

14-035-31/ Rocky Mountain Power
May 22, 2014
DPU Data Request 8.1

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Have there been any changes in Your NPC and Wheeling Revenue internal controls during 2013? If so, please provide and explain the changes made.

Response to DPU Data Request 8.1

The following controls related to NPC and/or wheeling revenues had changes during the 2013 calendar year:

NPC FC18 was changed to provide clarification regarding the reporting of those variances which would affect the revenues or energy cost line items on the Securities and Exchange Commission filings by more than the summary of unadjusted differences amount.

NPC FC18 control language prior to change:

Net power cost actual-to-accrual comparison. Each month the back office director, controller, and finance accounting director review differences between the prior month's net power cost accrual and the actuals. The review materials include a report showing the difference between actual booked and adjusted amounts for that month prepared by the finance accounting director, including the impact of any volumetric adjustments from prior months on related entries (such as the netting of bookouts or trading transactions). Each item is reviewed, variances/adjustments greater than \$100,000 are explained and the required corrective action is documented. Status of the action items is reviewed in the next month's meeting. To the extent that any of the actuals have been estimated, that estimate is highlighted for further discussion and review as appropriate, and the estimate is replaced with actual values prior the close of the month where those values become available. Variances which would affect the revenues or energy cost line items on the Securities and Exchange Commission filings by more than the summary of unadjusted differences amount are reported to corporate finance. The meeting notice, minutes, and action items are sent to the _C&T actual vs accrual distribution list and stored in the C&T control box archive outlook folder.

NPC FC18 control language after change:

Net power cost actual-to-accrual comparison. Each month the back office director, controller, and finance accounting director review differences between the prior month's net power cost accrual and the actuals. The review materials include a report showing the difference between actual booked and adjusted amounts for that month prepared by the finance accounting director, including the impact of any volumetric adjustments from prior months on related entries (such as the netting of bookouts or trading transactions). Each item is reviewed, variances/adjustments greater than \$100,000 are explained and the required corrective action is documented. Status of the action items is reviewed in the next month's meeting. To the extent that any of the actuals have been estimated, that estimate is highlighted for further discussion and review as appropriate, and the

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estimate is replaced with actual values prior the close of the month where those values become available. Variances which would affect the revenues or energy cost line items on the Securities and Exchange Commission filings by more than the summary of unadjusted differences amount are reported to corporate finance on quarter-end months. The meeting notice, minutes, and action items are sent to the _C&T actual vs accrual distribution list and stored in the C&T control box archive outlook folder.

Wheeling revenue control 1.20.1 C15 was changed because the COGNOS pricing report listing of MV-PBS prices is now compared to Platts electricity price index instead of Dow Jones electricity price index.

Wheeling revenue control 1.20.1 C15 control language prior to change:
The transmission reporting and billing finance manager validates that the pricing components for all loss and imbalance invoices are accurate and complete by comparing the COGNOS pricing report listing of MV-PBS prices to the Dow Jones electricity price index.

Wheeling revenue control 1.20 C15 control language after change:
The transmission reporting and billing finance manager validates that the pricing components for all loss and imbalance invoices are accurate and complete by comparing the COGNOS pricing report listing of MV-PBS prices to the Platts electricity price index.

Wheeling revenue control 1.20.1 C25 was deleted because a journal voucher control already exists in the corporate accounting financial statement preparation cycle. C25 was redundant.

Wheeling revenue control 1.20.1 C25 before deletion:
The transmission reporting and billing finance manager reviews and approves the unbilled revenue accrual journal voucher prior to month end, before the amount is entered into the general ledger to ensure that the transmission revenues are accurate, complete, and recorded in the appropriate period.

Wheeling revenue control 1.20.1 C29 was deleted because a journal voucher control already exists in the corporate accounting financial statement preparation cycle. C29 was redundant.

Wheeling revenue control 1.20.1 C29 before deletion:
The transmission reporting and billing finance manager reviews the bad debt allowance journal voucher to ensure the amounts are reasonable and then posts the journal entry.

Wheeling revenue control 1.20.1 C3 was changed 5/2/13 to reflect the new OATI OASIS system.

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Wheeling revenue control 1.20.1 C3 control language prior to change:
All transmission employees' OASIS profiles and access is reviewed by the applicable manager for appropriateness, on a semi-annual basis.

Wheeling revenue control 1.20.1 C3 control language after change:
All transmission employees' OATI OASIS profiles and access is reviewed by the applicable manager for appropriateness, on a semi-annual basis.

Wheeling revenue control 1.20.1 C7 was changed to reflect the new system and process with OATI OASIS.

Wheeling revenue control 1.20.1 C7 control language prior to change:
As the Tariff is changed / updated, tariff pricing parameters programmed into OASIS are updated and validated timely by appropriate transmission management

Wheeling revenue control 1.20.1 C7 control language after change:
As the Tariff rates / formula rates are changed, the review of the pricing data entered into both OATI OASIS and Legacy OASIS by the Transmission Scheduling Manager Services Director to the OASIS Tariff Pricing Baseline and pricing matrix ensures that the proper pricing components are used in calculating wheeling charges.

Wheeling revenue control 1.20.1 C8 was changed to reflect the new OATI OASIS system and process.

Wheeling revenue control 1.20.1 C8 control language prior to change:
OASIS system logic reviews the reservation request to ensure that it meets programmed tariff pricing and capacity parameters and then automatically accepts / confirms or denies the reservation. Once confirmed, the reservation cannot be changed.

Wheeling revenue control 1.20.1 C8 control language after change:
OATI OASIS system logic reviews all reservation requests to ensure that they meet the programmed tariff pricing and capacity parameters. The system also confirms whether there is sufficient available capacity to meet the reservation. If the reservation pricing is outside the acceptable range or if capacity availability is insufficient, the system will refuse the reservation request, sending it back to the customer to revise or withdraw. Providing there is sufficient capacity and then the pricing is acceptable, OATI OASIS will automatically accept/confirm the reservation.

Wheeling revenue control 1.20.1 C9 was changed to reflect the new OATI OASIS system and processes.

Wheeling revenue control 1.20.1 C9 control language prior to change:

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As needed, the set-up of a new long-term AREF within OASIS or any changes to existing long-term AREFs are validated against the control and approved by appropriate transmission management or designee.

Wheeling revenue control 1.20.1 C9 control language after change:

On a monthly basis, the contract administration analyst will pull any new long-term confirmed TSR requests for the month from OATI-OASIS, coordinate with contracts to pull the related contracts, and validate the accuracy of the set-up by comparing it to the contract and the approved Change Notice Form. The Transmission Manager will then review the validation.

Wheeling revenue control 1.20.1 C10 was changed to reflect the new OATI OASIS system and processes.

Wheeling revenue control 1.20.1 C10 control language prior to change:

Semi-annually, all long term firm capacity rights within OASIS are reconciled against the contracts by appropriate transmission personnel.

Wheeling revenue control 1.20.1 C10 control language after change:

Semi-annually, all long term firm capacity rights within OATI OASIS are reconciled against the contracts to ensure that they are all accurate and complete.

Wheeling revenue control 1.20.1 C11 was changed to reflect the new CAS system process with the new OATI OASIS system.

Wheeling revenue control 1.20.1 C11 control language prior to change:

Within OASIS, automated schedule edit logic prevents; the entering of a transmission schedule with a MWh value larger than the rights granted in the AREF (reservation), entering of a transmission schedule against an invalid AREF (reservation) #, and the entering of multiple schedules against one AREF (reservation)

Wheeling revenue control 1.20.1 C11 control language after change:

The automated Schedule edit logic in CAS prevents the following; the entering of a transmission schedule with a MWh value larger than the rights granted in the AREF (reservation), entering of a transmission schedule against an invalid AREF (reservation) #, and the entering of multiple schedules against one AREF (reservation) that exceed the total capacity rights of the AREF.

Wheeling revenue control 1.20.1 C13 was changed to reflect a new control owner title and clarification the control stays in Legacy OASIS.

Wheeling revenue control 1.20.1 C13 control language prior to change:

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Transmission finance accounting analyst reviews implemented pricing changes for accuracy in invoicing through vouching, sample invoice reviews with Oasis data for short-term, and price inputs to billing system (MV-PBS)

Wheeling revenue control 1.20.1 C13 control language after change:
Transmission senior financial accounting analyst reviews implemented pricing changes for accuracy in invoicing through vouching, sample invoice reviews with Legacy Oasis data for short-term, and price inputs to billing system (MV-PBS).

Wheeling revenue control 1.20.1 C20 was changed to clarify the new OATI OASIS system is not involved with calculating loss volumes which is done with Legacy OASIS, which interfaces with MV-PBS.

Wheeling revenue control 1.20.1 C20 control language prior to change:
MV-PBS automatically calculates the short-term and long-term loss pricing and loss charges accurately and completely.

Wheeling revenue control 1.20.1 C20 control language after change:
In order to bill the customer for financial settlement of Losses, Legacy OASIS will calculate the MW volume using the Schedules in Legacy OASIS multiplied by the loss factor percentage listed in the Tariff. The calculated volume is then sent to MV-PBS, through system interfaces, where the actual charges are automatically calculated by multiplying the volume by the price.

Wheeling revenue control 1.20.1 C3 was changed 5/15/13 to reflect the new frequency of the control.

Wheeling revenue control 1.20.1 C3 control language prior to change:
All transmission employees' OATI OASIS profiles and access is reviewed by the applicable manager for appropriateness, on a semi-annual basis.

Wheeling revenue control 1.20.1 C3 control language after change:
All transmission employees' OATI OASIS profiles and access is reviewed by the applicable manager for appropriateness, on a quarterly basis.