



Pepco Holdings Strengthens Data Categorization and Reporting in SAP®

Multi-jurisdictional utility gains unmatched cost allocation flexibility and line of business reporting from Utegration Finance4U® Utility Financials Accelerator (UFA)

UTEGRATION®
Connecting utilities to the future.

The Customer

Pepco Holdings, Inc. (PHI) is one of the largest energy delivery companies in the Mid-Atlantic region, serving about two million customers in Delaware, the District of Columbia, Maryland and New Jersey. PHI subsidiaries Atlantic City Electric, Delmarva Power and Pepco provide regulated electricity service; Delmarva Power also provides natural gas service. In addition, PHI provides energy efficiency and renewable energy services through Pepco Energy Services.

The Challenges and Opportunities

Inefficiencies in categorizing and reporting accounting data

Running on the SAP ERP solution for more than a decade, PHI had a fully functioning, multi-company code FI/CO landscape utilized for internal management and all standard FERC and SEC reporting. PHI wanted to enhance its processes of categorizing and reporting accounting data. Because of constraints of the SAP configuration, however, splitting data into the desired categories within SAP FERC would have required significant changes.

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- Kathleen White, Assistant Controller, PHI

As a result, like many utilities, PHI maintained a growing number of Excel spreadsheets outside of SAP to accomplish the categorization of data. This created inefficiencies that PHI wanted to address. The company had explored various options over several years, but never went beyond the blueprinting phase. In 2011, PHI decided to identify and implement a comprehensive solution, one that would deliver automation and reduce the number of spreadsheets being used.

The Solution

PHI engaged Utegration to simplify and streamline reporting

PHI's investment in SAP warranted a solution that would coexist with its existing infrastructure. After conducting extensive research and analysis, they chose Utegration* to implement its Utility Financials Accelerator (UFA) add-on software solution for utilities on SAP. UFA builds on the "FERC module" to deliver immediate benefits and streamline migration to SAP S/4HANA (see sidebar).

Utegration Finance4U® Utility Financials Accelerator (UFA)

For utility companies running SAP ECC, UFA resolves the challenges in complying with today's more stringent regulatory requirements:

- Eliminates reconciling differences between CO and FERC
- Runs the FERC trace without errors, up to 50% faster
- Allocates costs across multiple lines of business and companies while maintaining compliance standards
- Improves data transparency further by turning off FERC clearing and preventing negative cost flows

With UFA, utilities can dramatically improve their responsiveness to regulatory inquiries, and strengthen their rate case positions. To learn more, visit Utegration.com/innovations/

The Benefits

Improvements include comprehensive reports, expedited processes, categorical data integrity and the ability to create custom budgets

Nine months after project kickoff, all of PHI's initial objectives were achieved. "The reports are comprehensive and provide all of the information the company desired," stated PHI Assistant Controller Kathleen White. "Plus, we beat our one-year deadline—Utegration did all of this on our accelerated schedule with very little disruption to daily business." The company's new SAP-based report process significantly expedites the process of data categorization and reporting. Reflecting further on the project, White commended Utegration for its creative approach and accommodation of special requests that arose over the course of the collaboration.

Other innovations that Utegration delivered included special functionality for enhanced FERC budgeting. PHI now has its choice of using the "out-of-the-box" FERC budget or creating a custom budget based on amounts entered directly; tools for improved table maintenance, to easily copy one month's splitting rules for a specific account to another; and a dynamic report group generator that enables PHI to specify allocation categories and level of detail before running custom reports on the fly.

"Given today's renewed emphasis on utility regulation, PHI's needs illustrate the importance of institutionalizing data categorization and reporting," said Jerry Cavalieri, Managing Director of Regulatory Reporting at Utegration. "Utegration UFA facilitates that by extending the financial close's highest standards to the data categorization and reporting process. We bring categorical data integrity up to par by keeping it in SAP longer, and by creating a controlled, flexible allocation model that seamlessly extends the FERC solution so many utilities rely on."

**This story details work done by HPC America, which was acquired and re-branded by Utegration in January 2020. HPC was a consulting and software development firm that created the original "FERC module" and innovated other accounting solutions for utilities on SAP from 1994 through 2019.*