

## **Explanation of Balancing Item**

The ESR reports total retail sales volumes (megawatthours) and customer counts in States with deregulated markets as the sum of bundled sales reported by full service providers and delivery reported by transmission and distribution utilities. EIA has concluded that the retail sales data reported by delivery utilities are more reliable than data reported by power marketers and ESPs.

The reporting methodology change uses sales volumes and customer counts reported by distribution utilities, and adds only an incremental revenue value, representing revenue associated with missing sales assumed to be attributable to the ESPs that were under-represented in the survey frame. In some cases, adjustments are also made to retail sales, revenue, and customer counts associated with underreporting of delivery volumes by one or more of the distribution utilities. In those cases, EIA assumes that total load served by those utilities is accurate, and that any underreporting of delivery volumes resulted from misclassifying actual delivery volumes as bundled sales. Therefore, in those instances EIA adjusted upwards the delivery volumes, revenues, and customer counts and made a corresponding equivalent offset (reduction) to the bundled sales by State and end-use sector.