



April 28, 2021

**VIA ELECTRONIC MAIL**

[aida.camacho@bpu.nj.gov](mailto:aida.camacho@bpu.nj.gov)

[board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov)

Aida Camacho-Welch  
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 Camacho-Welch:

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, personal protective equipment costs, cleaning/sanitizing costs, employee related costs, bad debt, and other supply costs. Additionally, the attached quarterly report includes data regarding aging of accounts receivable balances used to develop the estimate for bad debt, as well as a calculation of off-setting cost savings. 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>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-21	Feb-21	Mar-21	YTD 2021
<b>Lost Revenues</b>					
Waived Reconnect Fees	see Note 1	6,836	6,886	6,886	20,609
<b>Incremental PPE, Cleaning, Other</b>					
Personal Protective Equipment (PPE)		1,127	1,144	-	2,271
Cleaning		1,697	2,224	1,063	4,985
Other Supplies		229	1,406	-	1,635
Employee related		2,628	204	1,120	3,952
Bad Debt	see Note 3			133,806	133,806
<b>Cost Savings (offsets)</b>					
Travel Expenses	see Note 2	(1,051)	(1,566)	(1,700)	(4,317)
Seasonal Workers not hired					-
Total Aqua New Jersey		11,466	10,298	141,176	162,940
Cumulative Aqua New Jersey		11,466	21,764	162,940	-

	Jan-21	Feb-21	Mar-21	YTD 2021
<b>Note 1 - Waived Reconnect Fees</b>				
Average Collected Jan-Dec 2018 & 2019	6,886	6,886	6,886	20,659
Actual Collected 2021	50	-	-	50
Variance	6,836	6,886	6,886	20,609

<b>Note 2 - Travel Expenses</b>				
Average Expense Jan-Dec 2018 & 2019	2,277	2,277	2,277	6,832
Actual Spent 2021	1,226	711	578	2,515
Variance	1,051	1,566	1,700	4,317

**Note 3 - Bad Debt - Evaluated at a point in Time**

	Authorized in Rates	2021 Mar YTD	2020 Dec YTD	2019 Full Year	2018 Full Year	2017 Full Year	2016 Full Year	2015 Full Year	2014 Full Year
Water Cust Acct/Recov	136,569	16,201	85,852	113,102	154,619	123,368	118,250	102,967	129,902
Sewer Cust Acct/Recov	17,174	303	4,821	16,610	20,687	16,001	16,546	14,519	11,333
Reserve Change		151,899	425,295	14,165	13,993	10,817	14,552	54,493	-
Reserve - See Note 4		771,620	619,721	194,426	180,261	166,268	155,451	140,899	86,406
Income Statement Impact		168,403	515,967	143,877	189,299	150,186	149,347	171,979	141,235
Operating Revenue Water	42,956,418	9,514,814	43,676,244	40,547,058	36,996,779	38,497,955	39,074,551	37,677,377	34,837,443
Operating Revenue Sewer	5,427,758	1,373,272	4,971,905	4,706,413	4,651,662	4,589,742	4,314,333	4,168,572	3,715,359

**Ratios**

## Customer Accounts with Recovery/Revenue

Water	0.32%	0.17%	0.20%	0.28%	0.42%	0.32%	0.30%	0.27%	0.37%
Sewer	0.32%	0.02%	0.10%	0.35%	0.44%	0.35%	0.38%	0.35%	0.31%
Total	0.32%	0.15%	0.19%	0.29%	0.42%	0.32%	0.31%	0.28%	0.37%

YTD Revenue * Authorized Rate	34,597	154,582
Excess IS Impact over Authorized	133,806	361,386

**Note 4 - Development of Bad debt Reserve**

	0-30	31-60	61-90	91-120	121-180	181+	Total	
Current Qtr Accounts Receivable	2,716,814	441,493	224,393	147,412	216,411	450,308	4,196,830	
Standard Anticipated Bad debt %s		3%	8%	15%	40%	100%		
Additional Covid related Bad debt %		0%	0%	35%	60%	0%		
Bad debt Reserve	-	13,245	17,951	73,706	216,411	450,308	771,620	0

## History - Distribution of Receivables Aging

	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%
February	2019	130,037	5.1%	2020	180,238	6.3%	2021	794,581	18.7%
March	2019	162,992	5.5%	2020	183,644	5.9%	2021	814,130	19.4%
April	2019	89,214	4.1%	2020	204,243	6.7%			
May	2019	97,236	4.4%	2020	269,146	8.6%			
June	2019	106,463	3.1%	2020	303,187	8.1%			
July	2019	108,194	3.4%	2020	325,753	9.0%			
August	2019	96,450	3.2%	2020	334,650	9.2%			
September	2019	99,340	2.7%	2020	413,648	10.3%			
October	2019	102,036	3.4%	2020	484,615	12.3%			
November	2019	163,849	4.8%	2020	569,296	15.6%			
December	2019	125,086	3.6%	2020	666,547	14.6%			

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

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<b>I/M/O THE NEW JERSEY BOARD</b>	:	
<b>OF PUBLIC UTILITIES' RESPONSE :</b>	:	<b>BPU DOCKET NO. AO20060471</b>
<b>TO THE COVID-19 PANDEMIC</b>	:	
	:	

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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 March 31, 2021 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 March 31, 2021 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: April 28, 2021

By: 
DocuSigned by:  
*Lawrence Carson*  
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 Lawrence R. Carson