DPU Data Request 2.1

Have there been any changes in your NPC and Wheeling Revenue internal controls during 2012? If so, please provide and explain the changes made.

Response to DPU Data Request 2.1

Three controls related to net power costs and/or wheeling revenues had changes during the 2012 calendar year.

1. The control language to control ST10 was changed to remove the discussion about the Endur extract to TORIS reconciliation because this manual interface was replaced by the Endur automated interface. The control language was also changed to add a discussion of how the Endur subledger and SAP are reconciled.

   ST10 control language prior to change:
   Income statement account reconciliation. After the monthly transfer of bookings from TORIS to SAP, back office accounting performs a reconciliation of income statement accounts posted through TORIS to both month and year to date balances in SAP to confirm that the file transferred correctly and no changes have been made to accounts since the previous month's close. This is done by printing the 'journal voucher summary' report from Cognos and comparing the dollars to SAP account balance totals on the SAP "general ledger account balances report" for special sales, regular sales, purchase power and wheeling expenses. Additionally, Back Office staff performs a reconciliation from extracted Endur data to TORIS once all entries are made. If an error is reported, differences are investigated and resolved.

   ST10 control language after change:
   ST10 Now: Income statement account reconciliation. After the monthly transfer of bookings from Endur and TORIS to SAP, the back office accounting manager performs a reconciliation of income statement accounts posted to both month and year to date balances in SAP to confirm that the file transferred correctly and no changes have been made to accounts since the previous month's close. For Toris postings this is done by printing the 'journal voucher summary' report from Cognos and comparing the dollars to SAP account balance totals on the SAP "general ledger account balances report" for special sales, regular sales, purchase power and wheeling expenses. For Endur postings this is done by comparing the Endur subledger to the file created by running PacTsk_PushSapPwrActuals and to SAP.

2. The control language to control FC19 was changed to enhance the control language to better define the net power cost deferral review process.

   FC19 control language prior to change:
   Power cost adjustment mechanism estimate review. The estimate of deferred net power costs related to power cost adjustment mechanisms is reviewed for reasonableness quarterly.

Actual net power costs are determined by the finance accounting director and compared to the actual net power costs provided by the Regulatory NPC group approximately two months later to insure consistency in the calculation of deferrals. Assumptions on base power costs, allocation percentages and other key inputs are also compared to those provided by the Regulatory NPC group.

ST19 control language after change:
Power cost adjustment mechanism estimate review. The deferral estimate associated with power cost adjustment mechanisms and renewable energy adjustment mechanisms are reviewed for accuracy quarterly by C&T Regulatory Net Power Costs, Regulation and Finance. This includes conducting a formal review of the deferral write-ups provided by Regulation and associated calculation for each deferral mechanism as provided by Finance. Areas of focus include assumptions on base power costs, allocation percentages and other key inputs. The meeting is to take place prior to quarter-end for the quarter that is subject to deferral. Actual net power costs are determined by the finance accounting director and compared to the actual net power costs provided by the Regulatory NPC group approximately two months later to insure consistency in the calculation of deferrals.

3. Control FC17 was deleted as the performance of this control is encompassed within another company control process, and it was eliminated to reduce redundant controls. The process will still be performed as it feeds into the other company control process; however, it will not be identified as a separate control.

FC17 control language prior to deletion:
Actual-to-budget-to-forecast variance analysis. A monthly comparison of actuals to budget and forecast is prepared once all month-end entries are complete and posted. C&T financial analysis and planning manager prepares "WeeklyReport_mmddyy" for PacifiCorp Energy management, which shows the variance and significant explanations of the monthly variances from the approved forecast and budget and the prior week's version. All significant variances are researched and explained at a detailed level comparing line items, volumes and prices. A summary of the report is reviewed by the C&T finance accounting director for reasonableness and validity of information and assumptions based on the finance accounting director's knowledge of the business, events and transactions that have transpired.