STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES

In The Matter of the

New Jersey Board of Public Utilities': BPU Docket No. AO20060471

Response to the Covid-19 Pandemic

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AFFIDAVIT OF JANE BERGEN IN SUPPORT OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S MOTION TO EXTEND THE CLOSE OF THE COVID-19 REGULATORY ASSET PERIOD

STATE OF NEW JERSEY :

ss:

COUNTY OF ESSEX

JANE BERGEN, being of full age and duly sworn deposes and says:

1. I am the Director of Billing, Revenue & Controls for Public Service Enterprise Group ("PSEG") and, as such, I have been involved in the COVID-19 stakeholder process and in the Company's preparation of the quarterly reports of COVID-19 related costs in the COVID-19 proceeding before the New Jersey Board of Public Utilities ("Board"), under the above-referenced caption.

- 2. I make this affidavit in support PSE&G's Motion to extend the close of the COVID-19 Regulatory Asset Period as I have personal knowledge of the effect that COVID-19 has had, and will continue to have, on the Company's billing and collection process.
- 3. I am aware of the Board's July 2, 2020 Order Authorizing the Establishment of a Regulatory Asset for Incremental COVID-19 Related Expenses and of the September 30, 2021 close of the deferral period established by this Order.
- 4. The effects of COVID-19 and the associated moratorium on PSE&G customer accounts have been substantial.

- 5. As the moratorium continues, bad debt expense continues to increase. Unpaid accounts have grown exponentially and customer arrearages have reached unparalleled levels.
- 6. As of the end of June, overdue AR (all AR greater than 30 days) is \$262M higher (\$470M vs \$208M) than it was for June 2019, the same time of year pre COVID—a 126% increase.
- 7. PSE&G's customers with bills greater than 6 months old have nearly doubled from pre-pandemic levels (186K vs. 95K).
- 8. As incremental Accounts Receivable continues to mount, so do the carrying costs on this \$262M.
- 9. Customer engagement relative to payment assistance has reduced significantly since the start of the moratorium.
- 10. The number of LIHEAP payments received by the Company from January 2019 to May 2019, as compared to January 2021 to May 2021 has decreased by 24% (75,864 payments received vs. 55,864 payments received), while the size of AR has skyrocketed.
- 11. The Company will not be able to significantly reduce the above-referenced outstanding balances while extended shut-off and collection restrictions continue to discourage customers from addressing their utility arrearages.
- 12. The older a receivable is the probability of it being paid off diminishes due to customers' inability to pay down these large amounts, as well as due to move in and move out activity.
- 13. The extended moratorium on field collection activity has caused long-term delays in addressing AR balances. This has resulted in customers accumulating larger arrearages, and the overall quality of the aged AR continues to decline in terms of collectability, driving higher write-offs.

14. The Board's expansion/extension of USF/Fresh Start program in the current matter

should help, however not all customers will be eligible, and of those that are eligible, it is unknown

how many will meet the payment terms to earn the arrearage forgiveness.

15. The Company will therefore not know the full extent of its write off exposure until the

conclusion of the Fresh Start program in late 2023.

16. Since the Company's reserve should equal the amount of money anticipated to be

written off of the AR currently on the books, the reserve and bad debt expense will increase first, and

the write off will lag as it will follow field collection activity.

17. To prudently address the large increase in both the number of overdue accounts and

the AR associated with those accounts due to the extended delays in collection activity, the Company

will need to hire both additional field collection and call center employees to effectively handle the

increased work once collection activity can recommence.

18. This expense will not begin until 2022 and is another expense that will extend well

beyond the September 30, 2021 close of the current COVID deferral period as PSE&G estimates—

based on the amount of arrearages currently, and as projected forward—it will take several years to

bring the incremental arrearages down to pre-COVID-19 levels.

19. I swear that the foregoing statements are true to the best of my knowledge.

By: Bergen

Sworn and subscribed before me this 6th day of July, 2021

CATLYN M. WHITE NOTARY PUBLIC OF NEW JERSEY My Commission Expires 9/19/2024