



Accounts Receivable, Allowance for Doubtful Accounts, and Bad Debt Expense

Chugach Electric Association, Inc.
Finance Committee
July 8, 2009



Balance Sheet as of 05/31/09

Assets & Other Debits

1. Total Utility Plant	\$	853,029,783
2. Accum. Provision for Depreciation and Amort.		(403,293,090)
3. Net Utility Plant (1 minus 2)	\$	449,736,693
4. Nonutility Property - Net		24,461
5. Invest. in Assoc. Org.		12,177,447
6. Special Funds		259,921
7. Total Other Property & Investments (4 thru 6)	\$	12,461,829
8. Cash & Temporary Investments		4,172,628
9. Special Deposits		124,140
10. Accounts Receivable - Net		31,187,531
11. Materials & Supplies		30,457,851
12. Prepayments		1,598,022
13. Other Current & Accrued Assets		160,000
14. Total Current & Accrued Assets (8 thru 13)	\$	67,700,172
15. Deferred Debits		23,467,623
16. Total Assets & Other Debits (3 + 7 + 14 + 15)	\$	553,366,317



Accounts Receivable Detail

<u>DESCRIPTION</u>	<u>05/31/09</u>
Customer Receivable - Billed	\$ 11,949,066
Allowance for Uncollectible Accounts - Electric	(467,602)
	<u>\$ 11,481,464</u>
Customer Receivable - Accrued/Unbilled	\$ 8,146,069
Wholesale	9,767,481
	<u>\$ 17,913,550</u>
Other Accounts Receivable - Miscellaneous	\$ 1,905,558
Allowance for Uncollectible Accounts - Other AR	(113,041)
	<u>\$ 1,792,517</u>
	<u><u>\$ 31,187,531</u></u>



Allowance for Doubtful Accounts

- **Direct Method:** record the loss at the time it is determined to be uncollectible. Increase Bad Debt Expense and reduce Accounts Receivable.
- **In-Direct Method:** estimate bad debt monthly. This allows bad debt to be recorded in the same period as related sales and Accounts Receivable is shown on the balance sheet as the estimated amount of cash to be received. Bad Debt Expense and Allowance for Doubtful Accounts is increased.
 - Retail allowance calculated using 0.15% of the current month's unadjusted retail sales:
May calculation: $\$13,600,000 \times 0.15\% = \$20,400$
 - Year-end true-up is required.



Allowance for Doubtful Accounts

(from the Balance Sheet)

Balance as of 05/31/09	(467,602)
June	
Monthly Estimate	(24,518)
Bad Debt Recovered	(7,600)
July	
Monthly Estimate	(24,518)
Semi-Annual Write-Off	120,300
Bad Debt Recovered	(7,600)
Estimated Balance as of 07/31/09	<u><u>(411,538)</u></u>



Bad Debt Expense as a % of Retail Revenue

<u>Year</u>	<u>Retail Revenue</u>	<u>Bad Debt Expense</u>	<u>% of Revenue</u>
2005	133,180,178	49,043	0.04%
2006	154,549,693	44,942	0.03%
2007	150,891,863	21,817	0.01%
2008	157,549,359	295,313	0.19%