

MINIMIZE RISK AND OPTIMIZE MAXIMO'S IMPLEMENTATION WITH POWERPLAN

"Without PowerPlan, we couldn't have gone live with Maximo within the city's budget and the time constraints of the Texas Nodal requirements. Furthermore, PowerPlan filled key operational cost allocation and asset analysis functions required by ERCOT."

**Ann Little,
Vice President of Finance and
Corporate Services, Austin Energy**

ABOUT AUSTIN ENERGY

Founded:	1893
Employees:	1,700
Metered Customers:	400,000
Generating Capacity:	3,000 megawatts
2010 Revenue:	\$1.2 billion
2010 Assets:	\$4 billion

How to Meet Texas Nodal Market Requirements?

Austin Energy, the ninth largest public power utility in the nation, provides low-cost, reliable service to Greater Austin, Texas, including approximately 1 million consumers and 43,000 businesses. Austin Energy's objectives are:

- To support the city's goal of being "the most livable city in the country"
- To deliver clean, affordable, reliable energy and excellent customer service
- To be the best managed utility in the U.S.

In support of these goals, and to meet the new, detailed operational-level cost and asset analysis requirements demanded by the Texas Nodal Market, Austin Energy chose to implement IBM's Maximo software and the PowerPlant solution suite from PowerPlan. The result is a consistent and uniform platform for managing all assets and work across Austin Energy's portfolio of assets (Generation, Transmission and Distribution), and seamless integration with the city's financial systems.

Maximizing Maximo While Reducing Implementation Costs

PowerPlan, recommended to Austin Energy by IBM, was chosen because of its solutions, automated asset-related accounting and because it had proven synergy with Maximo. PowerPlant was concurrently rolled out with Maximo Asset Management to:

- Reduce the cost and risk of integrating with the City of Austin's financial system
- Eliminate accounting complexity within Maximo while providing granular asset accounting detail for capital work
- Provide O&M costing feedback to operations
- Meet new compliance requirements

Today, PowerPlant acts as an interpretive bridge between the Maximo software and the city's general ledger for operational costing, capital projects and asset accounting.



Cost for Not Participating in the Texas Nodal Market? Millions.

“The PowerPlant Project & Asset Accounting system allows us to prepare for rate cases, the Nodal Market, and internal benchmarks and analysis far better than we could in the past.”

**Ann Little,
Vice President of Finance and
Corporate Services, Austin Energy**

BUSINESS BENEFITS:

- **Risk/Cost Avoidance**
- **Flexible, Automated Accounting**
- **Detailed Costing**
- **Labor Efficiencies**
- **Standardized Reports**
- **Revenue Generation**

The Texas Nodal Market is a complex engineering and business transformational program involving hundreds of highly detailed workflows and processes. Not participating in the Nodal Market could cost Austin Energy millions of dollars.

To participate, Austin Energy, a municipal utility under ERCOT jurisdiction, needed to justify generation costs sent to the ERCOT power pool based on actual operations, maintenance and capital costs by unit by station. Its legacy operations and financial systems lacked the granular level of detail required to meet the Texas Nodal Market reporting requirements.

In addition, the city's financial systems recorded costing information at a department and budget level only - and the entire Austin Energy business is represented as a single department within the City of Austin. Utility best practices, let alone the new Texas Nodal requirements, necessitate operational and asset costing to be performed at a detailed level consistent with how the work is performed and how assets are maintained.

By implementing Maximo, Austin Energy could manage physical assets with granular detail, but the accounting and tracking demands of the operations and back office accounting teams would soar. Head count restrictions prevented the utility from hiring additional personnel, and there was no time, budget or appetite to customize Maximo.

Austin Energy needed to fill the void between work management and financials with an automated, interpretive solution that could publish O&M and capital costs by unit, provide costing feedback to operations and automate capital accounting without adding staff.

Critical Requirements:

- Avoid Maximo customization
- Reduce Maximo implementation time and costs
- Perform operational costing and automate asset accounting
- Provide timely operational costing feedback to field personnel
- Allocate all common costs for internal reporting
- Translate asset-centric Maximo into G/L-centric city financials
- Maintain or reduce the employee head count
- Develop unit-specific costs for Nodal reporting

Success with a One-Two Punch: PowerPlant and Maximo

Once implemented, the solutions from Maximo and PowerPlant produced a number of immediate benefits for Austin Energy. Because they were concurrently implemented, the need for Maximo software customizations and the associated risks were eliminated. Thus, the total time and cost of implementing Maximo Asset Management at Austin Energy was lower due to PowerPlant, and IT maintenance requirements are minimal.

Using the new system, Austin Energy has managed a large increase in the granularity of work and asset accounting without any increase in staffing. G/L account generation and validation performed in PowerPlant ensures greater accuracy while freeing field personnel to focus on work.

With PowerPlant's proprietary derivation accounting, when field personnel charge a Maximo work order, PowerPlant automatically derives the accounting string from information naturally present on a collection of Maximo work orders. Location, asset and retirement unit hierarchies may all be used to determine asset additions and retirements, including splitting charges across accounts, such as the amount of labor spent between the addition and removal accounts on replacement work.

PowerPlant's derivation accounting works prospectively during the lifecycle of the work and then performs a final cumulative period true-up at the end of the job. Field operations focuses on work - PowerPlant gets the accounting right!

Eliminating spreadsheets, automating processes and consolidating data are saving time in field operations, finance, and accounting. Spreadsheets previously used to capture utility plant costs were eliminated. Approximately 1,500 employees across the utility's transmission, distribution and generation facilities now capture the complete cost of each work order and asset. Every O&M and capital job, task, requisition and timesheet from Maximo is captured in PowerPlant.

All transactions are stored in PowerPlant at a detailed level before going to the ledger in summary format. As the intermediary, PowerPlant automates the reconciliation between the financial and work management systems. PowerPlant is a fully reconciled sub-ledger to the city's ledger for all capital and O&M charges.

In addition to simplifying Maximo for field operations, PowerPlant extracts data from Maximo to automate the creation of asset accounting records and retirements for the financial books. The process requires fewer unique Maximo work orders, and the results are more timely and accurate.

Standard reports and controls in PowerPlant produce more detailed, accurate cost of service information for regulatory reporting and financial analysis, including commission rate making reports, FERC financial reports, and ERCOT nodal reports. The system automatically provides the cost segmentation required to comply with ERCOT's regulation to report all variable costs by generation unit.

Additional benefits include PowerPlant's Project Billing capabilities, which allow the utility to easily support the billing of damage claims - a process that was performed manually using spreadsheets in the past. Expediting damage claims and meeting Texas Nodal requirements for selling power are both revenue-generation opportunities for Austin Energy.

INDUSTRY:

Energy

POWERPLAN SOLUTIONS:

Charge Repository

CR Allocations

Project Management

CWIP Account

Unitization

Asset Accounting

INTEGRATION

Maximo

Storms

AMS Advantage

Other Legacy Systems

"PowerPlan's consultants understand the electric utility business. They were responsive to our needs and adept at installing the software."

***Ann Little,
Vice President of Finance and
Corporate Services, Austin Energy***

Texas Nodal Compliance & Improved Efficiencies to Maximo Implementation

With the new Maximo and PowerPlan systems, Austin Energy has succeeded in complying with the Texas Nodal Market, enabling potentially millions in power sales revenue. It is realizing significant labor and cost efficiencies in operations and accounting, increased revenues from damage claims, and lower IT costs. Austin Energy is also better able to achieve its corporate objectives through process automation, standardization, and access to rich accounting details.

For More Information

To learn how PowerPlan solutions can help reduce compliance risk, improve cash flow and easily integrate into your existing solutions, contact your sales representative today at +1 770.859.0402 or visit www.powerplan.com

To learn more about Oracle ERP solutions, contact your Oracle sales representative or visit www.oracle.com. To learn more about IBM asset management solutions, contact your IBM sales representative or visit www.ibm.com/tivoli/maximo.



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