



Agenda Date: 7/11/07
Agenda Item: 1A

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

AUDITS

IN THE MATTER OF THE DEPARTMENT)	ORDER APPROVING
OF COMMUNITY AFFAIRS STATE)	BUDGET
FISCAL YEAR 2008 UNIVERSAL SERVICE)	
FUND ADMINISTRATIVE COST BUDGET)	
)	
)	DOCKET NO. EO07060368

(SERVICE LIST ATTACHED)

BY THE BOARD:

Background/Procedural History

The Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. (EDECA or the Act) established the Universal Service Fund (USF). The Act directed the New Jersey Board of Public Utilities (Board), inter alia, to 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, the Board approved a permanent USF program to ensure that low-income customers have access to more affordable energy. 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). The Board also determined in this Order that initial administrative expenses would be capped at ten per cent (10 %) of the program costs.

In its order dated July 16, 2003, in Docket Number EX00020091, the Board clarified that this cap would total \$3 million, and any administrative costs (excluding one-time start-up costs) exceeding this amount must be approved in advance by the Board. The Board also stated that the USF would be an ongoing, evolving program, subject to review and amended as necessary. In this same Order, the Board designated the Department of Human Services (DHS) as the USF program administrator.

The USF program was intentionally linked to the Federal Low Income Home Energy Assistance Program (LIHEAP) in order to take advantage of the existing infrastructure already in place to administer LIHEAP. Through a shared application and database system, repetition of administrative resources was reduced and applicants were conveniently able to apply for both programs simultaneously. LIHEAP was jointly administered by DHS and the Department of Community Affairs (DCA) when the permanent USF program was authorized by the Board.

On August 31, 2006, Governor Jon S. Corzine designated DCA as the State's administrator of LIHEAP. DCA Commissioner Susan Bass Levin sent a letter dated September 21, 2006, requesting that the Board designate the Department of Community Affairs as the Universal Service Fund program administrator.

At its October 23, 2006 special meeting, the Board changed the USF program administrator from DHS to DCA. By December 2006, DCA assumed full responsibility as USF program administrator. DHS and DCA agreed that to simplify matters for accounting purposes, DCA would be responsible for budgeting and reporting USF administration costs starting October 1, 2006, the beginning of the second quarter of fiscal year 2007.

As directed by the Board in its Order dated October 25, 2006, under Docket No. ER06070525, Staff worked with DCA to ensure it submitted a comprehensive fiscal year 2007 budget as soon as possible.

On May 15, 2007, the Board approved the State Fiscal Year 2007 (FY 2007) DCA USF administrative cost budget in the amount of \$3,647,225. The budget encompassed the nine months of FY 2007 for which DCA was responsible for budgeting and reporting USF administration costs.

Discussion

DCA submitted its USF administrative cost budget for State Fiscal Year 2008 (FY 2008) in the amount of \$4,458,281. Fiscal Year 2008 will be the first full year DCA will serve as the Board's USF program administrator. Accordingly, the budget submitted covers the entire twelve month period of July 1, 2007 through June 30, 2008.

The FY 2008 budget is broken down as follows:

DCA	\$1,742,218
Subgrantees-	
County Welfare Organizations	\$284,000
Community Based Organizations	<u>\$2,432,063</u>
Total	\$4,458,281

It is noted that estimated "one-time" costs that were included in the Fiscal Year 2007 (FY 2007) budget for the Call Center telephone system upgrade and for training were not actually incurred in FY 2007 due to the budget being approved so late in the fiscal year. As a result, those estimated costs have been included in the FY 2008 budget and are as follows:

Call Center Telephone System Upgrade	\$138,157 ¹ (revised from \$56,000 in FY 2007)
Training Program	<u>\$219,210</u>
Total	\$357,367

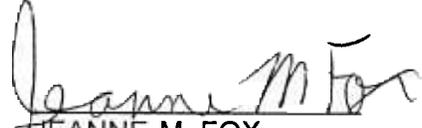
Staff has reviewed DCA's proposed budget and has found that the costs listed therein appear to be appropriate and necessary for the administration of the USF program by the DCA. Therefore, Staff recommends that the Board approve this budget. It is noted that the budget is an estimate. As per the Board's Memorandum of Understanding with DCA, DCA shall submit to the Board on a quarterly basis a billing for actual USF administrative costs incurred. Payment of said costs will be considered by the Board upon receipt of these billings.

FINDINGS AND ORDER

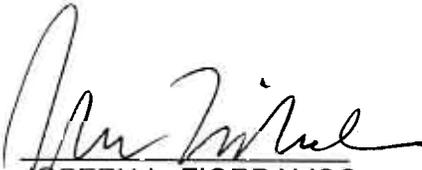
Accordingly, the Board HEREBY FINDS that DCA has adequately justified its FY 2008 USF administrative cost budget and HEREBY APPROVES said budget in the amount of \$4,458,281. The DCA FY 2008 USF administrative cost budget summary is attached hereto as schedule A.

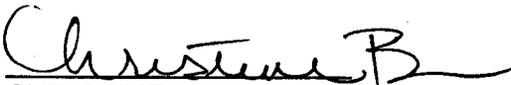
DATED: 7/12/07

BOARD OF PUBLIC UTILITIES
BY:

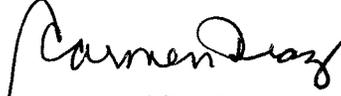

JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

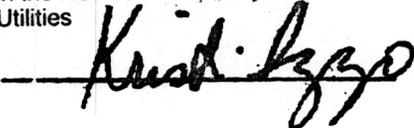

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


CARMEN DIAZ
ACTING SECRETARY

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



¹ The amount budgeted for FY 2007 was an estimate. The amount represented herein for FY 2008 is the actual amount quoted by the vendor for the telephone system upgrade.

IN THE MATTER OF THE DEPARTMENT OF COMMUNITY AFFAIRS
STATE FISCAL YEAR 2008 UNIVERSAL SERVICE
FUND ADMINISTRATIVE COST BUDGET
DOCKET NO. EO07060368

SERVICE LIST

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**STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
DCA USF BUDGET- EXPENSE SUMMARY**

July 1, 2007 through June 30, 2008

Address: Department of Community
101 S. Broad Street
Trenton NJ, 08625 PO BO

Phone: 609-984-3301

Chief Executive Officer: Clarice Sabree-Sylla

Prepared By: Jose Sanchez

BUDGET CATEGORIES
Department of Community Affairs Costs
A. PERSONNEL AND FRINGE
B. CONSULTANTS AND PROFESSIONAL FEES:
OIT SYSTEM SUPPORT
IT CONSULTANTS
IT CONSULTANT ENGAGEMENT MANAGER
CALL CENTER TEMPS
DFD - CWA QUALITY
TOTAL CONSULTANTS AND PROFESSIONAL FEES
C. MATERIALS AND SUPPLIES
D. OTHER
E. EQUIPMENT
DCA SUB TOTAL COST

TOTAL	HEA	USF
\$ 1,850,681	\$ 983,130	\$ 867,551
\$400,000	\$200,000	\$200,000
\$350,000	\$175,000	\$175,000
\$52,500	\$26,250	\$26,250
\$80,000	\$40,000	\$40,000
\$25,000	\$12,500	\$12,500
\$907,500	\$453,750	\$453,750
\$3,000	\$1,500	\$1,500
\$374,570	\$98,060	\$276,510
\$285,812	\$142,906	\$142,906
\$3,421,563	\$1,679,346	\$1,742,218

F. SUBGRANTEES
COUNTY WELFARE AGENCIES (CWAs)
COMMUNITY BASED ORGANIZATIONS (CBOs)
Subgrantees SUB TOTAL COST

\$ 568,000	\$ 284,000	\$ 284,000
\$ 8,631,739	\$ 6,199,676	\$ 2,432,063
\$ 9,199,739	\$ 6,483,676	\$ 2,716,063

TOTAL COST (DCA & Subgrantees)

\$12,621,303	\$8,163,022	\$4,458,281
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