



STATE OF NEW JERSEY

Board of Public Utilities

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www.nj.gov/bpu/

ALL UTILITES

IN THE MATTER OF THE NEW JERSEY BOARD OF
PUBLIC UTILITIES' RESPONSE TO THE COVID-19
PANDEMIC

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ORDER SETTING COMMENT
SCHEDULE

DOCKET NO. AO20060471

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BY PRESIDENT JOSEPH L. FIORDALISO:

BACKGROUND

On July 2, 2020, the New Jersey Board of Public Utilities (“Board” or “BPU”) issued an Order authorizing each of the State’s utilities to create a COVID-19 regulatory asset by deferring the prudently incurred incremental costs related to COVID-19, beginning on March 9, 2020 through September 30, 2021, or 60 days after Governor Murphy issues an order, declaration, proclamation, or similar announcement that the Public Health Emergency is no longer in effect or, in the absence of such an order, declaration, proclamation or similar announcement, 60 days from the time the Public Health Emergency automatically terminates pursuant to N.J.S.A. 26:13-3(b), whichever is later (“Regulatory Asset Period”).¹

The July 2020 Order also required the following:

1. Each utility that established a COVID-19 regulatory asset account to file quarterly reports of the COVID-19 related costs incurred and offsets, together with an verification by an authorized representative with the Board; and
2. All affected utilities file a petition with the Board by December 31, 2021, or within 60 days of the close of the Regulatory Asset Period, whichever is later. Any potential rate recovery, including any prudence determinations and the appropriate period of recovery for any approved amount of the regulatory asset and any associated savings, is to be addressed in this COVID-19 regulatory asset filing, or, in the alternative, a utility may request that the Board defer consideration of rate recovery in a future rate case. All costs remain subject to audit by the Board.

On October 28, 2020, the Board issued an Order expanding the scope of this docket to examine all COVID-19 Pandemic related issues by way of a generic proceeding, which allowed for a public comment period through November 30, 2020.² The October 2020 Order also designated myself, President Fiordaliso, as the Presiding Commissioner over this matter, who is authorized to rule on all motions that arise during the proceedings, and modify any schedules that may be set as necessary to secure just and expeditious determination of the issues.

On January 11, 2021, AARP filed a motion to intervene, which was granted by Order dated January 28, 2021. On February 5, 2021, Legal Services of New Jersey, the Natural Resources Defense Council, and New Jersey Citizen Action each filed Motions to Participate. These motions were granted by Order dated March 16, 2021.

On July 6, 2021, Public Service Electric and Gas Company (“PSE&G”), South Jersey Gas Company (“SJG”), and Elizabethtown Gas Company (“ETG”) (collectively, “Companies”) filed a letter motion with the Board seeking amendment of the Board’s July 2020 Order to extend the deferral period from September 30, 2021 to the end of 2023, and to adjust the deadline for the filing of petitions for recovery to a date within 60 days of the corresponding extended regulatory

¹ In re the New Jersey Board of Public Utilities’ Response to the COVID-19 Pandemic, BPU Docket No. AO20060471, Order dated July 2, 2020 (“July 2020 Order”).

² In re the New Jersey Board of Public Utilities’ Response to the Covid-19 Pandemic, BPU Docket No. AO20060471, Order dated October 28, 2020 (“October 2020 Order”).

asset period ("Motion").

On July 19, 2021, July 21, 2021, July 23, 2021, and September 10, 2021, respectively, SUEZ Water New Jersey, Inc., New Jersey-American Water Company, Inc., Aqua New Jersey, Inc., and Jersey Central Power & Light Company each filed a letter in support of the Motion. On July 21, 2021, Atlantic City Electric Company sought an extension shorter than requested by the Companies. On August 4, 2021, the New Jersey Division of Rate Counsel ("Rate Counsel") submitted a letter indicated it did not object to an extension of the regulatory asset period, but that it was unable to determine whether the date requested was reasonable. Additionally, Rate Counsel requested the inclusion of additional conditions to help track the utilization of additional time and money by all of the utilities. The Companies responded to Rate Counsel's letter on August 11, 2021.

By Order dated September 14, 2021, the Board ordered the Regulatory Asset Period be extended from September 30, 2021 to December 31, 2022, and the filing of petitions for recovery of these assets be within 60 days of this new date.³

QUESTIONS REGARDING REGULATORY ASSET COST RECOVERY

Staff, Rate Counsel, and other interested parties participated in work groups including collections, customer outreach, and cost recovery. In the cost recovery work group, the participants discussed regulatory asset cost recovery, and as a result, raised the following questions:

1. Has the utility received any insurance payments or any Federal funding or State funding that can be used to offset the deferred expenses? Should the uncollectibles/arrearages be treated differently from costs such as Personal Protective Equipment, etc.?
2. Should customer arrearages be treated differently from other expenses?
3. Should the deferred expenses be recovered in rates and amortized? If yes, how long should that amortization period be for? Should the amortization period vary and be dependent on the type of utility, size and its financial situation?
4. Should the unamortized balance be subject to carrying charges?
5. Currently, the EDCs recover uncollectibles via the Societal Benefits Charge ("SBC"). Should gas and water utilities be permitted to recover uncollectibles through a SBC-type recovery mechanism?
6. Should the SBC-type recovery mechanism be limited to COVID-related arrearages, or should it include all arrearages?
7. Should the deferred COVID related expenses, including the arrearages, be shared between shareholders and ratepayers? If yes, what would the accounting treatment be?

³ In re the New Jersey Board of Public Utilities' Response to the Covid-19 Pandemic, BPU Docket No. AO20060471, Order dated September 14, 2021.

8. Should the COVID-related deferral be recovered in base rates or in a special purpose rider? Should the recovery mechanism be case specific dependent on the type of utility, size and its financial situation?
9. Should a utility carry the COVID-related expenses and arrearages into a subsequent Rate Case or file a separate petition to recover through a clause?
10. When filing for relief should the utility provide proof that it did not receive any COVID-related financial support, either in the form of Federal or State grants, insurance payouts, and/or customer repayment invoices?
11. Does there need to be a true-up of the COVID arrearages, due to pay downs, Federal funds received, State funds received, Insurance funds received, etc.?
12. If a shareholder contribution were approved for the COVID-related uncollectibles, what should be the appropriate sharing be for ratepayers and shareholders?
13. Should there be a true-up of the COVID arrearages?

The parties agree that submission of comments regarding these questions would be beneficial in this matter.

DISCUSSION AND FINDINGS

I **HEREBY DIRECT** that interested parties submit comments addressing the questions provided above no later than sixty (60) days from the date of this Order. I **FURTHER DIRECT** that reply comments be submitted no later than twenty-one (21) days from the submission of the parties' initial comments.

In compliance with the Board's Order in Docket No. EO20030254, I **HEREBY DIRECT** all interested parties to serve documents electronically. No hard copies shall be filed until the Board lifts the restrictions imposed in that Order.

I **FURTHER DIRECT** that this Order be posted on the Board's website.

This provisional ruling is subject to ratification or other alteration by the Board as it deems appropriate during the proceedings in this matter.

DATED:

7/20/22


JOSEPH L. FIORDALISIO
PRESIDENT

IN THE MATTER OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES' RESPONSE TO THE COVID-19 PANDEMIC

DOCKET NO. AO20060471

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