



HPC Cost Flow Forensics (CFF) for Utilities on SAP®

Total visibility into complex cost flows—to the penny

HPC CFF Cost Flow Forensics

HPC Cost Flow Forensics (CFF) is software for utility companies on SAP® that provides total visibility into lengthy or complex cost flows. It enables Rates and Finance professionals to identify the dollars and descriptions associated with every single cost object by FERC account, even those typically obscured from view in between the final (receiver) and source (sender) objects. As a result, HPC CFF improves responsiveness to regulatory inquiries and reduces audit risk, with zero disruption to current operations practices.

Intended Users: Utilities on SAP with Complex or Lengthy Cost Flows

Utility companies with long, complex cost flow models benefit the most from HPC CFF. These are often larger organizations that have been on SAP for a decade or more, or those that have grown through acquisition of different utilities with distinct cost flow models. Multi-jurisdictional utilities that are particularly sensitive to cross-subsidization issues also see significant risk reduction through the transparency that HPC CFF delivers.

Specifications and Requirements

HPC CFF is an ABAP-based solution for SAP ECC 6.0. It requires the use of the SAP IS-U/FERC (Regulatory Reporting) Module and HPC Utility Financials Accelerator (UFA), which is certified by SAP as powered by the NetWeaver® technology platform. HPC CFF integrates seamlessly with the FERC module and HPC UFA to provide the granular cost flow playback required to understand and explain lengthy or complex cost flows—both internally to management, and externally to regulators.

Features

- Easy-to-use, interactive “trace back” functionality that exposes dollars and percentages associated with every cost object, from final receiver back to original sender
- Smart ALV grid tools to sort and filter data directly in SAP
- Excel integration for analysis outside SAP
- Standard SAP security and roles

Benefits

- Visibility into every single cost object by FERC account
- “One version of the truth” through reconciliation of FI, CO, and FERC
- Improved response time and accuracy to regulatory inquiries
- Reduced audit risk and elimination of “fudging” answers to cost questions
- Stronger rate case positions through highly defensible cost data
- Freshest data; results rendered at run-time
- Low impact on IT once implemented
- Short learning curve for CO users, and business users may work independently from IT

Delivered Forensics Rules

HPC CFF includes customizable rules to control cost flow forensics based on user requirements. For example, allocations of overheads may not need to be traced back to the source sender. Additional rules may be programmed during implementation, based on your utility’s specific requirements.

HPC Cost Flow Forensics (CFF) for Utilities on SAP®

Why Cost Flow Analysis in SAP Matters

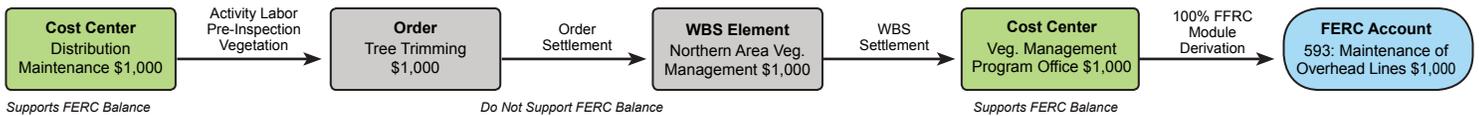
Cost flows in large utilities today are often difficult to explain, thereby making rate case support more challenging. This wasn't always the case. When utilities first started running SAP Financials in the mid-1990s, the conventional cost flow model utilized only documents from the FI module to support costing by regulatory account. This "FI-centric" approach was suitable for simple cost flows, typically those starting at a cost center and flowing into a cost object—for example, an internal order or WBS element using a single allocation, such as direct labor charges:

Simple Cost Flow: Regulated Utility Company



Fast forward a few years, when utility companies had expanded their SAP footprints and grown by acquisition, and cost flow models became far more complex:

Complex Cost Flow: Regulated Utility Company

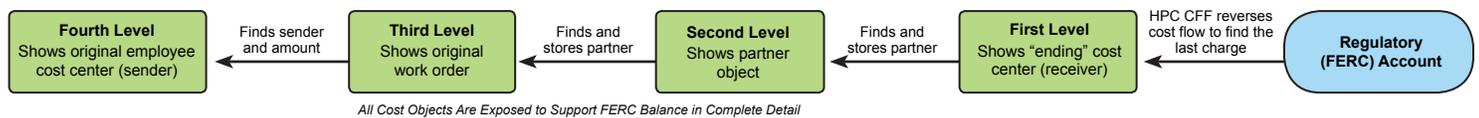


In this scenario, the classic FI-centric model is inadequate because it obscures the cost objects in between the final and source objects. And it's these "middle" transactions that typically contain the rich work order detail necessary to respond to regulatory inquiries, prepare for rate cases, and analyze business operations internally. Without easy access to them, Rates departments face a much greater challenge in answering data requests and interrogatories from regulators.

HPC CFF Exposes Valuable Cost Object Details

In conjunction with the SAP FERC module, HPC Utility Financials Accelerator, and a modern "CO-centric" design, HPC CFF traces back from each regulatory account, exposes each cost object amount through one or more levels upstream, and rebuilds the trail of costs back to the origin. This provides transparency around work order details that are so critical to responding satisfactorily to regulators—as well as giving management a complete and accurate view of the business in functional terms:

HPC Cost Flow Forensics (CFF): Exposes ALL Objects in Cost Flow via "Trace Back" Feature



When an analyst in Rates or Finance runs HPC CFF, the solution generates a series of records tied to a trace ID. It then presents an interactive table of results by FERC account. Playing back costs from final object to source object inside the SAP GUI is simple, and the data can be exported to Excel with the push of a button. [Learn more at www.hpc-america.com](http://www.hpc-america.com)



About HPC America

HPC America is a utility industry expert and certified SAP partner with 20 years of experience implementing SAP and developing solutions in accounting, regulatory reporting, billing, supply chain management, plant maintenance, and business intelligence. Some of our customers include Pacific Gas & Electric, FirstEnergy, Puget Sound Energy, Southern California Edison, We Energies, RPU, PHI, Trans Bay Cable, NTUA, AEPCO, and City of Palo Alto.