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VIA ELECTRONIC DELIVERY

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
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**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:

Please allow this letter to serve as a Reply to the Response of New Jersey Division of Rate Counsel to the Motion to Amend¹ filed by Public Service Electric and Gas Company ("PSE&G"), South Jersey Gas Company ("SJG") and Elizabethtown Gas Company ("ETG") (collectively the "Companies") in the above-referenced docket.

In its Response, Rate Counsel recognizes that an extension of the regulatory asset deferral period may be "a reasonable solution to the issues raised by the Companies" with regard to managing the arrearages and costs associated with the pandemic. At the same time, Rate Counsel questions whether December 2023 is an appropriate end date for the close of the regulatory asset period, and recommends the Board determine the date based upon when the BPU expects: "(a) federal funds to be received and processed; (b) the enhanced Relief programs will be fully operational; and (c) customers have had an opportunity to earn arrearage forgiveness throughout the USF Fresh Start program."

From a practical standpoint, the Companies and Rate Counsel are aligned in how to determine a reasonable extension period. Indeed, the Companies considered the factors identified

¹ On July 6, 2021, the Companies jointly filed a Letter Motion with the New Jersey Board of Public Utilities' (the "Board" or "BPU") to Amend its July 2, 2021 COVID Regulatory Asset Order and extend the close of the cost deferral period.

by Rate Counsel in developing the proposed extension of the regulatory asset period. As the Companies note in their Motion, the conclusion of the Fresh Start program is key in determining the full extent of write off exposure. This is the impetus of the Companies' request. It is therefore both reasonable and necessary to allow ample time to properly credit assistance to customer accounts and assess COVID-19 bad debt. Moreover, since among the reasons cited by the Board for the extension of the close of the USF Program in the first instance was to inject additional funds into utility accounts to bring down overdue balances that have accrued during the pandemic, the Companies reiterate their request for extension.

Not only is the requested extension necessary to allow the Companies proper time to reconcile COVID-19 bad debt, it is imperative that the Companies are afforded sufficient time to record and submit costs associated with COVID response as the country enters into yet another phase in its battle against the new variant strains. Unfortunately, because the situation continues to be so tenuous, the Companies cannot relax safety measures at this time. These measures come at a cost that the Companies should be able to capture in their COVID-19 Cost Petitions.

As a condition of granting an extension, Rate Counsel recommends the Board impose "reasonable conditions." Particularly, Rate Counsel requests that the Board require each utility to file a plan setting forth how it will use the additional time to obtain appropriate federal funds and work with customers to reduce arrearages and avoid disconnections, and to keep transparent record of actions taken and costs incurred. In addition to the information the utilities are required to file currently, Rate Counsel suggests new reporting should include "periodic filings setting forth new hires and their roles; numerical goals and achievements such as arrearages collected; numbers of disconnections and re-connections by zip code; Deferred Payment Arrangements ("DPAs") entered into; funds received by each utility from programs such as USF, Fresh Start, LIHEAP, PAGE and Lifeline; detailed accounting of each regulatory asset cost claimed by each utility; amounts of arrearages recovered through any mechanism including the Societal Benefits Charge (electric), base rates (gas) and from federal funds (e.g. American Rescue Plan Act of 2021 and Consolidated Appropriations Act of 2021) and other relevant information."

The Companies are able and willing to provide any actual data as part of their quarterly reporting filings regarding number of DPAs created each month, Fresh Start recipients, funds received through existing state and federal programs, i.e. LIHEAP and USF², new hires related to addressing COVID arrearages, number of field collection visits, and number of disconnections and reconnections by zip code or city. However, "numeric goals" such as arrearages collected are impractical to provide. It is impossible to identify collections related to COVID versus normal collections. Thus, the Companies suggest that reporting the actual data without assigning goals is most appropriate.

² The utilities are open to discussing sharing of funding information received from new programs currently under development.

As the Companies continue to fulfill their mandate to provide safe and reliable service to customers during these unprecedented times, the Board must ensure that the Companies are afforded the opportunity capture, report, and petition the BPU for recovery of all incremental costs associated with fulfilling this mandate. Prudency, in any event, will be determined at a later date.

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 document is being filed electronically with the Secretary of the Board and Rate Counsel. No paper copies will follow.

Very truly yours,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



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SOUTH JERSEY GAS/ELIZABETH TOWN GAS COMPANY



Deborah Franco on behalf of SJG/ETG

cc: Service List

I/M/O Response to the COVID-19
Pandemic
BPU Docket No. AO20060471

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