



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

ENERGY DIVISION

IN THE MATTER OF THE REVIEW OF THE)
UNIVERSAL SERVICE FUND ENROLLMENT) ORDER
PROCESS FOR APPLICANTS WITH SPECIFIC)
HEATING LIVING ARRANGEMENT CODES) DOCKET NO. EO10080515

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BY THE BOARD:

BACKGROUND

The Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. (“EDECA” or the “Act”) provides that the New Jersey Board of Public Utilities (“Board”) establish a Universal Service Fund (“USF”) and, inter alia, determine for the USF the level of funding, the appropriate administration, and the purposes and programs to be funded. N.J.S.A. 48:3-60(b).

On April 30, 2003, in Docket No. EX00020091 (“April 2003 Order”), the Board approved a permanent USF program to assist low-income customers with the payment of electric and gas bills. The Board ordered that the program be operated on a state-wide basis and funded through uniform charges on customers’ electric and natural gas bills through the Societal Benefits Charge collected pursuant to N.J.S.A. 48:3-60(a).

When creating the permanent USF program in its April 2003 Order, the Board integrated the USF program with the existing framework of the Low Income Home Energy Assistance Program (“LIHEAP”) to create a streamlined point of entry into the program. The LIHEAP Program Administrator¹ therefore was designated by the Board as the USF Program Administrator and the LIHEAP application was modified to create a joint application for both energy assistance programs. A new, shared database was created based on the USF and LIHEAP criteria, which

¹ The USF/LIHEAP Program Administrator was the Department of Human Services (“DHS”) in State Fiscal Years (“SFY”) 2003, 2004, 2005 and the first quarter of SFY 2006. In October 2006, the Department of Community Affairs (“DCA” or “Program Administrator”) was designated by former Governor Jon Corzine as the LIHEAP Administrator and the Board thereafter designated DCA as the USF Program Administrator.

allows applicants to have their eligibility status determined for both USF and LIHEAP at the same time. The two programs share an application, database and application intake agency network, known as Community Based Organizations ("CBO"). CBO employees review and enter the USF/LIHEAP application and the relevant application data into the USF system to determine program income eligibility. The CBOs are overseen by DCA, the current USF/LIHEAP Program Administrator.

The eligibility criteria for the USF program, established by the Board, are based on a household's annual income and energy burden. The first eligibility requirement that applicants must meet, income eligibility, is set at or below 175 percent of the Federal Poverty Level ("FPL"). This income eligibility level is based on the annual household income of all members of the household over the age of 18. The second eligibility requirement that applicants must meet, energy burden eligibility, is set at three percent of annual household income for individual gas or electric bills or six percent of annual household income for electric heating bills. This means that in order to qualify for USF, a household must spend more than three or six percent of their annual income on electric and/or natural gas costs.

Applicants may apply for both USF and LIHEAP through one of four methods: 1) A USF/LIHEAP application; 2) A USF/LIHEAP recertification form (for returning clients that have not changed residences); 3) A Food Stamps application; or 4) A Pharmaceutical Assistance for the Aged and Disabled ("PAAD")/Lifeline application. The Food Stamps program is run by the Department of Human Services ("DHS") and PAAD/Lifeline is run by the Department of Health and Senior Services ("DHSS"). Client information from both the Food Stamps program and the PAAD/Lifeline program is transmitted electronically to the USF/LIHEAP database system for USF eligibility determination and processing. Certain PAAD/Lifeline applicants are required to provide additional information to determine eligibility.

HLA Codes

Prior to the establishment of the USF program, Food Stamps recipients with certain Heating Living Arrangement ("HLA") codes were screened for LIHEAP. The Food Stamps program uses these HLA codes to designate the type of heating situation in the Food Stamps household. Each Food Stamps applicant was assigned an HLA code by the Food Stamps staff upon application. Food Stamps recipients had their personal information sent via an automated process from the Food Stamps program to the LIHEAP program and this information is now fed into the database system used by both LIHEAP and USF. The following heating living arrangements represented by HLA codes were not eligible for LIHEAP:

- A: Heat is paid for by others
- C: Heat is paid for by public housing rent subsidy
- F: Shares the cost of heat with others who may not be in the Food Stamp household

These HLA coded households were not screened for USF eligibility, unless an account number was provided.

In Docket No. EO08060452², the Board addressed an error that caused these HLA coded households with unknown utility accounts to be incorrectly screened for the USF Program. The Board ordered that those incorrectly enrolled ("affected Food Stamp clients") be removed from the program and return the benefits they incorrectly received to the USF Trust Fund.

Through this process, the Board allowed the affected Food Stamp clients to submit additional information and apply for USF benefits. It was determined that a majority of the affected Food Stamp clients whose heat was provided through a public housing rent subsidy (HLA Code C) were eligible for USF benefits. A small minority of those who had their heat paid for by others or shared the cost of heat with others were subsequently found eligible for USF.

Finally, the Board ordered Staff to work with the appropriate State agencies to examine the Food Stamps screening process and ascertain if changes may be needed to ensure income eligible households are screened for USF eligibility as well as ensure that no Food Stamps files with HLA codes A, C or F which indicate there may be others in residence or the household is in public housing, be selected for the Food Stamps USF screening process unless authorized by the Board.

DISCUSSION

In response to the Board's directive, Board Staff, in conjunction with the DCA and DHS, initiated a broad overview of the interconnections between USF, LIHEAP and the Food Stamps program. Representatives from various State agencies, members of the USF Working Group and other interested parties³ conducted regular meetings to determine if the three programs' administrative and technical processes, where interconnected, were best serving applicants.

An HLA Code sub-committee was formed as a part of this process and recommended that the Food Stamps program change its database in order to provide, in addition to the existing heating account number, a second non-heating utility account number which would then be sent to the USF/LIHEAP program. When this second utility account is added to the Food Stamps database (estimated December 2010), Food Stamps households will be more easily screened for USF benefits on their non-heating (electric) account.

Additionally, the HLA Code Working Group found that Food Stamps and USF/LIHEAP programs have different definitions of "household". For example, a household of five persons may only have three Food Stamps beneficiaries. The USF/LIHEAP program requires information related to all five household members.

Board Staff, DCA Staff, DFD Staff and OIT Staff engaged in discussions in an attempt to devise a new proposal that will produce a more efficient way to properly screen A, C and F HLA coded households for USF and potentially give them an opportunity to be screened for LIHEAP as well. The agencies desired to make the new process consistent for both Food Stamps clients and PAAD/Lifeline clients with these HLA codes.

² In the Matter of the Review of the Universal Service Fund Enrollment Process for Food Stamp Recipients, 1/20/09

³ Included representatives from Board Staff, Office of Information Technology ("OIT"), DCA, DHS, the Division of Family Development (DFD), the seven regulated electric and natural gas companies, Legal Services of New Jersey ("LSNJ"), New Jersey SHARES, Rate Counsel, AARP, New Jersey Citizen Action and other interested parties.

A streamlined application process was developed for determining eligibility for Food Stamps and PAAD/Lifeline recipients with HLA codes A, C and F. Through this process, C coded households with account numbers will be screened for USF benefits, in the ordinary course, with other Food Stamps and/or PAAD/Lifeline clients. C coded households without account numbers will be sent a streamlined USF application. Additionally, A and F coded households with utility account information will be sent a streamlined USF application. Once a household has been found eligible for USF/LIHEAP, the household will be permitted to renew their benefits by completing the recertification form which all returning clients receive in lieu of the full USF/LIHEAP application.⁴

This streamlined application process will give A and F HLA coded households with account numbers and HLA coded C households without account numbers an opportunity to qualify for USF and potentially LIHEAP benefits by updating their household information, including their income, utility accounts, and HLA code. It will also help the Board and Program Administrator to collect income information for all members of a Food Stamps household to properly determine eligibility for USF benefits as well as calculate appropriate benefit amounts. This proposal would treat all USF/LIHEAP applicant households coded as A, C and F the same, regardless if they originate from the Food Stamps or PAAD/Lifeline programs.

Board Staff presented this proposed solution to the USF Working Group at a meeting at the Board's Newark Offices on July 13, 2010. The Working Group was largely supportive of the proposal. At the recommendation of the USF Working Group, the proposal was slightly modified to allow more recent Food Stamps data to overwrite information in the USF/HEA database, if a client has not provided an update within a set period of time. This change is designed to minimize the likelihood of a benefits lapse for eligible Food Stamp clients that do not submit a USF/LIHEAP recertification form or USF/LIHEAP application.

After reviewing the proposed streamlined application screening process, the Board has determined that these proposed changes appear to benefit applicants and the USF program. Therefore, the Board HEREBY APPROVES the proposed streamlined application process for Food Stamps and PAAD/Lifeline applicants with HLA codes A, C and F. The process will provide the USF program with total household income, a key component of the USF program, and will also give the client the opportunity to potentially qualify for LIHEAP based on their updated information. Finally, it will provide the utility companies with updated account information to quickly and accurately match the appropriate utility account.

The Board HEREBY ORDERS that this streamlined application process for USF applicants originating in the Food Stamps and PAAD/Lifeline programs be adopted and put in place for the upcoming 2010 -2011 heating season. Persons who are enrolled through this process during the 2010 -2011 heating season will be eligible to complete a USF/LIHEAP recertification form to renew these benefits starting in the 2011-2012 heating season.

⁴ Additionally, a change in "status" will be notated in the USF/HEA database preventing future Food Stamp data feeds from overwriting supplemental or updated information necessary to determine eligibility. To avoid an interruption of USF benefits, new Food Stamp data feeds will only overwrite older information if no update was provided by the client within a set period of time.

The Board FURTHER ORDERS that except for the addition of the streamlined application process for Food Stamps and PAAD/Lifeline applicants with HLA codes A, C and F described above, this Order does not otherwise modify the current USF application process.

DATED: 8/18/10

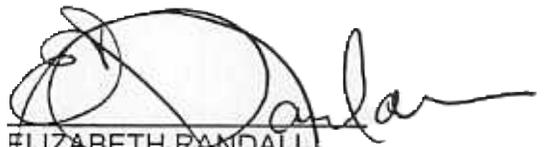
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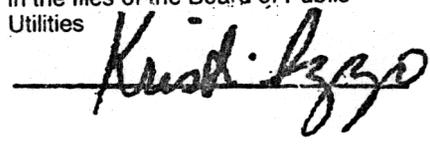

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I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities


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APPLICANTS WITH SPECIFIC HEATING LIVING ARRANGEMENT CODES
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