**Section 281.80 Recovery of Uncollectible Costs**

a) A gas or electric utility that does not have in effect an automatic adjustment clause tariff under either Section 16-111.8 or Section 19-145 of the Act may elect to recover its uncollectible costs incurred as a result of compliance with Section 8-201.5 of the Act in either of two ways:

1) file a tariff in conformance with Section 16-111.8 or Section 19-145 of the Act to recover the uncollectible costs incurred in compliance with Section 8-201.5 of the Act; or

2) defer its uncollectible costs incurred in compliance with Section 8-201.5 of the Act for cost recovery in its next general rate case.

b) A utility may only change its election under subsection (a) after petitioning the Commission pursuant to the Commission's Rules of Practice (83 Ill. Adm. Code 200).

c) The automatic adjustment clause tariff filed pursuant to subsection (a)(1) must include the provision that the utility will file an annual reconciliation petition as described further in Section 16-111.8(c) or Section 19-145(c) of the Act.

d) The automatic adjustment clause tariff filed pursuant to subsection (a)(1) must include the provision that the utility will submit an annual internal audit report to the Manager of the Commission's Accounting Department on or before August 31 of each year. The audit shall include, but not be limited to, the following tests:

1) test that costs recovered through the rider are not recovered through other approved tariffs;

2) test customer bills to determine that all uncollectible adjustment factors are being properly billed to customers in the correct time periods;

3) test that rider uncollectibles revenues are properly stated; and

4) test that costs classified as uncollectible expenses as reported in Form 21, Annual Report to the Illinois Commerce Commission, are being identified, recorded and properly reflected in the calculation of rates and reconciliations.