



POLICY #18-11

Delinquent Accounts, Collections and Bad Debt Policy

Subject: Delinquent Accounts, Collections and Bad Debt Policy

Delinquent Accounts:

DCE accounts, whether Residential or Non-Residential, identified in the monthly aging accounts receivable report, as provided by SCE, with outstanding balances over 90 days are eligible to be returned to SCE service.

Residential Accounts: Desert Community Energy customer accounts exceeding \$200 in charges overdue for more than 90 days will be sent a late payment notification by DCE. Such customer(s) will be noticed and provided 60 days to pay in full or to make other payment arrangements acceptable to DCE. If payment in full is not received within 60 days from the date of notification, or terms of an activated payment arrangement are not fulfilled, the DCE customer account may be closed and returned to SCE bundled generation service on the next account meter read date. Residential customers returned to SCE will be charged any applicable DCE opt-out fee and are subject to applicable terms and conditions imposed by SCE for return of service.

Non-residential Accounts: Non-residential customer accounts exceeding \$400 in aggregate unpaid charges for 60 days or more will be sent a late payment notification by DCE. Such customer(s) will be provided 30 days to pay in full or to make other payment arrangements acceptable to DCE. If payment in full is not received within 30 days of the date of notification, or the terms of an activated payment arrangement are not fulfilled, the DCE customer account may be closed and returned to SCE bundled generation service on the next account meter read date. Non-residential customers returned to SCE will be charged any applicable DCE opt-out fee and are subject to applicable terms and conditions imposed by SCE for return of service.

Collections:

Closed Desert Community Energy customer accounts with overdue amounts greater than \$50 may be referred to a collection agency. Amounts of \$50 or less may be written off. If SCE closes delinquent customer accounts, these accounts are also simultaneously closed in the DCE program. In these cases, the thresholds outlined in the preceding paragraphs apply in either referring closed accounts to collections or writing off balances. Collection agencies retained by DCE shall be vetted to ensure all consumer protection laws are strictly followed.

Bad Debt:

DCE shall include an annual budgetary reserve for bad debt. The reserve shall initially be established at 0.300% of revenues. Thereafter, on an annual basis and subject to actual collections experience, DCE's bad debt reserve percentage may be modified appropriately as part of the annual budget approval process.