Georgia Power

Georgia Power Company

General Accounting Procedure 54

Procurement Methods

Georgia Power

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Georgia Power

1.0 Purpose

General Accounting Procedure 54 provides policies and general instructions for the purchase and receipt of materials, supplies and services on behalf of Georgia Power Company (GPC).

1.1 Scope

GAP 54 contains the policies and procedures used by GPC to procure materials, supplies and services. This manual is controlled and maintained by the GPC Financial Compliance group in conjunction with the Southern Company Supply Chain Management (SCM) organization.

The following documents, policies, and/or procedures should also be referenced in conjunction with this Procedure:

- **GPC General Accounting Procedure 73 – Approval Limits:** GAP 73 grants and outlines approval authority for the employees of GPC and employees of Southern Company who routinely approve items on behalf of GPC. It is the responsibility of every employee to know what their approval authority is. If you are unsure of your approval authority, you may access Cool Compliance or contact the GPC Financial Compliance organization at 8-506-4652 or 404-506-4652.
- **Southern Company Contract Manual:** The overall purpose of the Southern Company Contracts Manual is to provide the policy for Southern Company affiliate employees to follow in order that all aspects of our contracting activities are conducted in a lawful manner; to provide employees with the necessary information and resources required to obtain appropriate contracts; and to define the essential components of effective contract management processes. When a purchase is anticipated that will require a contract, the Southern Company Contracts Manual should be consulted to ensure the contracting process is completed as required by Company policies. Questions regarding the manual should be directed to your SCM buyer.
- **Southern Company SCM Procurement Policies and Procedures:** The Southern Company SCM Procurement Policies and Procedures contain the policies and procedures used by the Southern Company's SCM Organization to procure materials, equipment and services. This policy is controlled and maintained by the SCM Governance. Please consult this policy for more detailed direction on the methods and procedures followed by SCM when procuring your items and/services.

2.0 Definition of Responsibilities

The procurement of all materials, supplies, and services must be in accordance with policies and procedures established by the SCM Organization. This section covers the responsibilities of the SCM Organization, local/departmental management, and region and plant coordinators.

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2.1 Responsibility of Local/Departmental Management

- All requisitioned goods or services represent valid and accurate needs of the requisitioning Company location.
- All goods or service requests are made by a properly prepared and authorized Purchase Requisition (PR) in Maximo unless conditions exist which allow for a non-purchase order purchase.
- All PRs define the scope of work sufficiently in order to allow for competitive bidding.
- All goods and services are verified and recorded properly by insuring the goods or services ordered are the actual goods or services received.
- The Company is paying no more than the fair market prices for goods or services.
- All service providers' reported expenses are valid, reasonable and have been incurred for Company business purposes.
- The procurement of services is made with proper classification of the service provider as to independent contractor versus temporary employee. This includes reviewing Worker Classifications in Section II and the Employee vs. Self-Employed Individual Checklist (Appendix B) of the Process and Procedures for Engagement of Supplemental Workers to verify if a vendor or an individual qualifies as an independent contractor.

2.2 Responsibility of the Supply Change Management (SCM) Organization

The Materials Coordinator or Buyer/Analyst are responsible for assisting with goods and service requests and reviewing PRs, as requested. SCM personnel are responsible for:

- Purchasing goods and services at the lowest evaluated cost and at the times needed by the Company in accordance with SCM Policies and Procedures.
- Assisting the Requestor with Selecting vendors through an evaluation of price, quality, and availability. All orders are placed with vendors in a manner that balances these performance factors.
- Promoting the expeditious delivery of goods and services.
- Handling the majority of all purchasing requirements for goods and services, excluding where exceptions exist in the Southern Company Procurement and Payment Guidelines and Contracts Manual.

3.0 General Procurement Procedures

The available purchasing options are specified within the Southern Company Procurement and Payment Procedures. These guidelines identify the procurement options that are available within Southern Company and establish the criteria for use. The Company's purchasing options include:

- PR/Purchase Order (PO)
- Purchasing Card or Purchasing Card Convenience Checks
- Non-Purchase Order (Non-PO)
- Check Request

Except for emergency conditions and other exceptions identified within the SCM Policies and Procedures, the competitive sealed bid process is required for all material and/or services purchases that exceed $100,000. Contact SCM for questions concerning purchasing or the bid process. Below are additional procedural requirements in addition to the guidelines established within the Procurement and Payment Guidelines for each of the purchasing options:

3.1 Purchase Requisition/Purchase Order

All purchases should be initiated via a PR through Maximo unless conditions exist which allow for one of the alternate purchasing options within the previous section. Except for emergency situations, an approved Maximo PR is the only mechanism that SCM can accept as a valid means to issue a PO for the procurement of materials or services. Reference the SCM Policies and Procedures for more information on the procurement process.

Note: Under no circumstance should vendor contracts be signed without review by the SCM Organization. For guidance on requesting contracts, see section 5.0 of this procedure.

Included below is specific guidance on the PR/PO process:

3.1.1 Standard Purchase Requests

Once the need for a purchase has been identified, the requestor must determine if the need can be met with the Company's resources, or if an outside vendor will need to be used. If an outside vendor is required, the requestor must submit a request to SCM to initiate the procurement process. In most cases, this request will come in the form of a Purchase Requisition in Maximo. Prior to a PO being issued, the requestor must create a PR in Maximo, complete the required information, and route the PR for review and expenditure approval. The requestor should follow the PR Job Aid for instructions on how to create a PR in Maximo. The following areas should be reviewed to avoid payment issues:

- Identify the Invoice Reconciler
- Select the appropriate Line type for each line on the PR
- Provide the correct GL Debit Account number or Maximo Work Order number
- Make the correct Tax selections (Tax Classes A, B and C)
- Provide a User Required Date
- Use a Contract Reference as appropriate (consult SCM for guidance)

Within Maximo there are four (4) priority codes, and each purchase request will be required to have an associated priority code. Review Module 2 of the SCM Policies & Procedures to determine the appropriate priority code.

Once the PR is completed, the workflow process should be initiated for the appropriate expenditure approval to be obtained. Guidance on this process is included within the Use PR or CPR Approval Routing Options job aid.

3.1.1.1 Desktop Requisition (DTR) - Power Delivery (PD)

The DTR is to be used to request PD stock material from a storeroom for future, non-emergency maintenance projects. A DTR should not be used for the following situations:

- obtaining stock material for emergency maintenance work; or
- obtaining miscellaneous stock items such as hardhats, bottled water, etc.

Note: In both of the situations above, the requestor will simply be issued this stock material at the appropriate storeroom location.

The requestor should follow the Desktop Requisition Job Aid to complete a DTR. Based on the specified business unit, the following personnel should be responsible for initiating the DTR in Maximo:

- Distribution - Distribution Engineers
- Transmission (Line) - Line Engineers/Line Specialists
- Transmission (Substation) - Substation Foremen with assistance from Substation Test Technicians

Note: The majority of stock material for Power Delivery capital projects will be requested through TEAMS and JETS respectively. If a small amount of material is needed to complete a Transmission capital project, a desktop requisition can be completed by an SCM representative.

3.1.1.2 Desktop Requisition (DTR) - Generation

Fossil/Hydro Generation uses the DTR to reserve stock items, request materials and services, or request material that was not included on a work order during initial planning. Maximo's Create Requisition application is used to initiate a DTR. Fossil/Hydro Generation uses the DTR for:

- Stock item reservations.
- Material line type PR (PR).
- Service line type PRs.
- Direct issue item PRs.

NOTE: A DTR should never be used in place of an effective work order planning process via the Maximo Work Order Plans tab.

Item reservations are not specific to a job, location, etc. Reserving an item(s) for planned work does not guarantee that the item(s) will be available. Items are issued on a first come, first served basis; however, the storeroom monitors inventory levels to help ensure reserved items are in stock for the date requested.
It is recommended that DTRs for materials/services be set up with either material lines or service lines, but not both material and service lines. If a change to the PR/PO generated by the DTR is required, a Change Purchase Requisition (CPR) must be used. The DTR cannot be changed.

NOTE: Once submitted, a DTR can be modified if the project is postponed, but it must be cancelled if the project is cancelled. A submitted DTR can be modified by returning it to "Draft" status. Once the draft has been edited, the DTR can be resubmitted to re-establish the reservation. Reference Create, View, and Check Issue Logic on a Desktop Requisition job aid.

3.1.2 Emergency Purchase Requests

Emergency conditions can develop and should be handled appropriately as part of the purchasing process. Local/Departmental management should work with SCM to develop an appropriate process that is end user specific for handling emergencies that may arise. This approach may involve the establishment of specific contracts, development of alternate processes, and/or development of a process for use of emergency POs. These processes must be coordinated with, and approved by, SCM. The processes will be designed to provide guidance to address the potential situations where emergency conditions can occur during normal working hours or outside of normal working hours. If a buyer advises that an emergency PO is appropriate, the requestor should follow the Emergency PR Job Aid.

In general, a normal working hour emergency would be one that occurs when a SCM buyer is available. An outside of normal working hours emergency would be one that occurs when the SCM buyer is not available. The standard procedures for each are outlined below.

Emergencies When SCM Buyer is Available (During Office Hours)

During office hours these procedures should be followed for emergency requests:

- Contact the appropriate buyer in the SCM Organization for assistance in sourcing options and/or assignment of an advance PO number.
- The requestor completes the PR in accordance with the guidance given by the SCM buyer (i.e. appropriate priority code selected, correct Emergency/Standard PR type selection, etc.), and references the advance PO number (if obtained). If an advance PO number was obtained, the requestor should enter in the External Comments field on the PR, the words “Confirmation goods or services already ordered/requested.”

Emergencies When SCM Buyer is not Available (Outside of Office Hours)

Outside of office hours, the requestor should follow the process established between their respective local/departmental management and SCM. If a process does not exist and the SCM buyer is not available outside of office hours, the following procedures should be followed:

- The originating location completes the PR, entering all necessary information. In the External Comments field, the words "Confirmation to Supplier" are entered.
- A memo documenting the conditions and reasons for an emergency purchase should be attached to the PR. The memo should specify what negative impact would have occurred if the emergency purchase had not been made, i.e., power delivery, loss of revenues, plant availability.
- The PR is sent through the normal routing and approval process.
- The requestor should follow up with the SCM buyer during office hours to communicate the emergency that occurred.

3.1.3 Purchase Orders

The PO is the standard method of purchase for materials and services.

- The requestor is responsible for determining the appropriate use of Contract Retention on POs and communicating to SCM when this is needed.
- The requestor is responsible for working with SCM to determine situations where Recurring Payments are appropriate and coordinating with SCM/Southern Accounts Payable (SAP) when this is needed.

Purchase Orders/Releases Against a Purchase Contract

A PO or Release may be issued under a Maximo Contract in Maximo (see section 3.1.5 for more information on Maximo Contracts). The SCM organization will be responsible for determining when Maximo Contracts will be required.

3.1.4 Limited Purchase Orders (LPOs)

POs can be issued from the site if they meet specific criteria. The Limited Buying Options role must be granted to a user, and an LPO Buying Group must be established for the sites they would procure for. Once an LPO Buying Group is established, all PRs that originate at that site that are for a value less than $5,000 will be routed to the LPO Buying Group after the PR has obtained the appropriate approval. The members of the LPO Buying Group should evaluate the PR, and if the request is for low risk, low dollar items, they have the ability to issue the PO. If the request is not for a low risk purchase or the LPO Buying Group has a question or concern about the request, they have the ability to and should forward the PR to SCM for processing. Reference the Maximo Training documents or contact your SCM buyer for complete instructions on creating a LPO in Maximo.

3.1.5 Maximo Contracts

A Maximo Contract provides a means to group multiple purchases that will need to occur under a single set of terms and conditions and/or pricing. The Maximo Contract is a specific record in Maximo, and even though it will often reference an executed contract that may be put in place with a supplier, it is not the executed contract. Review section 5.0 Contracts for more information on executed contracts. There are multiple types of Maximo contracts (Purchase Contract, Master Contract, and Labor Rate Contract) that may be issued. The requestor should work with their SCM representative to determine if there is a business reason to establish a contract. If established, the requestor would need to utilize the "Contract Reference" field on the PR to issue a PO/Release under that established contract. For guidance on creating a PR with a contract reference in Maximo, utilize the Contract Reference Job Aid.

For situations where the Labor Rate Contract is utilized, the business unit representative, or their designee, will be responsible for processing timesheets and maintaining the labor rates in close coordination with SCM. The business unit requestor should follow the Labor Rate Contract Job Aid to complete these tasks.

Contract Types

Master Contract- In many cases, the Master Contract application is used to establish a Maximo record of executed terms and conditions which have been accepted by the Company and a Supplier. These terms and conditions can then be applied to related Contracts generated from the Master Contract. The Master Contract application can also be used to associate many types of Maximo Contracts with a Supplier under the same terms and conditions.

Purchase Contract- The Purchase Contracts application is used to create, view, and modify Purchase Contracts with Suppliers. A Purchase Contract is typically used for recurring purchases and situations where an executed contract exists between the Company and a Supplier.

Labor Rate Contract - The Labor Rate Contract application is used to track labor and labor costs when necessary. The Labor Rate Contract application is not intended to fulfill traditional time and material requests but is designed for situations where labor and labor costs tracking is essential (such as Contracts billed and paid through the "CAMP" program, TEAMS Contracts, "Core Group" on-site Contractors, and Labor Broker arrangements). The Labor Rate Contract allows for definition of labor rates for crafts, skills, and, optionally, labor records and facilitates the management of each.

3.1.6 Revisions (Internal/External)

A Revision (formerly known as a Change Order) is used to cancel or alter PO contents or otherwise modify the PO as originally issued. However, closed POs (materials that have been ordered, shipped, received and paid, and services that have been completed and paid) cannot be amended or re-opened. Revisions can be initiated either by SCM, or by a requestor submitting a request to SCM. Any changes to the value of the PO, accounting or tax information, or the PO quantity will require a Change Purchase Requisition (CPR). A CPR is created in Maximo by a requestor, and routed for approval the same as a PR. Once the appropriate approval is obtained, the approved CPR is sent to SCM to issue the resulting Revision. The requestor should follow the CPR Job Aid for guidance on creating a CPR.

Note: Revisions should be approved in accordance with the approval guidelines for change orders outlined in the *General Accounting Procedure 73*.

3.1.7 Receiving

A receipt of material(s) is the business units' method of informing SAP that the material(s) have been received; therefore, the vendor-submitted invoice can be paid. A receipt should be recorded in Maximo once the item(s) have been delivered/received on site.

Within Maximo, the Material Receipts tab is used to receive materials that have arrived as ordered, to record full or partial receipt of shipments, and to record items returned to suppliers (i.e., items that have failed an inspection and been rejected). For the purpose of this procedure, the receiving section addresses activities associated with full and partial receipt of material.

For detailed instructions on receiving materials against a PO in Maximo, reference the Receiving Job Aids.

To receive material, the following assumptions/requirements must be met before the receiving action can be completed in Maximo:

- The individual receiving material must have the appropriate security access and authorization to create receipts for the specific site at which they are working (must be authorized to receive within Maximo at the site designated on the PO).
- The PO for the material being purchased must be in the "Approved" status in Maximo.
- Appropriate documentation for purchased material that is necessary to complete receipt must be in system and/or filed accordingly.

NOTE: For three-way match POs with Unit of Measure (UOM) Dollars, the receiver should maintain evidence that an authorized person, with the appropriate approval limit, has confirmed that the receipts are appropriate and accurate. Evidence should include a copy of the invoice with the approver's signature and notation that the approver's expenditure limit is equal to or greater than the value of the goods or services received. Evidence should be retained in Maximo using the 'paperclip' icon located on the receipt page. The receiver should also add remarks as to the location in the comments field before the receipt is saved.

3.1.8 Invoice Reconciler for PO invoices

The Invoice Reconciler is responsible for coordinating with SAP, SCM, the supplier, and the appropriate business unit resources to resolve invoice holds, and ensure invoices are correct, approved, and paid within the payment terms. See section 4.0 for more detailed information on the Invoice Reconciler role.

3.2 Purchasing Card

Where appropriate, a purchasing card can be utilized for purchases. For more information on procurement card usage, consult the Southern Company Business Expense Procedure or contact the SAP helpdesk at 8-257-3606 or 888-257-3606.

Note: Under no circumstance should vendor contracts be signed without review by the SCM Organization.

3.2.1 Purchasing Card Convenience Checks

Procurement card convenience checks are written against a procurement card account. Convenience checks are authorized in extremely limited cases when other payment methods are not timely enough to meet authorized company obligations, or when a supplier does not accept the Company issued procurement card nor produce an invoice. Purchases made with convenience checks must comply with the Southern Company Business Expense Procedure.

3.3 Non-Purchase Order (Non-PO)

A non-PO invoice is used in limited purchase situations only when the supplier does not accept the procurement card, and the PR process is not feasible or possible.

3.4 Check Request

Check Requests are created in Oracle for the purpose of generating an invoice when there is no invoice available, but the supplier must be paid. The Check Request is to be used only for utility bills or when there is no invoice available for the associated purchase; e.g. donations, taxes. All other purchases must be made using the PR process, procurement card or non-PO invoice.

The Check Request process is very labor intensive and does not leverage system functionalities. Note the following disadvantages related to using the Check Request:

- Extensive coding is required to generate a Check Request.
- Default account numbers are not stored and must be re-entered every time a new Check Request is created.
- Once the Check Request has been created, a bar-coded confirmation sheet is also generated; and that confirmation sheet, along with all supporting detail, must be sent to SAP.
- For additional information on processing Check Requests, please see the Create and Process Check Requests Job Aid.

4.0 Invoice Reconcilers

The Invoice Reconciler is assigned by each department or business unit and is responsible for resolving invoice holds. The Invoice Reconciler is responsible for coordinating with SAP, SCM, the supplier, and the appropriate business unit resources to ensure invoices are correct, approved, and paid within the payment terms.

The responsibilities of the Invoice Reconciler include:

- Being proactive and searching for invoices and POs they are assigned.
- Checking their Maximo Start Center inbox regularly to correct invoice holds.
- Ensuring suppliers are paid in a timely manner.
- Understanding the entire P2P process to effectively match invoices to the correct PO.
- Knowing how to navigate through Maximo and Oracle.
- Approving invoices for services (2-way match) or expeditiously routing the invoice for appropriate approval.
- Obtaining the required security roles through COOL Compliance.

Overall, the Invoice Reconciler is responsible for reconciling PO invoices, routing non-POs for approval, and understanding the invoice hold scenarios along with the associated resolutions. For more information on the process for reconciling PO and non-PO invoices follow the guidance within the Resolve Maximo PO-Invoice Holds Job Aid.

5.0 Contracts

The Company enters into contracts for a wide variety of services and goods. Contracts are formal agreements between the Company and the other contracting parties that create rights and obligations between the contracting parties in association with the performance of the contract. The need for a contract should be discussed with the SCM Organization, and any process followed to establish a contract should be in accordance with the Southern Company Contracts Manual. Prior to the use of any services providers, the requestor should follow the classification process defined within 5.1 below.

5.1 Classification of Service Providers

Services provided by individuals must be reviewed for classification as a temporary employee or independent contractor prior to processing a purchase requisition and before a PO is issued. The Corporate Tax Department and/or the SCM Organization must approve the classification.

Classification as a temporary employee or independent contractor is determined by completing the Employee vs. Self-Employed Individual Checklist (Appendix B) of the Process and Procedures for Engagement of Supplemental Workers. The checklist is required for three (3) types of vendors: sole proprietorships, personal service corporations, and companies with no other customers than the Company. The checklist will become evidence of review and documentation of proper classification. Improper classification can result in the IRS declaring the Company liable for taxes, fines, and penalties.

Reference the Georgia Power Supplemental Worker policy to assist with determining whether the individual providing the service is an independent contractor, temporary employee or leased employee.

6.0 Reporting Materials Short or Damaged

The statute of limitation for filing short or damaged claims with a carrier is nine (9) months from date of delivery. Therefore, it is important that employees responsible for receiving and checking materials follow a definite procedure in reporting shortages or damages presumably caused by the transportation company.

6.1 Inspection of Incoming Material

All individuals responsible for receiving materials must carefully inspect incoming shipments to:

- Verify that the material ordered is an exact match to the material that was delivered or that it is an acceptable substitute.
- Verify that the quantity received agrees with the quantity shown on the freight bill.
- Determine the condition of the container or packaging.
- Determine the condition of the equipment or material.

If the condition of the container or packaging indicates a possible shortage or damage, immediate inspection of the material must be made in the presence of the carrier's driver. If at all possible, it is advisable to make a brief inspection of all shipments in the presence of the carrier's driver.

When a short or damaged receipt is discovered upon delivery, the carrier's driver must be asked to sign and date an exception statement on the freight bill. The exception statement should indicate clearly the extent of shortage or damage. If the carrier's driver refuses to sign the exception statement, the exception should still be noted and the notation "driver refused to sign" noted on the freight bill.

6.2 Short or Damaged Claims

In all cases involving short or damaged goods,

- The receiving report must be completed, and the shortage or damage noted on the packing slip.
- The buyer/analyst is notified. The buyer/analyst will be responsible for contacting the vendor.

No repairs are to be made locally until authorization is received from the SCM Organization. If the damage is repaired locally, the cost of the repair must be charged to the non-electric service business assigned by the SCM Organization.

SCM serves as a liaison and coordinates handling matters relative to repairs, replacements, etc. among the receiving location, carrier, and vendor.

6.2.1 Concealed Short or Damaged Claims

Concealed short or damaged goods are not detectable at the time of delivery and must be reported to the carrier within fifteen (15) days from the date of delivery. When a concealed shortage or damage is discovered the following must be performed:

- The delivery carrier's agent should be immediately called to conduct an inspection and prepare an inspection report. All packing materials must be retained until the carrier's agent has completed an inspection.
- A request to the carrier's agent for an inspection should be confirmed by a letter. Under no circumstances should the carrier's inspection report be signed by anyone other than the carrier's representative.

It is not necessary to request an inspection report from the Company's current dedicated freight carrier(s). However, a notation of shortage or damage must be shown on the Bill of Lading.

6.2.2 Items Delivered by United Parcel Service (UPS)

Items delivered by UPS are processed differently in that all claims are filed by the shipper. The following guidelines are to be adhered to for all UPS shipments.

6.2.2.1 Claims on Items Shipped by the Vendor using UPS

When the shipment is made by the vendor, no claim is to be filed against UPS by GPC. Instead, the vendor is to be contacted by telephone or letter and is responsible for replacing the lost or damaged material at no cost to the Company. The vendor will subsequently seek reimbursement from UPS. The damaged material must be retained in the original packing container.

6.2.2.2 Claims on Items Shipped by Georgia Power using UPS

When the shipment is made by the Company, the office shipping the short or damaged material will be responsible for reporting the information to the SCM Organization. The individual responsible for receiving and checking materials is most qualified to give an opinion as to the probable cause of shortage or damage and should provide this information to the SCM buyer/analyst. Under no circumstances should this information be given to the UPS agent.

6.3 Interstate Commerce Commission Ruling

A ruling by the Interstate Commerce Commission regarding payment of concealed damage claims states that it is not proper for the carrier to pay all or any part of a claim when the consignee takes no exception at the time of delivery and no actual evidence of carrier liability can be shown. However, carriers are required to conduct an investigation of each case and each instance of concealed damage will be considered upon its own merit.

Thus, it becomes the responsibility of the individual signing for the merchandise or material to check for any signs of damage and obtain a signed exception statement from the carrier's representative at time of delivery to permit the Company to realize maximum recovery from the loss or damage.

7.0 Returning Material to the Vendor

It is the responsibility of each office to prepare receiving reports on all materials received and accepted, including those involving material returns. Goods shipped in error by the vendor should not be accepted nor should payment be authorized. The disposition of an erroneous shipment is the responsibility of the vendor upon notification from the receiving location.

7.1 Establishing a Non-Electric Service Bill for Returned Material

An accounts receivable record for reimbursement from vendors for returned material is established as a non-electric service business (NESB) and billed through CSS. The originator of the MRA is responsible for ensuring that the NESB is created. Reference *GAP 52, Non-Electric Service Businesses* for instructions on processing and billing NESBs.

Contact the department (Financial Accounting & Report or Materials Management) that created the NESB for the sale to create the credit/adjustment once the MRA has been returned from the buyer/analyst and the material released for shipping. A copy of the MRA should be retained in the originating office for audit purposes.

When establishing the NESB, enter as much detail as possible to indicate specifically what material was returned. This description should include the reason for the material return. This information will print on the vendor's invoice.

The description is the vendor's best information on cross-referencing the invoice to the return material shipment. Therefore, it is imperative that all necessary information be included.

7.2 Account Collection of the MRA

The collection effort for MRA balances is primarily the responsibility of the originating department. If a vendor is invoiced for returned material and does not pay within 60 days, the MRA originator contacts SAP and authorizes the amount credited against outstanding or future invoices. If this is not possible, the originator contacts the appropriate SCM personnel for assistance in the collection effort.

CSS will automatically charge off an NESB at 85 workdays or 120 calendar days if the Supply Chain designee is not contacted to delay charge-off. MRA balances charged off manually prior to 120 days require the approval of the appropriate Manager, SCM.

7.3 Material Returned for Deposit Refunds

Processing the receipt and return of reels, drums, and cylinders is as follows:

- The PO is completed showing the reel, drum, or cylinder as a separate line item if a deposit is required. The PO should also state specifically the terms of the return.
- The reel, drum, or cylinder is tagged or labeled with the PO number under which it was purchased upon delivery and receipt.
- When the reel, drum, or cylinder is empty and ready for return, an MRA is processed. A copy of the MRA should accompany the material being returned and another copy retained in the originating office. The original is released to SCM with shipping information shown.
- Reels, drums, and cylinders may be returned to vendors without prior authorization from SCM.
- The PO is not closed out until the deposit is either recovered, charged off, or a credit memo is issued.

When processing the return of reels, drums or cylinders for stock material where the PO number cannot be determined, the PO number Z-99999 with stock account number FERC 070 Sub 0 is used to complete the Material Return Authorization.

7.4 Stock Material Adjustment

When the material being returned to the vendor is stock material, an adjustment must be completed in Maximo. The adjustment removes the (returned) material from stock (FERC 154) and charges the appropriate credit account number:

- FERC 737 Sub 10300 - Transmission & Distribution
- FERC 512 Sub 00000 - Steam
- FERC 545 Sub 00000 - Hydro
- FERC 549 Sub 00000 - Other Power Generation
- FERC 532 Sub 00000 - Nuclear Plants