



Public Power Association of New Jersey

c/o Borough of Butler – One Ace Road, Butler, NJ 07405

Tele: 973-750-1134 – Cell: 732-236-7241 – Email: bvayda@ppanj.net

Subject: In the Matter of the New Jersey Board of Public Utilities’ Response to the COVID-19 Pandemic

Submitted by: Brian Vayda on behalf of the Public Power Association of New Jersey

The Public Power Association of New Jersey (“PPANJ”) submits this letter in response to the New Jersey Board of Public Utilities (“BPU”) request seeking comment on the impacts COVID-19 has had on past-due utility bills and the assistance programs available to households within our state.

The PPANJ, formed in 1985, is the service organization for nine municipalities that own and operate their own electric distribution systems as departments of local government and the states only electric cooperative.¹ These systems provide our communities with safe, reliable, responsive electric service to over 75,000 homes and businesses and annually deliver over one billion kilowatt hours.

The COVID-19 pandemic is causing profound, immeasurable damage to our economy and the ultimate impact on the economic outlook for the state of New Jersey is unknown. Throughout the pandemic, our systems have continued to serve all customers in a safe and reliable manner, including those customers who have struggled to pay their utility bills. Our systems have modified existing credit and collection practices to support customers, including crafting deferred payment arrangements and adhering to the Governor’s directives to suspend account disconnects, to suspend late-payment fees and interest accruals and to refrain from placing a lien on a property for unpaid balances.

Our customers are not immune to the economic hardship caused by COVID-19. Over the last twelve months, our systems have witnessed an unprecedented rise in past-due customer balances, including number of accounts, dollar impact and duration. Most concerning is the number of customers who are severely behind on their payments. At present, nearly 9,000 of our customers are 90 days or more behind on their bills. Additionally, one of our systems have seen an increase in the magnitude of 300% in significantly past-due balances over the historical average. Unfortunately, a growing number of our customers are continuing to accrue balances that have the potential to be so large that it will be a long-term financial burden on their households.

As not-for-profits and without the ability to shift some of the burden to shareholders, the only alternatives our systems have is to borrow funds, to place a lien on a property, to raise taxes on local property owners or to increase rates on our ratepayers that pay their bills on time. Borrowing to make up for the shortfall only “kicks the can down the road” and will ultimately be passed on to these very same ratepayers who are in financial crisis. Placing a lien or raising taxes on property owners only serves to intensify the problem we are trying to address. And simply asking our ratepayers that are

¹ The PPANJ’s members are comprised of the municipal electric utilities of the Boroughs of Butler, Lavallette, Madison, Milltown, Park Ridge, Pemberton, Seaside Heights, South River, the Vineland Municipal Electric Utility, as well as the states only electric cooperative, Sussex Rural Electric Cooperative.



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current to absorb these costs may cause even more customers to be unable to pay their bills and exacerbate the very problem that it intends to solve.

Needless to say, the impacts on our system’s financial health are of grave concern. All of our systems expect that working capital requirements and uncollectable amounts may grow to a dimension not experienced in the past, nor envisioned in worst-case scenarios. Eventually, difficult decisions will need to be made by our utilities, such as curtailing capital expenditures, which includes potentially abandoning planned infrastructure projects, cancelling needed equipment purchases and forgoing maintenance programs, all of which will eventually lead to a decrease in the safety, reliability and resiliency of our systems.

What all New Jersey customers need most now is support from their state and federal governments so they can help support themselves until this emergency ends.

Currently, there are several statewide assistance programs that offer help to households to pay for vital services such as electric. One example is NJSHARES, which receives funding from many different sources including state, individual and private donations. Unfortunately, under the current construct of these programs, our customers are ineligible to apply for aid. Several years ago, there was a directive that a portion of state funding provided to NJSHARES was to be earmarked specifically to provide financial assistance to municipal and cooperative customers, but that has long since expired. In short, our customers have few options for financial relief from within our own state.

It is abundantly clear that this crisis and the multi-dimensional challenges it presents will continue to evolve, and any strategy adopted now must incorporate flexibility and adaptability and must include everyone in New Jersey. Both state and federal assistance to deal with the problem will be necessary to help all New Jersey customers. Although the PPANJ understands that programs such as the Low-Income Home Energy Assistance Program (“LIHEAP”) are not within the jurisdiction of the BPU, we would encourage the BPU to work with state and federal legislators to seek an increase in funds for LIHEAP. Additionally, for the purpose of distributing federal CARES Act funding or any other federal COVID-19 assistance, programs could be designed by the state, counties and cities, in partnership with a municipal utility or cooperative.

Since most municipal-owned utilities and the cooperative are not subject to the BPU’s jurisdiction, the PPANJ would request that the BPU examine how customers of the municipals and the cooperative could become permanently eligible for any state funded payment assistance initiatives.

Our customers need a seat at the table to be part of whatever solution is adopted. This is not a regulated versus non-regulated problem, but a human problem. This needs to be an “all-hands on deck” solution working together with local, county, state and federal entities and agencies.



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In conclusion, the PPANJ appreciates the opportunity to provide its perspective on the issues related to the pandemic and we thank the BPU for its efforts in addressing these matters in a measured way. It is necessary that financial relief for anyone struggling to pay their utility bills during the pandemic includes all customers of the state.

Sincerely,

Brian Vayda
Executive Director