

APPEAL PANEL DECISION FORM

I. CLAIMANT AND CLAIM INFORMATION

Claimant Name	<small>Last/Name of Business</small> [REDACTED]	<small>First</small>	<small>Middle</small>
Claimant ID	[REDACTED]	Claim ID	[REDACTED]
Claim Type	Business Economic Loss		
Law Firm	[REDACTED]		

II. DECISION

Select the Compensation Amount set forth in either BP's Final Proposal or the Claimant's Final Proposal as the final outcome on the claim and check the appropriate box to signify your decision.

<input type="checkbox"/> BP's Final Proposal	Compensation Amount	\$226,400
	Risk Transfer Premium	.25
	Prior Payment Offset	\$0
<input checked="" type="checkbox"/> Claimant's Final Proposal	Compensation Amount	\$361,901.23
	Risk Transfer Premium	.25
	Prior Payment Offset	\$0

III. PRIMARY BASIS FOR PANELIST DECISION

Please select the primary basis for your decision. You may also write a comment describing the basis for your decision.

- Error in documentation review.**
- Error in calculation.**
- Error in RTP multiplier.**
- Error in Prior Spill-Related Payment Amount.**
- No error.**

Comment *(optional)*:

The Claims Administrator awarded \$361,901, pre-RTP to this construction business in Zone D. Policy 495 criteria were triggered and the Claimant's financials were restated utilizing the Construction methodology. Nonetheless, BP appeals contending that the financial data was not sufficiently matched.

The focus of BP's complaint is a bad debt entry of \$163,402 in December of 2010. BP criticizes as error the unwillingness of the program accountant to reallocate this expense over the months in which the uncollectable revenue was recorded. As BP sees it, this resulted in the understating of Claimant's variable profit in December of 2010 while overstating it in the months where the revenue was recorded but not collected. If the bad debt is reallocated as advocated by BP, the award would be reduced by \$135,502. Accordingly, BP seeks remand or alternatively, presents a Final Proposal of \$226,400.

In response, Claimant argues that the bad debt writeoff entry is an accepted accounting entry used to correct for previously recorded revenue that became uncollectable. Claimant further points out that such entries are consistent in that the bad debt adjustments are recorded in December each year. *De novo* review reflects that the program accountant inquired about the bad debt entry and requested an explanation and supporting detail. In response, Claimant provided the unpaid amounts for nine uncollectable invoices to subcontractors along with the reasons for non-payment by each. The accounting vendor was clearly satisfied with this information as reflected by the following entry in the Calculation Notes:

The DWH accountant noted higher Bad Debt expense recorded in December 2010 and reached out to the claimant in order to obtain an understanding of how the claimant records bad debt. The claimant stated the following (Doc ID ██████████):

“Bad Debt is normally recorded in December of that year. Occasionally, it might be booked at the same time partial payment is received from the customer, if money is recovered from a previously written off bad debt, an invoice is created on the date of receipt and then paid on that same day.”

Claimant provided a summary of the amounts and projects related to bad debt recorded in December 2010 and months/years when the Claimant last received payment from the customer. The majority relates to work performed in 2010. While there are a few projects from previous years, DWH Accountant noted that the Claimant consistently recorded bad debt in these years and that the amounts were insignificant as compared to annual revenues. Therefore, DWH Accountant deemed the bad debt recorded to be a reasonable estimate made in good faith and that no further adjustment or inquiry was necessary.

The program accountant was within his discretion in determining that no further adjustment or inquiry was necessary. The P&Ls had already been restated utilizing the Construction methodology as required by Policy 495. BP has failed to demonstrate any basis for overturning the accountant’s judgment on this issue. Accordingly, the appeal is denied and the award affirmed.