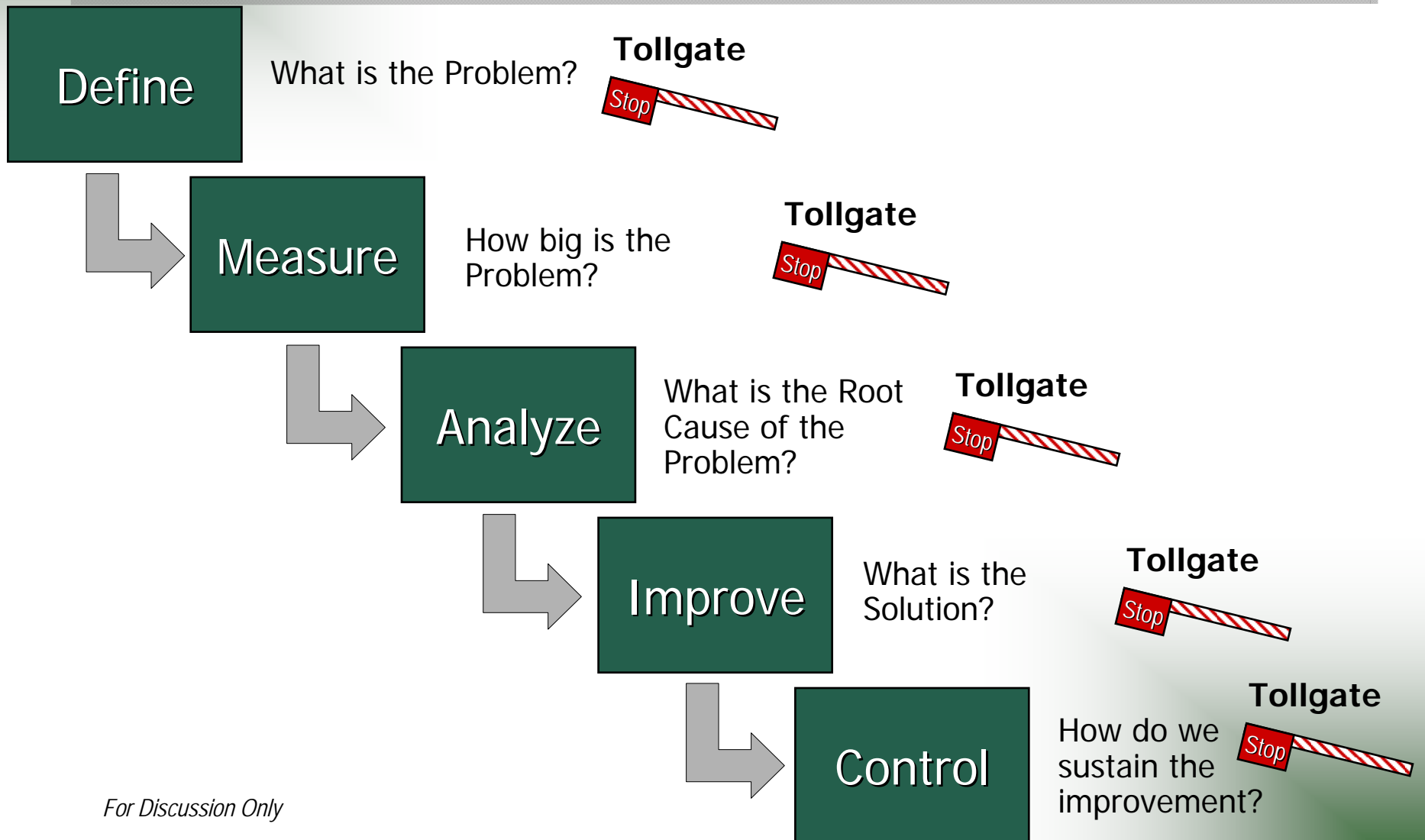
# Lean Six Sigma Invoice Issuance

Billing and Accounting Working Group  
November 14, 2008





# Lean Six Sigma: DMAIC - A Roadmap!



*For Discussion Only*



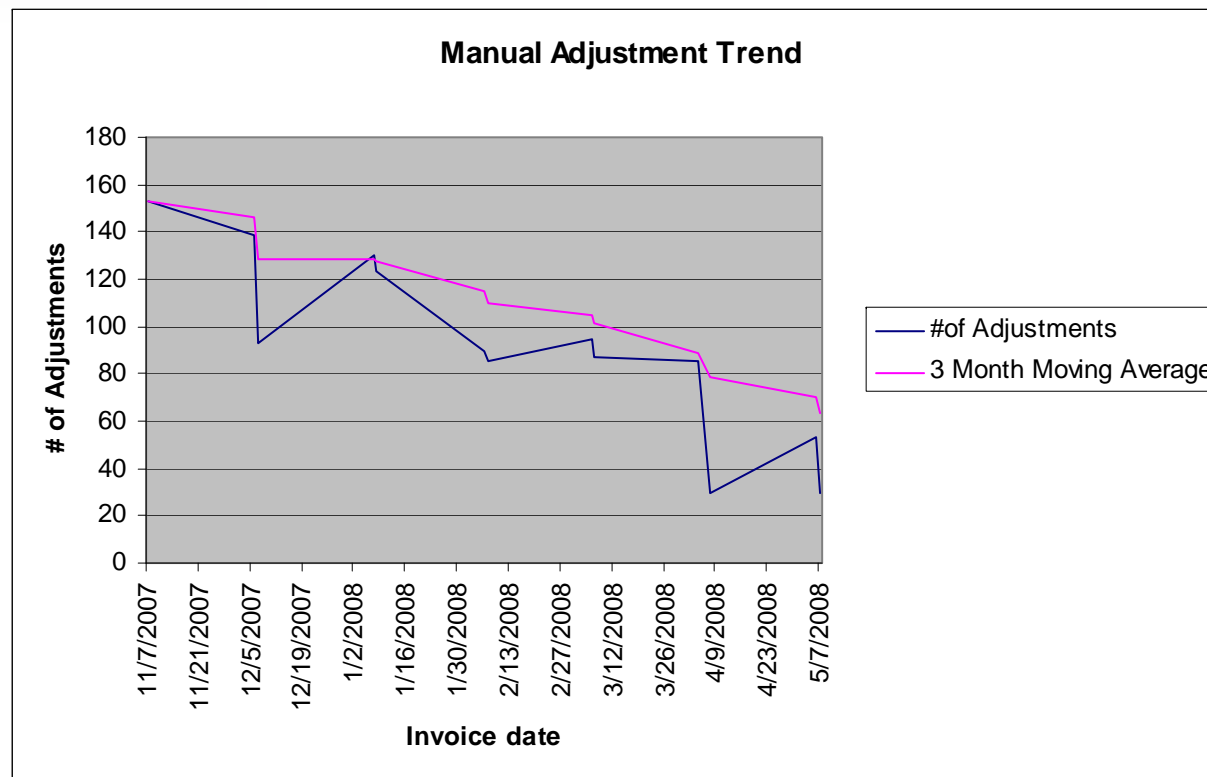
## **Invoice Issuance**

- ◆ Control Phase – Completed 10/15/2008
- ◆ What did we do to address the root causes?



# Invoice Issuance

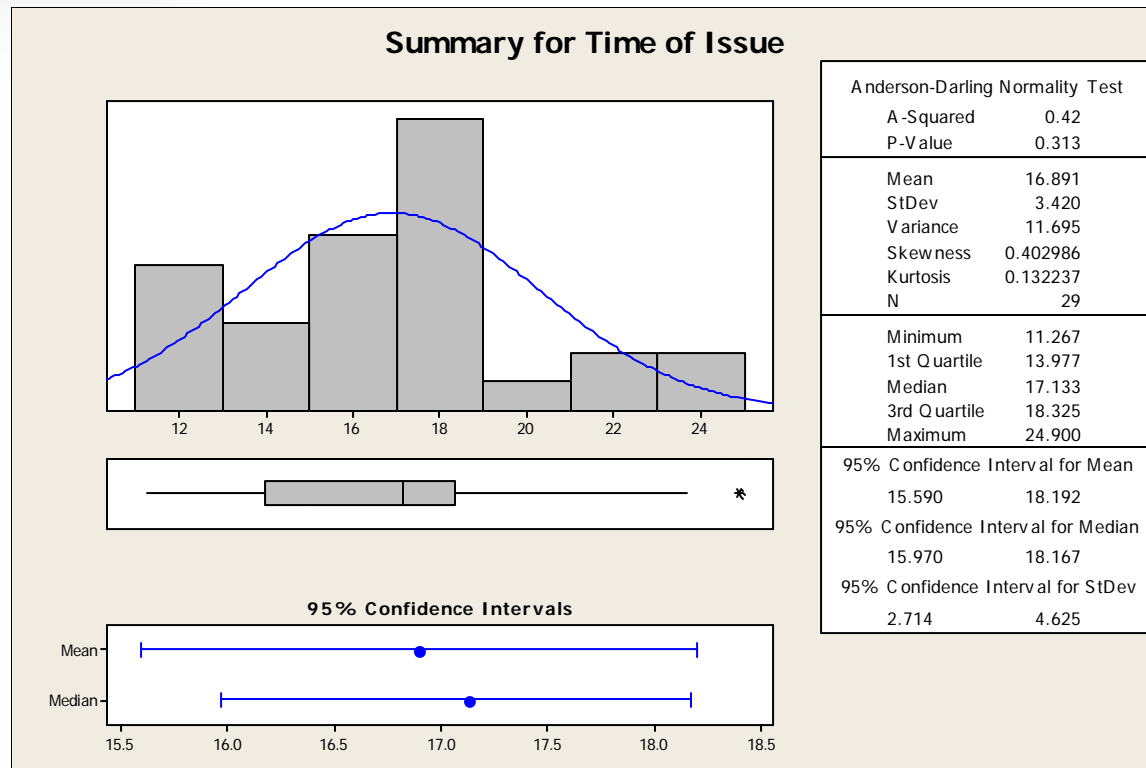
## Reduced Number of Manual Adjustments



*For Discussion Only*

# Invoice Issuance

## Prior Performance - 2007



On average the invoice is issued by 5 pm. It has posted between 11 am and 1 am.

*For Discussion Only*



# Invoice Issuance

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## Root Cause Analysis

- ◆ There was no expectation for invoices to be issued before the end of the business day.
- ◆ Once Customer Settlements completed entering adjustments, there was still a dependency on the completion and entry of prepayment calculations by Credit/ Finance.
- ◆ The process of creating the prepayment calculations had several opportunities for improvement.
- ◆ Once the Prepayment calculation was completed by Credit, it was passed to Finance for entry into ConInvoice.

*For Discussion Only*



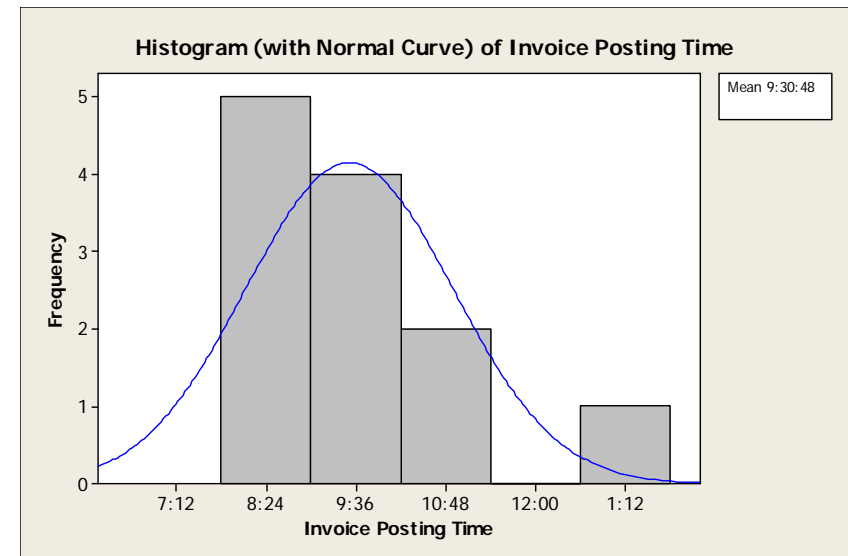
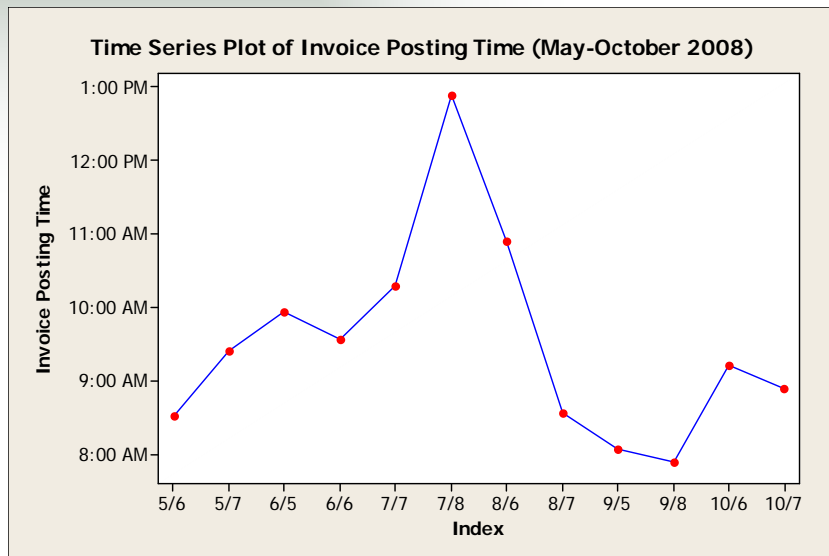
# What has changed?

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- ♦ Developed a streamlined procedure for the prepayment calculations by the Credit Department.
- ♦ Leverage existing reporting capability to eliminate the need for manual steps to calculate the prepayment amount for each Market Participant in the prepayment program.
- ♦ Empower the Credit Department staff to input the prepayment entries rather than passing them off to Finance for entry.



# Pre and Post Improvement



**75% of all invoices have been issued before 10am**  
(May 2008 – October 2008)

**Average time of invoice issuance has gone from 4:53 PM to 9:36 AM**

Baseline sigma: 0.0  
Target sigma: 2.00  
Control sigma: 2.17\*

Baseline Yield: 0.0%  
Target Yield: 67.0%  
Control Yield: 75.0%

*For Discussion Only*

*\*Improvement of 2 sigma level from Baseline sigma*





# Cost Benefit Analysis

<u>COSTS</u>	One-time	Annual
Current Annual Process Cost		\$ 24,962
Improved Annual Process Cost (see prior slide w/ details)		<u>\$ 5,124</u>
<b>Difference (Savings)</b>		<b>(\$19,838.40)</b>
Cost to Implement:		
<b>Total Cost to Implement</b>	n/a	

<u>BENEFITS</u>	One-time	Annual
Annual Process Cost Savings: Soft savings from Efficiency		(\$19,838.40)
Other, Non-quantifiable Benefits		
<ul style="list-style-type: none"> <li>♦Reduce Risk to MPs/NYISO by eliminating manual steps</li> <li>♦Increase MP Satisfaction by improving accuracy of invoices and giving the MPs an extra day to reconcile the invoice.</li> <li>♦Improve NYISO Reputation by showing MPs that NYISO maintains a high sigma level in the Invoice issuance process.</li> </ul>		
<b>Total Benefits</b>		<b>(\$19,838.40)</b>
<b>Net Cost/Benefit</b>	n/a	<b>(\$19,838.40)</b>

*For Discussion Only*