

February 6, 2023

VIA ELECTRONIC MAIL board.secretary@bpu.nj.gov

Secretary of the Board Board of Public Utilities 44 South Clinton Avenue, 9<sup>th</sup> 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**.<sup>1</sup> 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, Bill of Rights mailing costs 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.

<sup>&</sup>lt;sup>1</sup> 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.



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)

# **Attachment 1**

	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	4,186	3,286	4,186	6,086	5,986	6,286	60,736
Incremental PPE, Cleaning, Other													
Personal Protective Equipment (PPE)													-
Cleaning													-
Other Supplies													-
Employee labor													-
Bad Debt see Note 3			174,857			(30,422)			45,091			(67,631)	121,895
Bad Debt - Order for Docket No. WO21081067			(150,000)										(150,000)
Additional costs for Bill of Rights mailings - Full Yea	r											96,988	96,988
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)	4,186	3,286	49,277	6,086	5,986	35,643	129,618
Cumulative 2022 Aqua New Jersey	6,686	13,523	45,116	51,402	55,439	25,153	29,339	32,626	81,903	87,989	93,976	129,618	

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	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 Fees													
Average Collected Jan-Dec 2018 & 2019	6,886	6,886	6,886	6,886	6,886	6,886	6,886	6,886	6,886	6,886	6,886	6,886	82,636
Actual Collected 2022	200	50	150	600	2,850	6,750	2,700	3,600	2,700	800	900	600	21,900
Variance	6,686	6,836	6,736	6,286	4,036	136	4,186	3,286	4,186	6,086	5,986	6,286	60,736
Note 2 - Travel Expenses													
Average Expense Jan-Dec 2018 & 2019													-

Actual Spent 2021 Variance

	Authorized	2022	2021	2020	2019	2018	2017	2016	2015
	in Rates	Full Year							
Water Cust Acct/Recov	136,569	414,547	149,975	85,852	113,102	154,619	123,368	118,250	102,967
Sewer Cust Acct/Recov	17,174	(51,592)	9,947	4,821	16,610	20,687	16,001	16,546	14,519
Reserve Change		(82,510)	453,111	425,295	14,165	13,993	10,817	14,552	54,493
Reserve - See Note 4		990,322	1,072,832	619,721	194,426	180,261	166,268	155,451	140,899
Income Statement Impact		280,445	613,033	515,967	143,877	189,299	150,186	149,347	171,979
Operating Revenue Water	42,956,418	44,222,238	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	5,674,546	5,581,277	4,971,905	4,706,413	4,651,662	4,589,742	4,314,333	4,168,572

Customer Accounts with Recovery/R	evenue								
Water	0.32%	0.94%	0.34%	0.20%	0.28%	0.42%	0.32%	0.30%	0.27%
Sewer	0.32%	-0.91%	0.18%	0.10%	0.35%	0.44%	0.35%	0.38%	0.35%
Total	0.32%	0.73%	0.32%	0.19%	0.29%	0.42%	0.32%	0.31%	0.28%
YTD Revenue * Authorized Rate		158,549	157,319	154,582					
Excess IS Impact over Authorized	121,895	455,715	361,386	938,996					

### Note 4 - Development of Bad debt Reserve

	0-30	31-60	61-90	91-120	121-180	181+	Total
Current Qtr Accounts Receivable	2,942,522	784,138	291,744	209,902	203,477	659,138	5,090,921
Residential Only AR	1,794,361	473,913	239,519	158,487	193,289	626,120	3,485,690
Standard Anticipated Bad debt %s		3%	8%	15%	40%	100%	
Additional Covid related Bad debt %		0%	0%	35%	60%	0%	
Bad debt Reserve	-	23,524	23,340	86,956	197,364	659,138	990,322

#### History - Distribution of Receivables Aging

	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	1,184,331	21.8%
August	2019	96,450	3.2%	2020	334,650	9.2%	2021	804,491	19.2%	2022	1,099,817	23.3%
September	2019	99,340	2.7%	2020	413,648	10.3%	2021	864,456	18.3%	2022	1,216,866	24.0%
October	2019	102,036	3.4%	2020	484,615	12.3%	2021	929,894	21.6%	2022	1,232,750	25.3%
November	2019	163,849	4.8%	2020	569,296	15.6%	2021	1,019,880	24.1%	2022	1,083,822	22.4%
December	2019	125,086	3.6%	2020	666,547	14.6%	2021	1,132,024	21.7%	2022	1,388,170	25.7%

# 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	:	
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## **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 December 31, 2022 quarterly filing in the above-referenced docket.

2. I hereby 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 December 31, 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: February 6, 2023

By: \_\_\_\_

Lawrence R. Carson