

Calpine

San Jose, CA
www.calpine.com



Year Founded

19xx

Annual Revenues

\$9,230M (FY04)

Number of Employees

3,505 (2004)

Industry

Energy & Utilities

Sabrix Products Used

- Sabrix Sales Tax Manager
- Sabrix Use Tax Manager

Platform

PeopleSoft

Calpine turns on the power with Sabrix

The Customer

Calpine Corporation is a leading North American power company dedicated to providing electric power to wholesale and industrial customers from clean, efficient, natural gas-fired and geothermal power facilities. The company generates power at plants it owns or leases in 22 states in the United States, three provinces in Canada and in the United Kingdom. Calpine is also the world's largest producer of renewable geothermal energy, and it owns approximately one trillion cubic feet equivalent of proved natural gas reserves in Canada and the United States.

Tax Challenges

- Compliance processes were spread across their 80 energy centers and corporate offices, and required a significant amount of manual effort.
- Energy center purchasing clerks were asked to make manual tax decisions when processing purchase orders - a process that leads to inconsistencies.
- Needed a tax solution capable of considering complex detail about each transaction in order to meet their accuracy requirements.

Why Sabrix?

- Sabrix is capable of determining consumers use tax on their complex purchase transactions.
- Sabrix accurately determines tax, complex usage and product information beyond the standard requisition-to-payment information.
- The Sabrix Solution provides tax determination at seven points throughout Calpine's purchasing cycle.

Business Benefits

- Eliminated extensive monthly data gathering and consolidation processes leading to significantly reduced compliance costs
- Clerks no longer have to make tax decisions, improving tax accuracy and increasing purchasing productivity.
- Tax professionals can quickly and easily configure the Sabrix Solution to handle their special product exceptions, exemption certificates, and any special tax logic required to ensure accurate tax determination.

" We are pleased with the Sabrix Application Suite and our new ability to have seamless integration with PeopleSoft for all transaction tax decisions. The Sabrix Solution has enabled us to have a centralized solution, with distributed access and tax automation, for all our purchasing activity in our energy centers. "

*-- Mohammed Alrai,
Corporate Tax Manager*

The Business Requirements

Calpine's tax department needed a solution that improved their compliance processes and reduced their costs associated with data gathering and consolidation. Their chosen solution also had to fully automate tax determination for all purchase transactions so that purchasing and accounting clerks no longer needed to make tax decisions which reduced their productivity and led to tax errors and inconsistencies. Additionally, they wanted real-time visibility and control over tax data company-wide to ensure that exemptions and exceptions are appropriately applied. And finally, they required a solution that would correctly determine tax for their purchase transactions – no matter how complex.

The Technical Requirements

Calpine's team required a tax solution that would easily integrate with their existing PeopleSoft solution and could be called upon multiple times during the procurement process. Also critical was scalability – they needed a solution that could handle the purchasing volume requirements of their 80 energy centers plus the 20 more currently under construction. And finally, they wanted a single, centralized solution which could be easily managed and rapidly rolled out to all 80 plus energy centers.

The Solution

Calpine launched a project to consolidate, simplify and centralize its transaction tax management efforts, streamline operations and reduce unnecessary compliance costs. The first task of the project team was to select a transaction tax management solution.

Calpine chose The Sabrix Sales and Use Tax Manager and Sabrix Tax Research to provide transaction tax determination for all purchase transactions in their over 80 energy centers. With the implementation of the Sabrix Solution, Calpine has been able to:

- Significantly increase the accuracy of sales and use tax decisions. Purchasing clerks no longer make tax decisions on exemptions or provide tax or jurisdiction codes for input into the system which means significantly improved transaction tax accuracy and consistency.

- Reduce return preparation costs. The Sabrix Solution's centralized audit and compliance database provides real-time access to all transactions and taxes for reporting, compliance, and audit requirements. Calpine has significantly reduced the time and costs associated with data gathering, consolidation, and returns processing, freeing up time that is now spent on strategic tax planning and analysis.
- Streamline hundreds of purchase items and group them into 26 categories for tax determination. The Sabrix Solution is called by Calpine's PeopleSoft purchasing and accounting applications at seven points throughout their requisition-to-payment process. They are also able to pass as many data elements as necessary to The Sabrix Solution so that Consumer's Use Tax can be accurately determined. This has all been done through simple system configuration performed by Calpine's tax professionals, without the need for custom tax logic programming and expense.
- Increase efficiencies for all energy centers procurement activities. Tax determination and automation is performed by The Sabrix Solution, not purchasing clerks, which has led to purchase department productivity increases.
- Gain tax team visibility and control over the transaction tax management and compliance process. The Corporate Tax team now has visibility and control over all tax and can ensure that exceptions and exemptions are correctly managed and appropriately applied.

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