

Navajo Tribal Utility Authority Enhances Regulatory Reporting with HPC America's Utility Financials Accelerator



Navajo Tribal Utility Authority (NTUA) was in a tough spot. It owned SAP's IS-U/FERC module, the SAP solution for utilities to translate general ledger accounts to the prescribed Uniform System of Accounts for reporting. But like many resource-constrained utilities, NTUA did not have the internal knowledge to implement it fully. Faced with increasingly stringent reporting requirements from the Rural Utilities Service, NTUA looked to HPC America to deliver the financial data required to satisfy regulators and enhance its daily operations

Company Background

The Navajo Tribal Utility Authority is a non-profit enterprise established by the Navajo Nation Council to provide multi-utility services to the Navajo Nation and the Navajo People. Since 1959, NTUA has supplied electricity, water, natural gas, wastewater treatment, and photovoltaic (solar power) services to residents throughout the 26,000 square-mile Navajo Nation, which spreads across northeastern Arizona, northwestern New Mexico, and southeastern Utah.

NTUA serves more than 50,000 electric customers, 33,000 water, 13,000 waste water customers, and 7,000 natural gas customers. The tribal utility authority operates under a tariff rate and takes pride in having one of the lowest electricity rates throughout the western United States.

Challenges and Opportunities

In late 2007, NTUA found itself in a difficult situation. Its general ledger from the standard SAP FI module was not easily presented in the reporting format required by the Rural Utility Service (RUS). Meeting RUS filing requirements was key to maintaining a status in good standing with the regulator.

RUS had provided NTUA with a temporary report waiver, but it was due to expire. While NTUA had invested in SAP's FERC module, which would enable it to meet RUS' reporting requirements, it did not have adequate internal resources to implement it fully by the

deadline. "We had to get expert help, and not simply from any SAP consultant. Given the reporting standards we faced, we really needed to work with a utility industry expert who also knew SAP," said Joy Thompson, SAP Administrator at NTUA.

NTUA initiated an RFP process to evaluate SAP professional services companies that could meet its needs. After receiving six formal bids and interviewing three of the candidates extensively, NTUA chose to work with HPC America, "the most qualified by far," according to Thompson.

The Solution: HPC America and HPC Utility Financials Accelerator

NTUA selected HPC America for several reasons. Joy Thompson received a strong recommendation from a utility in the Pacific Northwest for HPC's CEO Jerry Cavaliere, a former Pacific Gas & Electric (PG&E) principal FERC accountant and the original co-designer of the FERC module.

When Thompson and the NTUA project committee interviewed Cavaliere and his team, they found that HPC not only had the requisite product expertise to manage the FERC module implementation, but also a deep understanding of electric, gas, and water utilities' Charts of Accounts, as well as RUS and FERC reporting requirements. NTUA's financial leadership was enthusiastic about Cavaliere's accounting background, which would enable them to collaborate extensively at a higher level.

The clincher in NTUA's decision was HPC's latest software solution Utility Financials Accelerator, which integrates seamlessly with SAP's IS-U/FERC module and extends its capabilities in many ways. For utility companies running SAP, or those considering its implementation, Utility Financials Accelerator delivers the data required by regulators faster and more accurately than SAP alone.

“HPC clearly understands what utilities must do to get their reporting right, and they can translate our needs into SAP functionality.”

*— Joy Thompson
SAP Administrator, NTUA*

The Results: Past Data Cleaned Up, Future Reporting Hassle-Free

NTUA began working with HPC in April of 2008, with the goal of launching the FERC module and HPC's Utility Financials Accelerator by January 2009. The actual schedule was much faster, as HPC's knowledge of SAP, regulatory requirements, and utility accounting enabled NTUA to see initial results in July, just four months after starting the project.

A key challenge HPC addressed was NTUA's difficulty in assigning the correct regulatory indicators to work orders. Previously, NTUA, like many utilities, had a time consuming and error-prone manual process for this important task. One approach would have been intense training for the service planners to insert regulatory indicator codes manually, but that would have taken weeks and still relied greatly on staff discipline to be successful.

HPC implemented a far better solution. Utility Financials Accelerator's "auto assignment" feature made it easy for NTUA's field teams to assign their work to the proper accounts; all they need to do is indicate the functional location on the Plant Maintenance (PM) order. "Field associates make just one extra click, and then get to focus on their core work. Accounting is thrilled that all of the work orders are tagged accurately and completely the first time around," commented Thompson.

NTUA has enjoyed a number of other positive results. Actual expenses are now translating to FERC accounts monthly as required. All of the utility's 2008 data is now in the proper format for RUS and FERC reporting—including detailed operating and maintenance accounts for transmission, distribution, customer accounts, and administrative and general expenses—and the RUS auditor is satisfied with what he sees so far. NTUA's month-end closing process to generate regulatory financials is now performed

in just minutes each month. And the organization's management team has immediate, comprehensive access to financial reporting, including interactive drill downs from Net Income to any one of thousands of supporting documents and individual transactions. An interactive balance sheet in the regulatory range of accounts was also prepared and is part of the UFA offering. Newly released functionality in UFA includes a budget comparison to actual with any number of budget versions required.

Assessing the last year of work with HPC, Joy Thompson said, "Jerry's team came in ahead of schedule and under budget, and delivered very practical, real-world tools that help every department here." During the project, NTUA also experienced some employee turnover that increased the remaining staff's already heavy workload. HPC's solutions automated tasks that had been handled manually, thereby giving NTUA some much needed breathing room.

About HPC America

HPC America is a utility industry expert with more than 15 years of experience implementing SAP and developing back-office solutions in accounting, customer billing, supply chain management, and business intelligence specifically for utilities large and small. We are an SAP software and services partner, and work with all SAP IS-Utility solutions from IS-U/FERC to CCS and Work Clearance.

HPC America is also the original developer of the FERC module, which SAP acquired in 1996. Since then, we have been intimately involved in its implementation and maintenance at more than a dozen utilities throughout the United States. Our customers include Pacific Gas & Electric, Navajo Tribal Utility Authority, Tacoma Public Utilities, Oklahoma Gas & Electric, Puget Sound Energy, Wisconsin Electric, and Arizona Electric Power Cooperative.