

SAP Chart of Accounts Design and Data Conversion Overview



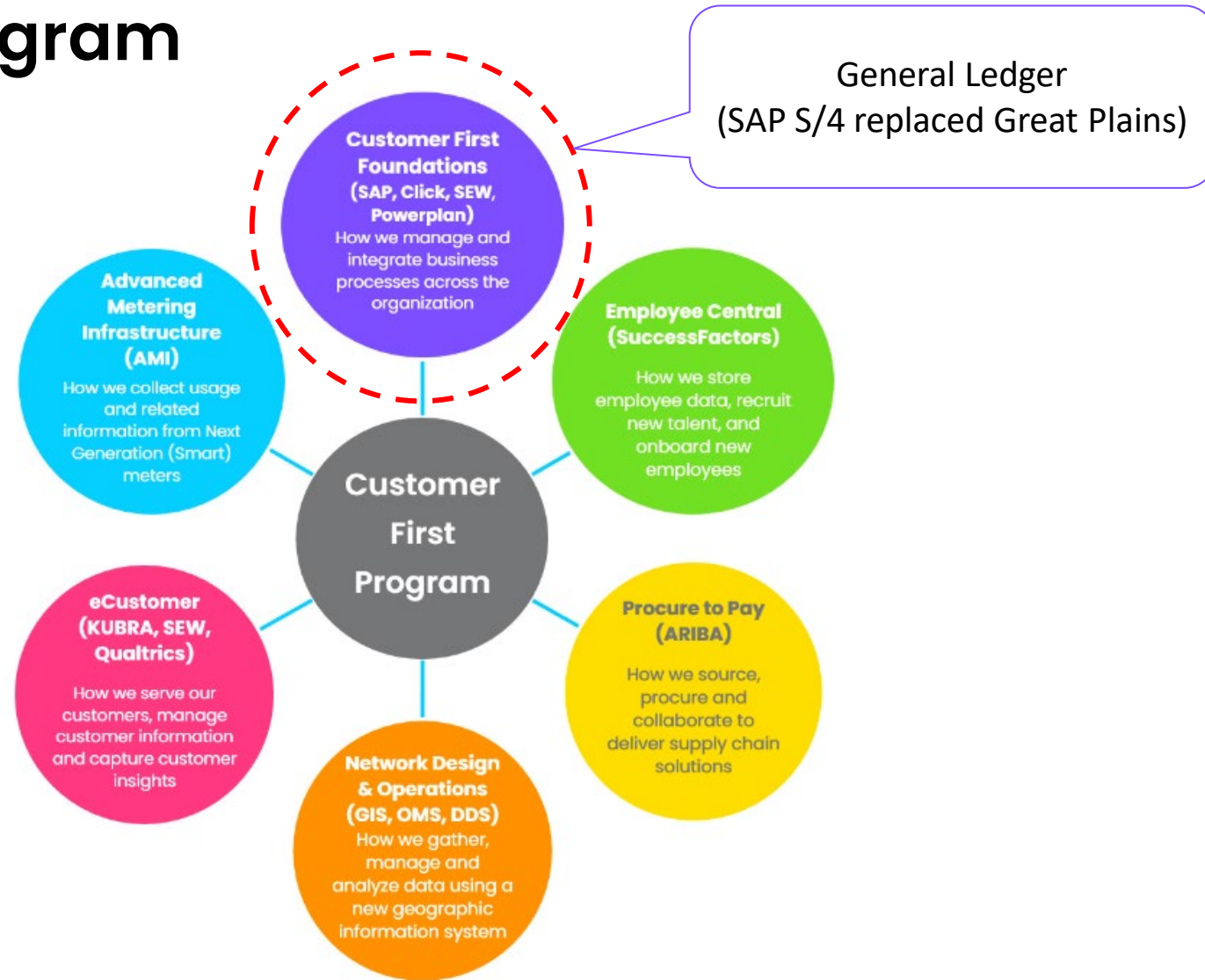
Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Docket No. DE 23-037
January 23, 2024

Summary

- **Customer First Project Overview**
- **Chart of Accounts**
- **Legacy to SAP Conversion Process, Mapping and Data Validation**
- **SAP Regulatory Account Derivation Process and Issues Encountered**

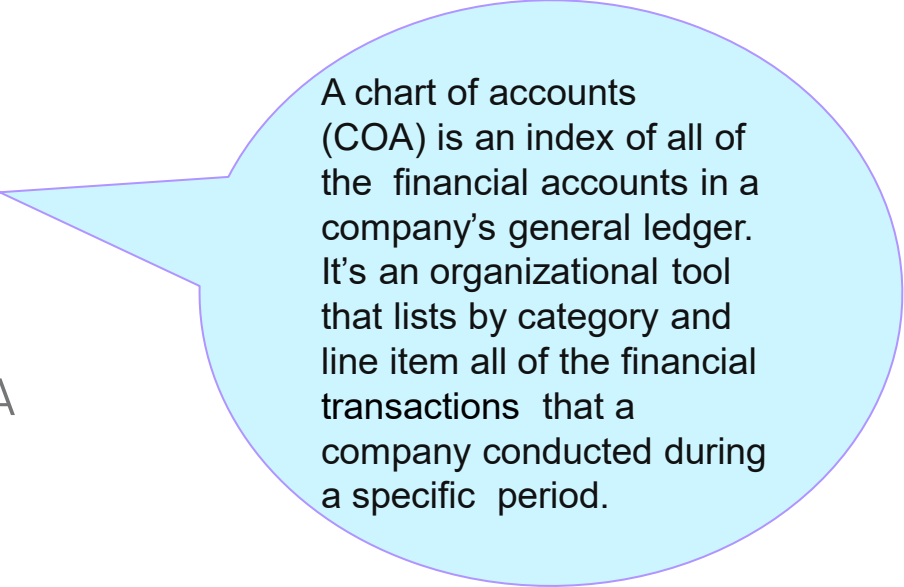


Customer First Program



General Ledger/Financial Data Conversion Process

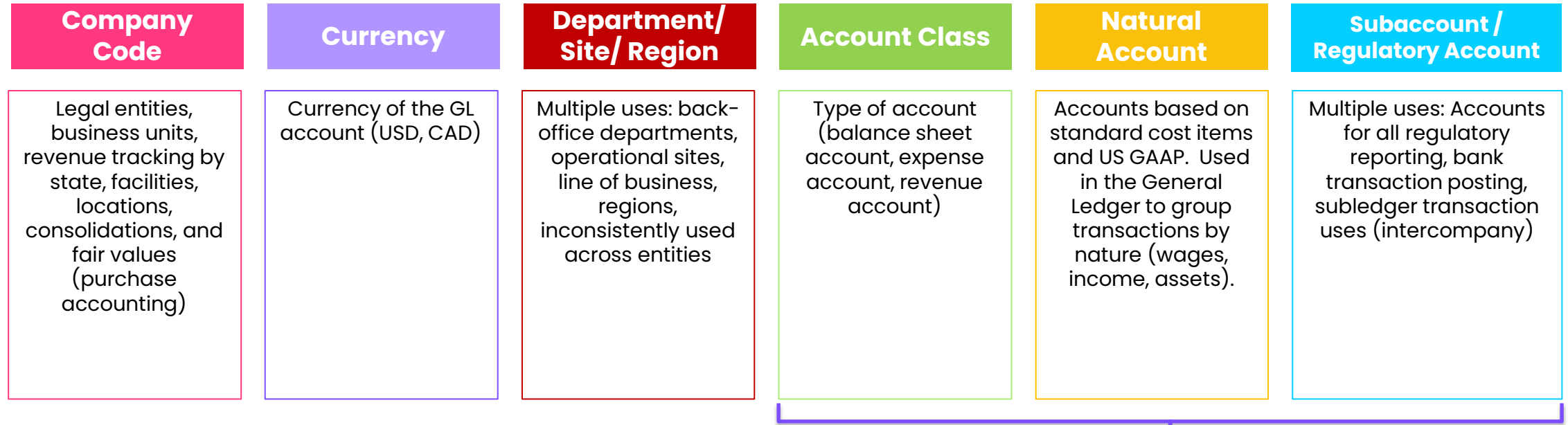
- **Step 1:**
 - Design of new SAP chart of account (COA)
- **Step 2:**
 - Map legacy (Great Plains) COA to new SAP COA
- **Step 3:**
 - Load historical/opening balances from Great Plains to SAP
- **Step 4:**
 - Data validation, reconciliation and sign off



A chart of accounts (COA) is an index of all of the financial accounts in a company's general ledger. It's an organizational tool that lists by category and line item all of the financial transactions that a company conducted during a specific period.



Great Plains COA Structure



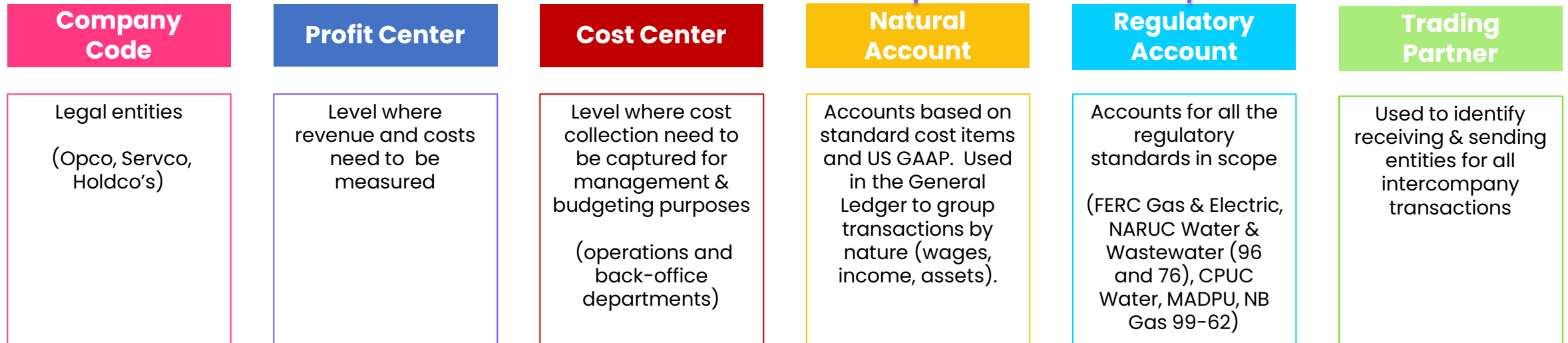
For reporting purposes these 3 segments make up the natural account/regulatory account

- 6 segments – XXXX. X. XXXX. XX. XXXX. XXXX (all combined in one field)
- Example: 8830-2-9830-69-5010-9200 (GSE A&G Salaries – Regulatory Dept)



SAP COA Structure – Foundational Segments

Every transaction in SAP is identified to a natural account and a regulatory account



How are Regulatory Accounts determined

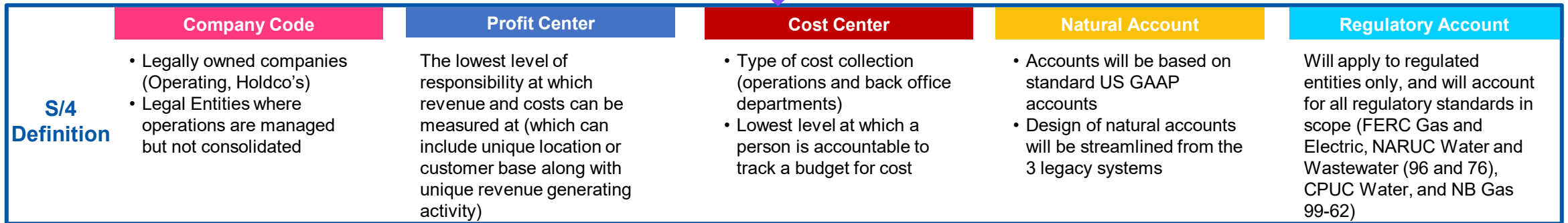
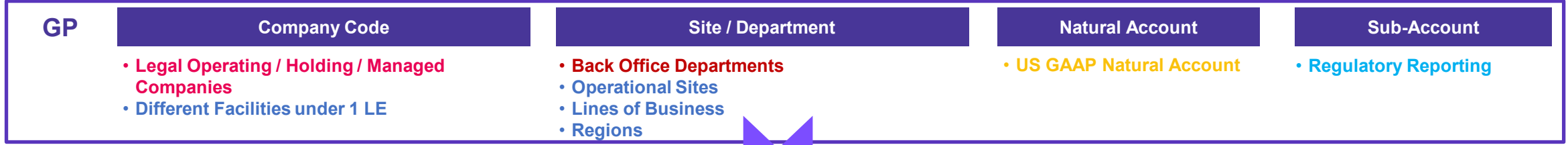
- Balance sheet & revenue accounts - one natural account to one regulatory account relationship via mapping table
- Expenses & system accounts (settlements, assessments, controlling) – could be one to one or to many mapping via derivation based upon combinations of company code, profit center, natural account, cost center, and WBS



Legacy to SAP Data Conversion Process

Segment Definitions and Mapping Guidance

A critical design principle of the new COA is to ensure each segment is defined with a single purpose to ensure data is not co-mingled across different segments



Color Coded Text indicates which segment the legacy data object will be captured in

Conversion Mapping Table

	A	B	C	D	E	F	G	H	I	J	K	L	M
	Edit Mem	Source-Ent	SAP Ent	Source-Acct	SAP Account	Source-ICP	ICP	Source-C	CostCentre	Source-PC_CC	ProfitCentr	Source-RegAccount	Regulatory
5	--	8830	3071	10_1020_1310	100110	1020-1310	[ICP None]	CBal	CBal	8830_0000	10167	8830_0000_10_1020_1310	10131000
7	--	8830	3071	10_1060_1340	188010	1060-1340	[ICP None]	CBal	CBal	8830_0000	10167	8830_0000_10_1060_1340	10134000
8	--	8830	3071	10_1101_1420	110030	1101-1420	[ICP None]	CBal	CBal	8830_0000	10167	8830_0000_10_1101_1420	10142000
9	--	8830	3071	10_1101_1421	110030	1101-1421	[ICP None]	CBal	CBal	8830_0000	10167	8830_0000_10_1101_1421	10142000
0	--	8830	3071	10_1101_1423	130800	1101-1423	[ICP None]	CBal	CBal	8830_0000	10167	8830_0000_10_1101_1423	10142000
1	--	8830	3071	10_1101_1429	130800	1101-1429	[ICP None]	CBal	CBal	8830_0000	10167	8830_0000_10_1101_1429	10142000
2	--	8830	3071	10_1102_1443	110200	1102-1443	[ICP None]	CBal	CBal	8830_0000	10167	8830_0000_10_1102_1443	10144000
3	--	8830	3071	10_1160_1438	113030	1160-1438	[ICP None]	CBal	CBal	8830_0000	10167	8830_0000_10_1160_1438	10143000
4	--	8830	3071	10_1160_1439	113030	1160-1439	[ICP None]	CBal	CBal	8830_0000	10167	8830_0000_10_1160_1439	10143000



Regulatory Account Assignment

Regulatory accounts are derived through table configuration and are not allocations. As transactions are entered the system fetches the regulatory body based on the **company code and profit center**, then is directed to the following tables based on account types:



Direct Mapping Table from the **natural account** based upon the regulatory chart mapping for the respective **company & profit center**



Derived through tables based on **natural account and functional area** (functional area is from the *Cost Center or *WBS Element or *work order)



Used in month-end processes to "settle" costs (e.g. capex, interco, etc.) and derived based on combination of **transaction types** (settlements, assessments etc.) and **functional area**

* **Cost Center** – area of responsibility/home cost centers

WBS (Work Breakdown Structure) - collects costs and revenues related to a project at the lowest level. Mostly used by O&M projects and Capital projects, and within the service company where needed

Work Order - used by Operations to schedule work via Click which assigns a Work Order #



SAP Regulatory Account Derivation Process Examples



	G/L Acc	Regulatory Body Code	Regulatory Acc
	100020	19	19131000
	100020	+	= 20135000
	100020	21	21131000
	100020	22	22131000
	100020	23	23131100
	100020	24	24131100



Cost Center /WBS /Other Cost Objects >> Functional Area



GL Account + Functional Area = Reg Account

G/L Account	G/L Account Desc	Profit Center	Debit/Credit Indicator	Functional Area From	Functional Area To	Regulatory Acc	Regulatory Account Description
500120	Unemployment/Employment Insurance	*	*	10920000	10920000	10926000	Employee Pensions n Bnfts—FERCE
500130	FICA Taxes	*	+	10426000	10920000	10408000	[Rsvd]—Ut Op—FERCE
500280	House Allowance	*	*	10920000	10920000	10926000	Employee Pensions n Bnfts—FERCE
500350	Allocations - Reg - Outside Services - Legacy	*	*	10920000	10920000	10923000	Outside Servs Empld—FERCE



Regulatory Account Mapping Process Identified Issues

- **Legacy to SAP Conversion**
 - Incorrect mapping to regulatory account identified
- **SAP Regulatory Account Derivation Process**
 - Incorrect configuration of a WBS Element or internal process
 - Transactions that are unable to settle to the correct regulatory account and remain in a regulatory clearing account (“999” account) and must be cleared at the end of each month.



Options to Correct the Regulatory Clearing Account Balances

- **Option 1**

- Correct the WBS allocation structure, reverse the entries in SAP and re-run the settlement process

- **Option 2**

- Process a manual journal entry to reclass the balance in the 999 to the correct regulatory account in the current month and correct the WBS allocation structure in a future month

- **At the end of 2022, a manual journal entry was performed to reclass the balance in the 999 account to a 920 regulatory account. This was a known issue to be resolved for FERC reporting and rate case work**



Adjustments Made to 2022 Balances for Reporting Purposes

- In early 2023, a detailed analysis was conducted to identify the correct regulatory accounts and unwind the manual journal performed at the end of 2022 to report by the correct regulatory account for FERC reporting and rate case purposes

