Date Filed: November 23, 2026

Witness: Brendan J. O'Brien, Garrett J. Murray and Timothy J. Griffin
Request from: Public Utilities Regulatory Authority

Question:

(UNCOLLECTIBLE EXPENSE) Application, Sch. WP C-3.30, p. 2, Interrog. Resp. EOE-088. Regarding the proposed uncollectible expense for the Rate Year, provide:

a. An exhibit that breaks down the annual bad expenses in Schedule WP C-3.30 for portions associated with other regulated charges, such as Energy Efficiency loans, etcetera, that are accounted for separately;

b. An explanation regarding whether the account receivables for regulated charges discussed in subpart (a), above, are included in the Company's total account receivables used to determine annual bad expenses; and

c. A detailed explanation for why bad expenses related to Transmission Adjustment Clause, C&LM, Competitive Transition Assessment Charge, System Benefits Charge, Renewable Energy, and NBFMCC (collectively, rate adjustment mechanism components (RAM Components) should continue to be recovered in base distribution rates and not in rates for these RAM Components.

Response:

a.-b. Please note that the annual bad-0debt expenses shown in Schedule WP C-3.30 are the amounts associated with the recovery of the Company's retail rates charged to customers and, as such, do not include other types of bad-debt expense.

d. Please note that non-hardship bad debt/uncollectible expense incurred on the RAM components identified in the question is recovered in distribution rates consistent with prior rate case proceedings[1]. The Company would be amenable to recovering the actual bad debt expense associated with the TAC, CTA, SBC and NBFMCC as part of those annual rate adjustment mechanisms. The Company would also be amenable to recovering the actual bad debt expense associated with the CAM (previously the C&LM charge) as part of the CAM. However, the Company notes that since there is a statutory cap associated with this rate,

[1] Please note that there are currently incremental revenue requirements on certain capital recoveries within the System Benefits Charge ("SBC") and Non-Bypassable Federally Mandated Congestion Charges ("NBFMCC") that include limited non-hardship uncollectible expense calculations that are incremental to what is included in current base distribution rates. The Company's proposal is to roll those capital recoveries into base distribution rates and therefore the associated uncollectible expense will also be rolled into base distribution rates.

inclusion of actual bad debt expense in this rate mechanism will reduce the amount of money that can be used to fund the annual energy efficiency program.

Lastly, the Company would not be amenable to actual bad-debt expense associated with the Renewable Energy charge as part of that charge. This bad-debt expense should remain part of distribution rates. The current Renewable Energy charge is a $0.001 per kWh charge that is set by statute and is remitted to the Clean Energy Finance and Investment Authority each month to fund programs it administers. To begin including actual bad debt expense associated with the Renewable Energy charge as part of that rate would transform this rate into a reconciling tracker rate that would differ from the $0.001 per kWh charge mandated by statute.