

August 1, 2022

VIA ELECTRONIC MAIL

board.secretary@bpu.nj.gov

Secretary of the Board Board of Public Utilities 44 South Clinton Avenue, 9th Floor P.O. Box 350 Trenton, New Jersey 08625-0350

RE: In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19

Pandemic BPU Docket No. AO20060471

Dear Secretary:

Pursuant to an Order Authorizing Establishment of a Regulatory Asset for Incremental COVID-19 Related Expenses (the "Order"), approved and issued by the New Jersey Board of Public Utilities (the "Board") in the above-referenced docket on July 2, 2020, New Jersey's regulated utilities were authorized to defer COVID-19-related incremental costs and related offsets into a regulatory asset.

In compliance with the Order and consistent with its terms, Aqua New Jersey ("ANJ" or the "Company") has tracked such prudently incurred incremental costs and includes the most current quarterly report as **Attachment 1**. ANJ will continue reporting these relevant costs on a quarterly basis.

Among the COVID-19-related incremental costs included in the Company's report are the following: lost/waived reconnection fee revenues and bad debt. Additionally, the attached quarterly report includes data regarding aging of accounts receivable balances used to develop the estimate for bad debt. As the Board is well aware, the COVID-19 pandemic is a very fluid situation that has the ability to impact the Company's performance in a multitude of ways. As such, Aqua respectfully reserves the right to add additional incremental costs to this or future quarterly reports.

¹ In light of exigencies created by the COVID-19 pandemic, **Attachment 1** is accompanied by a Certification in lieu of an Affidavit of Verification. The individual providing the Certification is a corporate officer of Essential Utilities.

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Consistent with the Order issued by the Board in connection with In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020, this letter and its attachment(s) are being electronically filed with the Secretary of the Board and the New Jersey Division of Rate Counsel. No paper copies will follow.

Should you have any questions or concerns regarding the above, please do not hesitate to contact me.

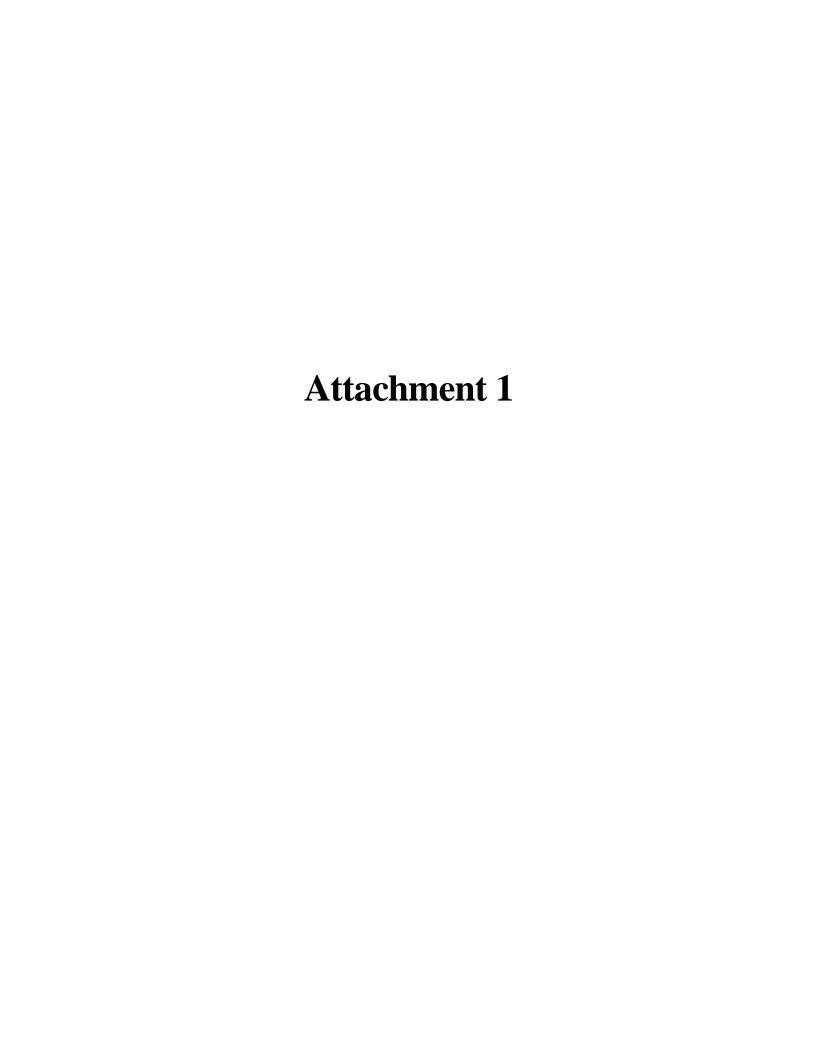
Respectfully submitted,

Dawn Peslak

Dawn Peslak Controller, Aqua New Jersey

Enclosures

cc: Service List w/enclosures (email only)



| | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | YTD 2022 |
|--------------------------------------------|--------|--------|-----------|--------|--------|----------|--------|--------|--------|--------|--------|--------|-----------|
| Lost Revenues | | | | | | | | | | | | | |
| Waived Reconnect Fees see Note 1 | 6,686 | 6,836 | 6,736 | 6,286 | 4,036 | 136 | | | | | | | 30,718 |
| Incremental PPE, Cleaning, Other | | | | | | | | | | | | | |
| Personal Protective Equipment (PPE) | | | | | | | | | | | | | - |
| Cleaning | | | | | | | | | | | | | - |
| Other Supplies | | | | | | | | | | | | | - |
| Employee labor | | | | | | | | | | | | | - |
| Bad Debt see Note 3 | | | 174,857 | | | (30,422) | | | | | | | 144,435 |
| Bad Debt - Order for Docket No. WO21081067 | | | (150,000) | | | | | | | | | | (150,000) |
| Cost Savings (offsets) | | | | | | | | | | | | | |
| Travel Expenses see Note 2 | | | | | | | | | | | | | - |
| Seasonal Workers not hired | | | | | | | | | | | | | - |
| Total Aqua New Jersey | 6,686 | 6,836 | 31,593 | 6,286 | 4,036 | (30,286) | - | - | - | - | - | - | 25,153 |
| Cumulative 2021 Aqua New Jersey | 6,686 | 13,523 | 45,116 | 51,402 | 55,439 | 25,153 | 25,153 | 25,153 | 25,153 | 25,153 | 25,153 | 25,153 | |

Aditional Covid related Bad debt %

Bad debt Reserve

| | | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | YTD 2022 |
|---------------------------------|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|--------|--------|--------|--------|----------|
| Note 1 - Waived Reconnect F | ees | | | | | | | | | | | | | |
| Average Collected Jan-Dec 20 | 018 & 2019 | 6,886 | 6,886 | 6,886 | 6,886 | 6,886 | 6,886 | | | | | | | 41,318 |
| Actual Collected 2022 | | 200 | 50 | 150 | 600 | 2,850 | 6,750 | | | | | | | 10,600 |
| Variance | | 6,686 | 6,836 | 6,736 | 6,286 | 4,036 | 136 | | | | | | | 30,718 |
| Note 2 - Travel Expenses | | | | | | | | | | | | | | |
| Average Expense Jan-Dec 20: | 18 & 2019 | | | | | | | | | | | | | - |
| Actual Spent 2021 | | | | | | | | | | | | | | - |
| Variance | | | | | | | | | | | | | | - |
| Note 3 - Bad Debt - Evaluated | d at a point in Time | | | | | | | | | | | | | |
| TOTAL DE DAM DEDIT EVALUATE | Authorized | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | | | | | |
| | in Rates | June YTD | Full Year | | | | | |
| Water Cust Acct/Recov | 136,569 | 142,268 | 149,975 | 85,852 | 113,102 | 154,619 | 123,368 | 118,250 | 102,967 | | | | | |
| Sewer Cust Acct/Recov | 17,174 | (26,294) | 9,947 | 4,821 | 16,610 | 20,687 | 16,001 | 16,546 | 14,519 | | | | | |
| Reserve Change | , | 102,600 | 453,111 | 425,295 | 14,165 | 13,993 | 10,817 | 14,552 | 54,493 | | | | | |
| Reserve - See Note 4 | | 1,175,431 | 1,072,832 | 619,721 | 194,426 | 180,261 | 166,268 | 155,451 | 140,899 | | | | | |
| Income Statement Impact | | 218,574 | 613,033 | 515,967 | 143,877 | 189,299 | 150,186 | 149,347 | 171,979 | | | | | |
| Operating Revenue Water | 42,956,418 | 20,538,972 | 43,928,171 | 43,676,244 | 40,547,058 | 36,996,779 | 38,497,955 | 39,074,551 | 37,677,377 | | | | | |
| Operating Revenue Sewer | 5,427,758 | 2,793,222 | 5,581,277 | 4,971,905 | 4,706,413 | 4,651,662 | 4,589,742 | 4,314,333 | 4,168,572 | | | | | |
| Ratios | | | | | | | | | | | | | | |
| Customer Accounts with Reco | | | | | | | | | | | | | | |
| Water | 0.32% | 0.69% | 0.34% | 0.20% | 0.28% | 0.42% | 0.32% | 0.30% | 0.27% | | | | | |
| Sewer | 0.32% | -0.94% | 0.18% | 0.10% | 0.35% | 0.44% | 0.35% | 0.38% | 0.35% | | | | | |
| Total | 0.32% | 0.50% | 0.32% | 0.19% | 0.29% | 0.42% | 0.32% | 0.31% | 0.28% | | | | | |
| YTD Revenue * Authorized Ra | | 74,139 | 157,319 | 154,582 | | | | | | | | | | |
| Excess IS Impact over Author | rized | 144,435 | 455,715 | 361,386 | 817,100 | | | | | | | | | |
| Note 4 - Development of Bac | d debt Reserve | | | | | | | | | | | | | |
| | _ | 0-30 | 31-60 | 61-90 | 91-120 | 121-180 | 181+ | Total | | | | | | |
| Current Qtr Accounts Receive | | 3,007,474 | 412,057 | 191,742 | 221,143 | 162,817 | 874,342 | 4,869,575 | | | | | | |
| Standard Anticipated Bad de | | | 3% | 8% | 15% | 40% | 100% | | | | | | | |
| Admir to the first of the first | | | | | | | | | | | | | | |

60%

162,817

0%

874,342 1,175,431

102,600

0%

15,339

35%

110,571

0%

12,362

History - Distribution of Receivables Aging

| motory bistribution of nece | | | | | | | | | | | | |
|-----------------------------|------|----------------|-------------|------|----------------|-------------|------|----------------|-------------|------|----------------|-------------|
| | Year | > 90 Days \$\$ | > 90 Days % | Year | > 90 Days \$\$ | > 90 Days % | Year | > 90 Days \$\$ | > 90 Days % | Year | > 90 Days \$\$ | > 90 Days % |
| January | 2019 | 123,915 | 5.5% | 2020 | 172,212 | 6.1% | 2021 | 738,535 | 15.5% | 2022 | 1,187,076 | 25.2% |
| February | 2019 | 130,037 | 5.1% | 2020 | 180,238 | 6.3% | 2021 | 794,581 | 18.7% | 2022 | 1,206,017 | 25.9% |
| March | 2019 | 162,992 | 5.5% | 2020 | 183,644 | 5.9% | 2021 | 814,130 | 19.4% | 2022 | 1,350,449 | 29.7% |
| April | 2019 | 89,214 | 4.1% | 2020 | 204,243 | 6.7% | 2021 | 856,284 | 23.2% | 2022 | 1,364,091 | 28.5% |
| May | 2019 | 97,236 | 4.4% | 2020 | 269,146 | 8.6% | 2021 | 800,216 | 20.4% | 2022 | 1,225,335 | 29.6% |
| June | 2019 | 106,463 | 3.1% | 2020 | 303,187 | 8.1% | 2021 | 780,533 | 17.1% | 2022 | 1,258,302 | 25.8% |
| July | 2019 | 108,194 | 3.4% | 2020 | 325,753 | 9.0% | 2021 | 775,330 | 16.9% | 2022 | | |
| August | 2019 | 96,450 | 3.2% | 2020 | 334,650 | 9.2% | 2021 | 804,491 | 19.2% | 2022 | | |
| September | 2019 | 99,340 | 2.7% | 2020 | 413,648 | 10.3% | 2021 | 864,456 | 18.3% | 2022 | | |
| October | 2019 | 102,036 | 3.4% | 2020 | 484,615 | 12.3% | 2021 | 929,894 | 21.6% | 2022 | | |
| November | 2019 | 163,849 | 4.8% | 2020 | 569,296 | 15.6% | 2021 | 1,019,880 | 24.1% | 2022 | | |
| December | 2019 | 125,086 | 3.6% | 2020 | 666,547 | 14.6% | 2021 | 1,132,024 | 21.7% | 2022 | | |

STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES

I/M/O THE NEW JERSEY BOARD

OF PUBLIC UTILITIES' RESPONSE: BPU DOCKET NO. AO20060471

TO THE COVID-19 PANDEMIC

<u>:</u>

CERTIFICATION OF LAWRENCE R. CARSON

Lawrence R. Carson, of full age, certifies as follows:

1. I am President of Aqua New Jersey, Inc. ("Aqua"). In light of the constraints associated with the COVID-19 pandemic, I am submitting this Certification in lieu of a Verification in support of Aqua's March 31, 2022 quarterly filing in the above-referenced docket.

2. Ihereby certify that, as President, I am duly authorized to make this Certification on Aqua's behalf.

3. I further certify that the information and data contained in the June 30, 2022 quarterly filing are true and correct to the best of my knowledge, information, and belief.

4. I further and finally certify that the foregoing statements made by me are true. I am aware that, if any of the foregoing statements made by me are willfully false, I am subject to punishment.

| Dated: August 1, 2022 | By: | |
|-----------------------|-------------------|----|
| , | Lawrence R. Carso | on |