



POLICY No. 23-02

Delinquent Account, Collections and Bad Debt Policy

Subject: Delinquent Accounts, Collections and Bad Debt Policy

Purpose:

This policy establishes rules governing late payment and pre-collection notifications to customers, and the process by which a third-party collection agent will collect past due Desert Community Energy (DCE) charges on DCE's behalf.

Delinquent Accounts:

All customers must pay all outstanding DCE charges for the period in which the customer received service from DCE.

Southern California Edison (SCE) as part of its established dunning (collections) path for joint SCE and DCE customer performs pre-collection notifications through its billing system.

Where feasible, DCE may send customers a late payment notice if the account has a DCE balance that is 90 days or more past due and the customer is not on a payment arrangement with SCE. The notice may be sent to a customer's last known mailing address or, if a customer consented to receive electronic notices or bills, at a customer's last known email address. Late payment notices should indicate that an outstanding balance is overdue and that failure to pay DCE charges to SCE or to enter into a payment arrangement with SCE may result in being referred to a collection agent designated by DCE.

Collections:

Except as provided elsewhere in this policy, any customer account with an outstanding DCE charge that is not subject to collection by SCE may be referred for collections to a collection agency designated by DCE.

Customers enrolled in the California Alternate Rates for Energy (CARE), Family Electric Rate Assistance (FERA), or Medical Baseline programs at the time SCE returns a receivable to DCE are not subject to the collections criteria if the balance is \$500 or less.

Any customer account that meets the collections criteria specified in above may receive a pre-collection notice informing the customer that charges owed to DCE are outstanding and that the customer's account is collectible through a collection agent designated by DCE.

DCE may engage one or more collection agents to collect past due funds from DCE customers on DCE's behalf (Collection Agent). The Collection Agent retained by DCE shall be licensed and accredited to help ensure compliance with all laws or regulations relating to consumer privacy and protection, credit, collections, and similar laws or regulations.

Bad Debt Reserve:

DCE shall establish a bad debt reserve based on either a percentage of revenue or accounts receivable and in line with US Generally Accepted Accounting Principles (US GAAP). The bad

debt reserve shall be monitored by DCE staff and may vary over time based on current economic factors as well as specialized knowledge and judgement derived from current and past collections experience as well as relevant industry benchmarks. On an annual basis, DCE's bad debt reserve metrics will undergo an external financial statement audit and updates will be provided to the DCE Board accordingly.

Executive Director Authority:

The Executive Director or the Executive Director's designee may, in their discretion, cancel, recall an account from the Collection Agent, or otherwise deviate from Policy for reasons including but not limited to cases of unforeseeable events, exigent circumstances, operational need or customer hardship.