



Agenda Dates: 5/8/08 7/30/08
Agenda Item: 2F 2G

**State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu**

DIVISION OF ENERGY

IN THE MATTER OF THE UNIVERSAL SERVICE FUND)
(USF) – SCREENING THROUGH OTHER PROGRAMS)
FOR USF ELIGIBILITY; and)
)

DECISION AND ORDER

IN THE MATTER OF THE ESTABLISHMENT OF A)
UNIVERSAL SERVICE FUND PURSUANT TO SECTION)
12 OF THE ELECTRIC DISCOUNT AND ENERGY)
COMPETITION ACT OF 1999.)

Docket Nos. EO07110888 &
EX00020091

(SERVICE LIST ATTACHED)

BY THE BOARD¹:

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 non-lapsing Universal Service Fund (USF) to assist low income consumers with the payment of electric and gas bills. Pursuant to N.J.S.A. 48:3-60 (b), the Board was to determine: the level of funding, the appropriate administration of the program, and the purposes and programs to be funded with monies from the fund. In accordance with this directive from the Legislature, the Board created the permanent USF program in its April 30, 2003 Order in Docket No. EX00020091 (April 2003 Order). In that Order the Board established a permanent statewide USF program, with uniform per therm/per kwh charges on a volumetric basis from customers of all seven electric and natural gas public utilities operating in the State.

¹Commissioner Christine V. Bator participated in the discussion of this matter and voted in the affirmative at the May 8, 2008 agenda meeting. However, she has since left the Board and Commissioner Elizabeth Randall has joined the Board. As she did not participate in the prior discussion and decision in this matter, Commissioner Randall abstained from voting on this item at the July 30, 2008 agenda meeting.

In the April 2003 Order, the Board made clear that the structure of the USF program would not be static, rather it would "be an ongoing, evolving program, subject to review and amended as necessary." Further, the Board anticipated that it would be in a better position to evaluate the program after the first year of operation because it would have "real data on the USF and will be better able to determine any necessary program modifications." Accordingly, the Board has made changes to the structure of the USF program in subsequent Orders.

Over the past five years, the USF program budget has increased by nearly 500%. For its first year of operation, the Board set the permanent USF program's budget at \$30 million and capped administrative expenses for USF at 10% of the \$30 million program budget for that year or \$3 million. Any administrative expenses above the \$3 million required advance approval by the Board. Further, the Board determined that initial start-up costs would not be subject to the 10% administrative budget cap. On July 16, 2003, the Board directed the electric and gas utilities to make annual societal benefits charge (SBC) rate compliance filings for USF and the Lifeline Program², which would enable the Board to review the program budget and approve new tariffs to reflect any changes to the program budget. For the past five years, the USF budget has increased steadily almost every year. In its October 3, 2007 Order in Docket No. ER07060503, the Board approved the 2007/2008 USF and Lifeline rates, which were designed to recover a USF budget of approximately \$174 million and a Lifeline budget of \$76.8 million.

In its April 2003 Order, the Board set forth eligibility criteria for the USF program, based on annual income and energy burden. The first eligibility test that applicants must meet, income eligibility, was set at or below 175% of the Federal Poverty Level (FPL). This income eligibility level was to be based on the annual household income, including all members of the household. The second eligibility test that applicants must meet, energy burden eligibility, was set so that income eligible applicants must pay more than 3% of their annual household income towards their individual gas or electric bills or more than 6% of their annual household income towards their electric heating bill. In addition, the Board stated that it expected USF recipients to apply for any federal Low Income Home Energy Assistance Program (LIHEAP)³ and/or Lifeline Program benefits for which they may be eligible in order to help offset the cost of USF, which is funded entirely by New Jersey ratepayers. A USF beneficiary's enrollment in the LIHEAP and the Lifeline Program would help offset the cost of USF because the benefit amounts awarded by LIHEAP and Lifeline are deducted from a USF applicant's energy burden before the applicant's eligibility for USF is determined and the applicant's USF benefit is calculated. The Board also capped the total USF credit per household at \$1,800 per program year.

²Lifeline is a State funded utility assistance program, which provides an annual \$225 benefit to eligible seniors and the disabled. The Lifeline program was created to help eligible seniors and the disabled meet their high energy costs. See N.J.A.C. 8:83A-1.1. The Department of Health and Senior Services (DHSS) is the administrator for the Lifeline program.

³LIHEAP is a federally funded utility assistance program administered by the State, which is designed to help low-income families and individuals meet home heating and medically necessary cooling costs. To be eligible for LIHEAP benefits, the applicant household must be responsible for home heating or cooling costs, either directly or included in the rent; and have gross income at or below 175% of the federal poverty level.

In order to provide needed benefits in an expeditious and efficient manner, while at the same time obtaining requisite information to evaluate whether the USF criteria has been satisfied, the Board integrated the USF program with the existing framework of LIHEAP, taking advantage of economies of scale. In creating the permanent USF Program in its April 2003 Order, the Board intended to create a streamlined point of entry into the program. The LIHEAP Program Administrator⁴ therefore became the USF Program Administrator and the LIHEAP application was modified to create a joint application for both energy assistance programs. This joint USF/LIHEAP application also furthered the Board's goal of creating one application for all of New Jersey's energy assistance programs, including USF, LIHEAP and Lifeline. A new, shared database was created based on the USF/LIHEAP criteria, which allows applicants to have their eligibility status determined for both USF and LIHEAP using the same documentation. Overall, the integration of the USF program with the LIHEAP program has been fiscally prudent because the two programs share an application, database and application intake agency network, known as Community Based Organizations (CBO). CBO employees review the USF/LIHEAP application and documentation to determine program income eligibility. The CBOs are overseen by DCA, the USF/LIHEAP program administrator. The integration enabled the Board to keep the start-up costs of the USF program low, while also ensuring that a large number of low-income residents seeking LIHEAP benefits could have their USF eligibility determined through the same application process.

In an attempt to facilitate initial USF enrollment as quickly as possible, the Board determined that it would screen the existing pool of persons who had previously enrolled and were receiving LIHEAP and/or Lifeline benefits for USF eligibility. This screening was intended to provide benefits to eligible persons while the USF/LIHEAP database was developed by the State Office of Information Technology (OIT) and the permanent USF/LIHEAP application was put in place. Upon their annual renewal, these screened applicants would have to complete the USF/LIHEAP application in order to be screened for USF benefits going forward. Therefore, in its April 2003 Order, the Board stated that Lifeline and LIHEAP recipients "will be automatically screened for USF eligibility," consistent with the income and energy burden eligibility criteria established in that Order. This screening would determine whether persons in Lifeline and/or LIHEAP: (1) met the USF income eligibility requirements, namely a total household income of less than or equal to 175% of the FPL; and (2) had the required energy burden for USF, namely that they paid in excess of 3% of their annual household income towards their gas bills and/or their electric bill (for customers who do not use electric heat) or 6% of their annual household income for electric heat.

The then current Program Administrator, DHS, and the Board encountered problems when they attempted to screen Lifeline recipients during this initial enrollment. Specifically, the income data collected by the Lifeline Program is different from the household income data collected by the LIHEAP program and did not provide sufficient verifiable data to determine an applicant's household income for the ascertainment of whether the USF eligibility criteria had been satisfied. This is because the USF and LIHEAP programs require applicants to provide verification of total household size and income for each household member, while the Lifeline program does not verify the size or income of the Lifeline applicant's household beyond the

⁴The LIHEAP Program Administrator was designated by the Board as the USF Program Administrator. The USF/LIHEAP Program Administrator was the Department of Human Services (DHS) in 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 Governor Jon Corzine as the LIHEAP Administrator and the Board subsequently designated DCA as the USF Program Administrator.

primary applicant and his or her spouse. Therefore, while Lifeline recipients who were presumed eligible for USF based on the information in their Lifeline application were enrolled via the October 2003 screening, it was apparent that the Lifeline program did not provide sufficient information to enable the Board or DHS to accurately determine Lifeline recipients' eligibility for USF, based on the eligibility criteria established in the April 2003 Order.

In 2003, the Board only intended to conduct one screening of Lifeline and LIHEAP recipients for USF eligibility. Thereafter, the Board intended to have a process in place for a joint application which would be used on a prospective basis to apply directly for the USF and LIHEAP programs (direct application) by November 1, 2003. See April 2003 Order. However, as time went on, it became apparent that additional time was needed for successful implementation of the direct application process using the USF/LIHEAP application, which included the building of the program system and database. After the initial October 2003 screening and while the direct application process was completed, the Board and DHS conducted two additional screenings of LIHEAP recipients for USF eligibility in order to capture new LIHEAP applicants who had enrolled since the initial October 2003 screening. See Docket No. EX00020091 - In the Matter of the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Competition Act of 1999, June 30, 2004 Order (June 2004 Order). No additional screenings of Lifeline recipients were contemplated or conducted by the Board.

Continuous screenings were not intended by the Board, nor were they necessary as all persons would be required to apply for benefits through the direct application process. The initial screening utilized information previously submitted by applicants to determine eligibility for the new USF program based on the eligibility requirements set forth in the Board's April 2003 Order, rather than waiting until the USF/LIHEAP joint application was submitted the following year. The Board subsequently ordered that the people enrolled into the USF program via screening would later reapply for admission into the program by filling out a joint USF/LIHEAP application when direct application became operational. June 2004 Order; Docket No. EX00020091 - In the Matter of the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Competition Act of 1999, March 11 2005 Order (March 2005 Order). Under the Board's Order, any person who did not subsequently complete a USF application would no longer receive USF benefits. Ibid.

The last screening of LIHEAP recipients was conducted in September 2004. In October 2004 direct application had been successfully established. While the Board clearly stated in its April 2003 Order that it would conduct an automatic screening, the Board did not commit to screening for an indefinite duration of time and reserved the right to "determine any necessary program modifications".

The initial screenings enabled the Board to meet its goal of quickly enrolling a large number of households into the newly established permanent USF program, but prior to the existence of a functioning system and database. The development of the USF/HEA system and its database a year later became crucial to the USF program. It is used as the central location for collecting, maintaining integrity compliance, a data repository and the automated processing component of all program requirements of and for USF recipients.

The USF system performs an initial eligibility assessment and sends income qualified individuals to the utilities to identify and obtain their energy burden of the household. This information is returned and received by the USF system for the final determination of eligibility and calculation of recipient benefits. This information is then conveyed back to the utilities for posting a credit to the recipient's utility account. The system also notifies the client regarding the status and disposition of their household.

As the Board had envisioned, those who were initially enrolled into the USF program through LIHEAP screenings renewed their USF benefits through the USF/LIHEAP direct application when it became possible in the fall of 2004. In addition, data on certain Food Stamp recipients was sent from the Food Stamps program to the USF/LIHEAP system and database to be screened for both USF and LIHEAP programs.⁵

However the Lifeline screening in 2003 resulted in a group of Lifeline recipients being enrolled into USF even though the Lifeline application was based on different household size or total household income criteria. Given the fact that it had allowed certain Lifeline recipients to be screened for USF in 2003 without completing a LIHEAP application, the Board decided to extend this group's USF benefits when their expiration date was approaching. At that time and thereafter, the Board did not request or require screening of any additional Lifeline recipients. In its June 2004 Order, the Board expressed this intent in relation to the Lifeline recipients who were screened for USF eligibility in 2003:

customers who were automatically enrolled in USF in October 2003 shall have their initial benefit year extended until such time as the direct application system is completed and these customers can apply for recalculation of their eligibility in time to receive their updated USF benefits (if eligible).

The Lifeline recipients who were screened and enrolled into the USF program in October 2003 based on the income information provided by the Lifeline program, have had their USF benefit extended each year, despite the fact that they have not had their total household size or total household income data reviewed during this time. The Board formally approved this practice every year, until its October 3, 2006 Order – Docket Nos. EX00020091 & ER06070525 - In the Matter of the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Competition Act of 1999 – Request to Extend Benefits for Lifeline Only Automatic Enrollees and Current USF/Lifeline Rates on an Interim Basis, when it stated that the Lifeline recipients who were screened for USF eligibility in 2003 shall have their USF benefits “extended for a period of time of no less than a year.” (October 2006 Order). The Board made the decision to keep these enrollees in the program while it focused on overseeing the program's operation and development, and until such time as it was able to determine whether to expand or otherwise modify the USF program. Ibid.

⁵ Certain categories of Food Stamp recipients who had historically been screened for LIHEAP have been screened for USF benefits. This Order does not modify that screening process or its criteria. Issues relating to USF Benefits for Food Stamp recipients were recently discussed by the Board at its July 11, 2008 and July 30, 2008 agenda meetings and will be the subject of a separate Board Order. See Docket No. EO08060452 – In the Matter of the Review of the Universal Service Fund Enrollment Process for Food Stamp Recipients.

Other than the initial 2003 screening to jumpstart enrollment in the USF program, the Board has not ordered or directed further USF screening of Lifeline recipients. Nonetheless, since the creation of the permanent USF program in 2003, the Board and the Program Administrator have undertaken several outreach initiatives to low-income seniors and the disabled in order to maintain and increase their enrollment in USF through the USF/LIHEAP application. These efforts were undertaken in furtherance of the Board's desire to increase application to the USF program for all eligible persons, particularly senior citizens and the disabled. The Board undertook the following outreach efforts to this population:

1 Targeted Outreach to Lifeline Recipients

Conducted in the fall of 2006

Targeted mailing sent to Lifeline recipients whose income as reported to Lifeline, appeared to be below 175% of the FPL. A USF/LIHEAP application was sent with information on the potential benefits available and filing instructions.

Recorded telephone outreach message from Governor Jon Corzine encouraging application to the USF program was received by this targeted group of Lifeline recipients.

2. "Special Outreach to Seniors"

- Conducted in the fall of 2007
- Collaborative effort of the Board, DCA, OIT, and DHSS
- Targeted mailing to Lifeline recipients who appeared to meet the income requirements for USF eligibility encouraging application to USF/LIHEAP. The mailing included a letter explaining the potential benefits available, along with the USF/LIHEAP application

On June 19, 2007, Board Staff initiated a series of bi-weekly conference calls with a newly created Lifeline working group,⁶ a subset of the USF Working Group, in order to discuss the issues pertaining to the screening of Lifeline recipients into the USF program. The goal of these conference calls was to devise an alternative application process that would allow the Board to screen Lifeline recipients for USF eligibility, while maintaining the enrollment criteria established by the Board in its April 2003 Order. Bi-weekly conference calls were held with the Lifeline working group between June 19 and October 9, 2007. During these conference calls the Lifeline working group discussed possible methods to modify the current USF/LIHEAP application process in order to collect the required eligibility data from Lifeline recipients. Different methods to obtain the necessary household income data from Lifeline recipients were discussed; however, no acceptable solution could be reached. Ultimately, the Lifeline working group was unable to agree on a resolution to the Lifeline enrollment question which satisfied all of the parties. As such, a joint recommendation could not be made to the Board.

⁶The Lifeline working group included representatives of: the American Association of Retired Persons (AARP), New Jersey Citizen Action (NJCA), New Jersey Legal Services (NJLS), representing the utilities were individuals from Public Service Electric and Gas Company (PSE&G) and Jersey Central Power & Light Company (JCP&L), Rate Counsel, DCA, OIT, DHSS and Board Staff.

Staff initially advised the Board that the working group could not reach a consensus about the Lifeline enrollment issue at its August 22, 2007 Agenda meeting. Staff proposed taking public comments and providing a staff recommendation for the Board to act on this policy issue. Following the August 22 Board meeting, AARP wrote a letter to Staff expressing that additional discussions might be fruitful. Staff returned to the Board on November 28, 2007 and advised that the working group was not able to come to an agreement. Therefore, Staff proposed a public comment period and public hearing. On November 28, 2007, the Board issued a notice scheduling a public hearing and soliciting comments on issues relating to the screening of Lifeline recipients for USF eligibility.

On December 17, 2007 the Board held a public hearing in Newark, which was presided over by Commissioner Christine V. Bator, to allow members of the public to present their comments on the best way to modify the USF program to allow for the screening of recipients of Lifeline and other assistance programs for USF eligibility. At the public hearing, the Board received input from numerous members of the public, including representatives of utility companies, Rate Counsel and DCA. More specifically, Rate Counsel, AARP, NJCA, LSNJ and the Association for the Children of New Jersey, all urged the Board to reinstate an automatic screening process of Lifeline recipients to determine USF eligibility because they believe it is the best way to ensure that senior citizens participate in USF in meaningful numbers. Representatives of New Jersey Natural Gas Company (NJNG) and Pivotal Utilities Holdings, Inc. d/b/a Elizabethtown Gas (Elizabethtown) also spoke at the hearing and supported the Board's efforts to refine the USF process in order to ensure that as many eligible people are enrolled into USF as possible. DCA, the program administrator, spoke about the difficulties it would face in modifying the current USF application process to accommodate a screening process for Lifeline recipients while at the same time continuing to meet the USF and LIHEAP program requirements. Further, DCA stated that separate USF and HEA applications would be necessary in order to accommodate the enrollment of Lifeline recipients in USF because the USF eligibility screening would be in conflict with HEA program requirements. Finally, DCA mentioned the special outreach efforts that it has undertaken to increase the enrollment of senior citizens into the USF program. Written comments were accepted until December 21, 2007.

The Board was persuaded by the information presented at the hearing and through written comments. The Board indicated to Staff that it was willing to consider changing the enrollment criteria set forth in its April 2003 Order to streamline the USF application process for those in the Lifeline program whose annual household income is at or below 175% FPL. Accordingly, since January 2008, Staff has worked with DHSS, which administers the Lifeline program; OIT, the agency which operates the USF system and database; and DCA, which is the USF Program Administrator. After several months of weekly meetings, Staff presented to the Board a proposed screening process for determining Lifeline beneficiaries' eligibility for USF on April 8, 2008. At that agenda meeting, the Board directed that public comments should be sought concerning Staff's recommendations.

Notice of Proposed Changes and Opportunities for Comments

As set forth in the April 9, 2008 request for public comments, the Board asked for comments on the following:

1. In order to determine whether a Lifeline recipient is eligible for USF and accurately calculate a potential USF benefit, the Board proposes to change the PAAD/Lifeline application through the Department of Health and Senior Services to include three

additional questions: 1) A request for the Lifeline recipient's total household size; 2) A request for the total household income; and 3) A request for the household's primary source of heat.

To be considered for the USF program, applicants must complete these questions on the PAAD/Lifeline application and attest to the accuracy of the answers. Once the completed application is returned, applicants will be screened according to the existing USF income eligibility requirements (income at or below 175% of the federal poverty level and the energy burden as set forth on page two of the notice).

Board staff is working with the staff of the Department of Community Affairs (DCA), the USF Program Administrator and with the staff of the Department of Health and Senior Services (DHSS), the Lifeline Program Administrator, concerning the joint effort.

2. DHSS partnered with the Social Security Administration in 2005 to provide additional pharmaceutical assistance benefits to low-income senior and disabled citizens. As a result, the Lifeline program includes seniors and disabled citizens who are eligible for Medicare Part D Low-Income Subsidy (LIS). The application process for Medicare Part D LIS exceeds that for PAAD/Lifeline and a regular sampling of applicants is checked against Social Security and Internal Revenue Service databases.

As a result, the Board is satisfied that Lifeline recipients who also receive Medicare Part D LIS have provided sufficient documentation concerning their income to be screened for the USF program. The Board proposes that those on Lifeline and Medicare Part D LIS can therefore be screened for USF eligibility using the income and energy burden eligibility requirements of the USF program.

3. In 2003, before the existence of the USF/LIHEAP database, Lifeline recipients were screened for enrollment in USF, despite their reported household size and income not including household members other than the Lifeline applicant and spouse. The USF benefit for this group, commonly referred to as "Lifeline Only" has been extended on a yearly basis since 2004. The Board proposes that the "Lifeline Only" group would receive a special mailing, including the modified PAAD/Lifeline application, and a letter explaining the new enrollment process. This group will be notified that as of a date certain (to be determined based on the implementation of the system changes noted below), their USF benefits will cease. A new completed PAAD/Lifeline application, with the questions pertaining to USF, must be provided in order for "Lifeline Only" individuals to be screened for a new USF benefit.
4. The Board proposes making these changes on a prospective basis, for applications or renewals filed after the appropriate database systems modifications are in place and after a final Board order approving the policy changes. If the Board determines that program changes are appropriate, the Board intends to issue an order specifically setting forth the effective date of the new program policies.
5. The Board anticipates that these changes will result in an increase in USF enrollment and USF payments. Implementing these changes may also require additional administrative expenses. Such costs will be considered in the annual USF compliance filing establishing a budget for the 2008-09 USF program year.

6. Ratepayers of all income levels provide funding for USF through the societal benefits charge, but are also experiencing regular price increases due to factors in the international energy markets outside the control of the Board. There is certain to be increased enrollment in USF due to the proposed screening process for Lifeline beneficiaries, and therefore an increase in program cost for which ratepayers are responsible. The cost of the USF program has increased dramatically from \$15 million in 2002 to \$174 million in 2007. Accordingly, the Board would like public comments and suggestions for cost-containment measures and methods to possibly institute a program cap.

Summary of Comments Received

Comments regarding the Board's proposed changes to the USF enrollment process were received from the following:

- 1) AARP;
- 2) Rate Counsel;
- 3) LSNJ;
- 4) South Jersey Gas, Atlantic City Electric and NJNG (Utilities);
- 5) NJCA
- 6) Elizabethtown; and
- 7) JCP&L

AARP submitted comments, which generally endorsed the Board's plan. However, AARP expressed concern about the State's ability to implement these proposed changes in a timely fashion and suggested that the Board also create a backup plan to ensure the timely enrollment of the targeted Lifeline recipients. AARP also stated that it would be unreasonable to undertake any form of cost containment without first conducting a thorough review of several factors such as:

- 1) The Impact of the USF program costs on the median household energy burden;
- 2) The portion of the SBC that is represented by USF;
- 3) The impact of cost containment on the needs of the low-income households ability to maintain essential utility service;
- 4) Consideration of the reforms contained in the 2006 APPRISE report; and
- 5) The impact of cost containment on savings in utility credit and collection.

In addition, AARP recommended that the Board make a public statement in support of a change to the New Jersey LIHEAP program to expand the list of programs relied upon for screening and enrollment in LIHEAP, such as the Lifeline/PAAD database. AARP notes that this approach would ensure that the federally funded LIHEAP benefit would be taken into account in the calculation of a USF benefit for these customers.

Rate Counsel submitted comments which generally support the Board's proposal, but expressed concern that the proposal lacks specific time periods for the implementation of the new enrollment process. Additionally, Rate Counsel noted that the Board had not provided details concerning the process it will follow before implementation of the proposal. Further, Rate Counsel suggested that the Board should devise a contingency plan for enrolling Lifeline recipients into USF, in case the Board is unable to meet its deadline for implementing its proposal. Rate Counsel also recommends that the Board immediately enroll the LIS recipients into USF, even if it requires a manual enrollment process. Rate Counsel expressed a concern

about how the Board will meet what Rate Counsel refers to as the Board's obligation to Lifeline participants who, Rate Counsel maintains, are entitled to automatic enrollment under the terms of the Board's April 2003 Order. Rate Counsel believes that an immediate resumption of automatic enrollment is required.

Rate Counsel further contends that cost-containment should not come at the expense of low-income residents who rely on USF benefits. Rate Counsel stated that no change can be made in program benefits without the affected population being afforded their right to due process. Rate Counsel did provide two suggestions for possible cost-containment measures by way of maximizing enrollment in other programs: 1) facilitate the automatic enrollment of PAAD/Lifeline recipients into LIHEAP; and 2) work to ensure that federal and State weatherization programs are used effectively to reduce the energy burdens of USF recipients.

LSNJ submitted comments, which were generally supportive of the Board's proposal. However, LSNJ believes those [elements of the Board proposal] "that go beyond the re-institution of the Board's determination in its 2003 USF Order that PAAD/Lifeline recipients should be screened for USF eligibility" must be adopted through formal rulemaking rather than adjudicatory action. Accordingly, LSNJ recommends that the Board immediately promulgate an emergency rule in order to implement its proposal prior to the commencement of the summer cooling and winter heating seasons.

It is LSNJ's position that no further information from Lifeline/PAAD applicants is needed to screen them for eligibility for the USF program. However, since the Board is proposing to require that Lifeline/PAAD applicants provide additional information in order to be screened for USF eligibility, then the Board should reduce administrative expenses by requiring this information from the few households for whom the information is relevant to USF eligibility.

Specifically, LSNJ suggests adding two yes or no check boxes to the PAAD applications, just prior to the proposed questions. These check boxes would ask: 1) Are there any other income earners over the age of 18 in your household? 2) Do you have a gas or electric utility account in your name? LSNJ suggests that the Board's proposed questions would only have to be answered if an applicant checks yes to both of its proposed questions.

LSNJ also stated that it is crucial for the Board to set a specific date for implementation of its proposed screening plan. Further, LSNJ contends that the Board should begin the screening of the LIS population immediately.

On the issue of cost-containment, LSNJ is opposed to the idea of a program cap, which it believes would result in the denial of USF benefits to low-income households in need of this benefit. Further, LSNJ noted that the cost of the program remains within the range of the cost estimates it made prior to the implementation of the permanent program. LSNJ also supported AARP's recommendation that Lifeline/PAAD applicants be screened for LIHEAP eligibility as a means to maximize the use of federal funds.

The utilities submitted joint comments, which stated their overall support for the Board's proposal. More specifically, they believe that the Board's proposal will increase the participation rate of seniors in the USF program and move one step closer to the "one-stop shopping" concept originally espoused by the Board. In addition, the utilities urge the Board to strongly encourage customers who appear eligible for LIHEAP to apply for LIHEAP benefits. The utilities believe that participation in federal and State weatherization programs would be the most effective way to reduce the USF benefit calculation for future years.

NJCA asserted that the issue pertaining to automatic enrollment of Lifeline recipients was addressed over four years ago when the Board established a permanent USF program in its April 2003 Order, which stated that "LIHEAP and Lifeline recipients will be automatically screened for USF eligibility." In addition, NJCA contended that auto-screening of the Lifeline database for USF eligibility has failed to happen since this initial effort, resulting in tens of thousands of the State's low-income seniors and people with disabilities being left to deal with unaffordable electricity and heating costs over the past four years.

NJCA also took issue with the Board's position stated in the April 9, 2008 Notice that the income gathered from the Lifeline database is insufficient to screen Lifeline recipients for the USF program. NJCA stated that the Lifeline program utilizes a household's annual income to determine eligibility, which is a more accurate depiction of income than the most recent monthly income standard utilized by LIHEAP.

NJCA stated its support of the Board's plan to screen Lifeline participants into the USF Program; however NJCA expressed concern about the absence of a timeline stating when the BPU plans to implement the enrollment process. NJCA would only support a timetable that ensures the PAAD/Lifeline application changes and the screening/enrollment of Lifeline participants would take place by the Fall of 2008. If such a timetable is unable to be met for any reason, NJCA believes an appropriate alternative would be to screen and enroll Lifeline participants in the same manner as the October 2003 enrollment process. Further, NJCA called on the Board to start the screening of the LIS group immediately.

NJCA also requested that the Board publicly state its approval of the use of the Lifeline and the Medicare Part D LIS information to enroll Lifeline customers into the LIHEAP energy assistance programs. NJCA maintains that the Board's stated support for such a public policy would be consistent with the "one-stop" shopping goal, as well as the Federal LIHEAP guidelines, which encourage the use of other low-income financial assistance programs to qualify clients for LIHEAP. Further, by ensuring that Federal LIHEAP funds are received and calculated into USF benefits, the Board's apprehension in the April 9, 2008 Notice about the cost of the USF program increasing as a result of enrollment of Lifeline participants would be partially mitigated. NJCA indicated it would oppose any attempt by the Board to further reduce the cap on individual benefits; implement a cap on total program cost; eliminate the Fresh Start program; or raise the affordability thresholds. It states that such actions would lead to low-income families with more unaffordable energy rates.

Elizabethtown submitted comments, which supported the Board's proposal to supplement the PAAD application with additional questions to enable the screening of Lifeline recipients into the USF program. Elizabethtown also supported the idea of limiting the cost burden on all ratepayers as such costs have increased significantly since the program's inception. Elizabethtown suggested that one possible solution for cost containment is to review annualized program participant benefits and compare it to a fixed program cap approved by the Board. If the costs are below the cap, then the benefits for each USF recipient would remain the same. If the costs exceed the cap, all existing benefits would be reduced by a percentage that would bring the total benefits below the cap. Another option suggested by Elizabethtown would be to adjust the 6% energy burden cap upwards, which would reduce the number of people who qualify for the program and result in participants shouldering a larger portion of their energy costs.

JCP&L agreed with the Board's conclusions that the income information collected on the PAAD/Lifeline application is not currently sufficient for enrollment into the USF program. Additionally, JCP&L agreed with the Board that the Lifeline program needs to gather additional data in order to screen Lifeline recipients into USF. However, JCP&L indicated it believes that the Board's recommendations do not go far enough to address the underlying issues. Accordingly, JCP&L recommended that the Board: 1) collect the actual income documentation to support the income information which the applicants list on their application; and 2) require all USF applicants to participate in the New Jersey Comfort Partners program, whenever possible.

JCP&L suggested using the following four categories as a more effective and accurate method of collecting household demographic and income information for the purpose of USF program participation screening:

1. Number of household members;
2. Individual ages for household members;
3. Gross income for individual household members; and
4. Primary source of heat.

JCP&L indicated it believes that these categories would provide a clearer picture of household demographics and applicant qualifications for the USF program. Unlike PAAD and Medicare Part D LIS, each of which provides benefits on an individual basis, the USF program provides benefits to an entire household. JCP&L stated that its experience leads it to conclude, and recommend, that screening for USF program participation should encompass information regarding an entire household's demographics and income.

JCP&L explained that in the past it has discovered affluent households receiving energy assistance benefits, by placing the name of an elderly relative. By following the Board's recommendation that only total household size and total household income be required to qualify for the Lifeline and the USF program, households such as these could continue, inappropriately, to qualify for monthly USF subsidy benefits and unlimited debt forgiveness. JCP&L stated that it is important to recognize that qualification for Medicare Part D Low-Income Subsidy (LIS) is based upon an elderly person's individual income and disposable assets, regardless of whether or not the elderly person lives alone, or with someone else other than their spouse. JCP&L maintains that by screening Lifeline and Medicare Part D LIS recipients, persons may be able to "game" the system. JCP&L believes that it would be prudent to require applicants to provide actual proof of income in order to prevent program abuse and fraudulent applications. Therefore, JCP&L recommends that all applicants be required to mail documentation of their claimed income with the completed application form.

JCP&L also recommended requiring USF recipients to participate in the New Jersey Comfort Partners Program. This could result in possible containment of USF program costs as well as be used as a method that would support and effectively implement the Board's Comfort Partners policy, that "customers with the highest proportionate energy burden should be identified and referred to Comfort Partners to receive the benefits of that program that do not relate to arrearages, such as weatherization." (February 18, 2004 Board Order, Docket No. EX00020091).

JCP&L also noted that energy bills of USF Program customers are often extremely high because of the poor housing construction and/or condition of the customers' premises. Providing these customers with measures that will help reduce their energy consumption, in addition to their cash benefits, encourages customer participation in the problem-solving and also promotes energy conservation, both of which, JCP&L stated, make good business and social policy sense. JCP&L notes this suggestion is consistent with FirstEnergy's experience in other states, such as Ohio and Pennsylvania, where customers participating in utility assistance program are required to participate in low-income weatherization programs. In Pennsylvania, benefits are suspended when customers fail to participate, with certain exceptions for renters whose landlords refuse to participate.

JCP&L further noted that statewide Comfort Partners program outreach efforts with USF program participant accounts have been largely unfruitful. Less than half of nearly 7,500 USF program households contacted agreed to receive energy education and to undertake conservation measures. Of those customers who did not agree to participate, 21% (1,591 households) simply said they were not interested. JCP&L stated that it most recently mailed a Comfort Partners Program informational letter to 6,000 USF Program households, but only 6% (400) responded to the marketing initiative.

JCP&L also observed the costs associated with not requiring USF program households to participate in the Comfort Partners Program are also borne by all New Jersey ratepayers. JCP&L stated that the estimated average annual saving per electric service account and per natural gas service account after participating in Comfort Partners is \$187 each, or \$374 combined.

Discussion and Findings

The Board created the USF program in an open, deliberative and collaborative process, which involved participation by numerous parties, including the utilities, individuals, community interest groups and New Jersey government agencies. One of the many important partners in this process was and continues to be OIT, which was tasked with creating a USF system and database within the eligibility parameters set by the Board in its April 2003 Order. OIT designed the USF system and database to be used by the Program Administrator to collect, process, and maintain data on USF applicants. Direct application began in the fall of 2004 when the USF system and database became operational. However, after the USF system and database became operational, it was even more apparent that the data derived from the October 2003 screening of Lifeline recipients did not meet the USF eligibility criteria.

The Board notes that comments made at the December 17, 2007 Public Hearing and subsequent written comments as noted herein, imply that the Board's April 2003 Order established an ongoing process that allowed Lifeline recipients to be screened for USF eligibility. Such statements are contrary to the April 2003 Order and the Board's practices thereafter. In its April 2003 Order, the Board ordered a one-time screening, which was inartfully referred to as an "automatic screening."

When the Board implemented its April 2003 Order and then subsequently allowed screening of LIHEAP recipients, it specifically did not extend this same treatment to Lifeline recipients. Additionally, at no time did the Board take any action to suggest that its April 2003 Order generally allowed entry to the USF program through the Lifeline application. To the contrary, the Board stated its long term goal of having one universal application for all energy assistance programs in the State.

During the one-time Lifeline screening, the Board discovered an obstacle to its universal application concept, which directly affected USF. The information that the USF Program Administrator can currently obtain from the Lifeline application is deficient as a basis to determine USF eligibility in an important way. While the USF and LIHEAP programs require applicants to provide recent income information on all adult members of the household, the Lifeline program only requires that its applicants provide income information for the primary applicant and his or her spouse. No information is collected on any other Lifeline household member. Therefore, eligibility for USF based on the criteria set forth by the Board, could not be determined based on the Lifeline application, as it was constituted at that time.

Since that time, various stakeholders have suggested that the Board should allow seniors and the disabled to apply for the USF program through the Lifeline application. Recognizing the enormity of such a program modification and having program related obstacles, the Board has allowed Board Staff to talk with stakeholders about these issues, but has not considered making such a change prior to the process that led to this Order.

As the Board considers allowing Lifeline recipients to apply for USF benefits through a modified process, it must consider the impact of the different eligibility requirements of each program. The income and household information currently provided on the Lifeline application potentially affects the eligibility of a USF applicant as well as the potential accuracy of the USF benefit amount. This is because the USF benefit amount is based on the amount of money spent on energy beyond a percentage of total household income. As such, Lifeline recipients cannot be screened for USF without modifying the USF enrollment criteria used in the USF/LIHEAP application.

The Board's April 2003 Order included one screening of Lifeline recipients for the USF program. The Board did not order or direct any subsequent screenings or an independent enrollment process for Lifeline recipients. Since the Board created the permanent USF program in April 2003, some stakeholders have held the misimpression that the Board would conduct regular screenings of Lifeline and LIHEAP recipients. In fact, the Board's April 2003 Order only authorized a temporary screening of Lifeline recipients for entry into USF. The Board did not, nor did it intend, to allow permanent entry into the USF program through the Lifeline application.

In light of the ongoing disputes as to the meaning of the Board's April 2003 Order, the Board takes this opportunity and HEREBY CLARIFIES that it originally intended to have only one screening of Lifeline recipients, which was conducted in 2003. This intent was further demonstrated as the two subsequent screenings in 2004 were only from LIHEAP enrollment lists and no other screening took place from the Lifeline database. The Board did not order, in its April 2003 Order, an infinite number of screenings of Lifeline recipients to determine their eligibility for the USF program. In its June 2004 Order, the Board clearly expressed that its intent and order in 2003 was to conduct only one screening. The Board disagrees with Rate Counsel's contention, expressed in its April 22, 2008 comments on this matter, that the Board's April 2003 Order intended there to be ongoing screening or enrollment of Lifeline recipients into USF. As such, the Board is not required to immediately 'resume' the enrollment of Lifeline recipients into USF, despite the lack of household information as required by the USF program.

The Board nevertheless is committed to expanding the level of access senior citizens and the disabled have to the USF program on a prospective basis. The Board notes public comments raised the possibility that the Board's proposed application to USF for Lifeline recipients may make it easier for ineligible applicants to gain entry into the USF program. The Board

appreciates and has carefully considered the concerns raised by the commenters; however, the Board also notes that there are safeguards in place to limit the ability of ineligible applicants to gain admittance into the USF program.

First, the application process, approved herein, will only apply to those Lifeline applicants whose USF reported total household size matches either the primary Lifeline applicant (one household member) or the primary applicant and his or her spouse (two household members) as reported on the PAAD/Lifeline application⁷. This will ensure that only those who have gone through the USF application process for Lifeline recipients and have had their State income tax data verified and matched against the Department of Treasury database, will be admitted into the USF program through Lifeline.

Second, the LIS group has already been required to indicate whether they receive financial assistance from any other person, which mitigates the risk that these applicants for USF have additional unreported household members or income. Further, the LIS group has undergone an asset test in order to meet the eligibility criteria for the LIS program. This asset test provides a further level of assurance that the LIS group falls within the income eligibility criteria for the USF program. Accordingly, the Board is satisfied that adequate safeguards are in place to limit the ability for non-eligible LIS group applicants to gain entry into the USF program through the Lifeline application process the Board approves in this Order.

Although the USF program is not specifically targeted towards seniors and the disabled, the Board HEREBY DETERMINES it will change the USF enrollment process set forth in its April 2003 Order for Lifeline recipients by implementing a process it anticipates will increase the level of participation in the USF program by those in the Lifeline program.

As part of this process, the Board intends to target two sub-groups of the Lifeline population. These groups are: 1) Medicare Part D Low Income Subsidy Group (LIS) Lifeline recipients, all of whom have an income no higher than 150% FPL; and 2) Non-LIS Lifeline recipients whose income as reported for the primary applicant, and may include his or her spouse, is at or below 175% FPL and there are no additional household members. The Board FINDS the income information collected and verified by the federal government for the purposes of Medicare Part D LIS and therefore used by the Lifeline program, as sufficient for determining USF eligibility. The Board therefore FINDS that individuals receiving both Lifeline and Medicare Part D LIS are considered eligible to apply for USF based upon the income and household size information submitted. These individuals will then only need to be determined energy burden eligible for USF in order to receive a USF benefit.

The Board HEREBY REQUESTS that DHSS revise the PAAD/Lifeline application to include the additional questions set forth herein. With respect to the non-LIS Lifeline recipients whose income is at or below 175% FPL, the Board HEREBY ORDERS that these individuals, whose household size matches the information reported on their Lifeline application, can apply for USF through the revised Lifeline application as described herein. The Board FURTHER ORDERS that persons are only eligible to apply for USF through their Lifeline application if the total household size information they provide in response to the new USF related question on the PAAD/Lifeline application indicate that the household only consists of persons otherwise listed

⁷The Lifeline and Pharmaceutical Assistance for the Aged and Disabled (PAAD) programs share a common application and both programs are administered by the Department of Health and Senior Services.

on the PAAD/Lifeline application (i.e. the applicant or the applicant and his/her spouse). Any household with additional household members, whose name and Social Security Number are not otherwise collected through the PAAD/Lifeline application, cannot apply for USF through this process. The application must also include the answers to the new questions pertaining to the USF program as set forth above. Information regarding applicants with additional members in their household will be used to assist the Board in determining whether there is a mechanism by which sufficient verification is possible allowing the Board, through future action, to reasonably determine whether this group meets the income threshold for the USF program.

The income reported on the PAAD/Lifeline application is verified by the PAAD/Lifeline staff, and in certain instances may be updated. As an example, if an applicant uses the amount of his or her monthly Social Security checks to determine the annual Social Security benefit, the PAAD/Lifeline staff would add the Medicare premium amounts which are automatically deducted from this benefit. As a result of such updating, or if the USF gross household income figure is entered with mistakes, the PAAD/Lifeline verified income and reported USF income may differ in certain cases.

The Board recognizes the PAAD/Lifeline verified income and USF reported income could differ, even if only slightly. In order to address this situation, the Board ORDERS that only those cases where the PAAD/Lifeline verified income and USF gross household income information are both at or below 175% of the federal poverty level for the PAAD/Lifeline reported household size should be further screened for USF eligibility. If these two incomes do not match, the higher income amount should be used for purposes of determining USF eligibility.⁸

The Board also HEREBY FINDS that in order for the one group previously screened from Lifeline into USF in 2003 to be evaluated for USF benefits in the future, they must either provide: the completed PAAD/Lifeline renewal application with the additional USF questions answered; a completed joint USF/LIHEAP application; or have been accepted into the Food Stamps Program and be eligible to be screened for USF from that program. (Certain food stamp recipients are currently screened for LIHEAP and therefore are also screened for USF eligibility; as such food stamps provides another means to apply for USF and LIHEAP for certain individuals). The 2003 Lifeline enrollees will be sent a letter explaining the application process in order to be considered for a new USF benefit. Included in this letter will be notification that their current USF benefit will expire by March 31, 2009 or the date of issuance of the March 2009 USF credit, whichever is later, and their eligibility for USF in the future will be determined by the information provided on a completed new Lifeline/PAAD application, the USF/LIHEAP application, or as a food stamp recipient. Therefore, the Board HEREBY ORDERS that USF benefits for any person who was screened from Lifeline in 2003 as extended through the Board's October 2006 Order shall expire on March 31, 2009. In order to continue to receive USF benefits, such persons must apply and be found eligible based on the criteria set forth in the Board's April 2003 Order as modified by this Order.

⁸The income for the primary applicant and spouse as reported on the Lifeline Application is verified by several means, including comparisons made against the State income tax and Social Security records. If an applicant reports a higher income for the USF questions on the Lifeline application, it would be consistent to use this higher income in determining USF eligibility. Although not separately verified, this higher income, without additional household members, would not increase the household's likelihood of being USF eligible, and will not result in increased USF enrollment. Therefore, a higher reported income without additional household members need not be separately verified through tax records.

Notwithstanding the above, nothing in this Order precludes Lifeline recipients from applying for USF and LIHEAP through the USF/LIHEAP application. The Board recognizes the process set forth for screening Lifeline applicants for USF income eligibility will not lead to screening of LIHEAP eligibility because each program requires the reporting of different types of income information. The Board therefore encourages all Lifeline recipients to apply for additional benefits through the USF/LIHEAP application as well as participate in available weatherization programs. The Board HEREBY DIRECTS Staff to explore other methods of encouraging Lifeline recipients to apply for USF/LIHEAP.

The Board also requested and received public comments concerning ways to contain the costs of the USF program and additionally sought suggestions regarding the possibility of instituting a cap on program costs. While the information received was helpful, these matters clearly require further analysis. Therefore, the Board DIRECTS Staff to prepare a proposal, including a timeframe for a public process to consider the following issues, no later than December of 2008: 1) link the Comfort Partners Program more closely with the USF program; 2) institute a process for random eligibility audits for USF recipients; and 3) the cost and efficiency of the USF program.

The Board recognizes that the process of allowing access to the USF program through the Lifeline application does not fully promote the Board's goal of a "One Stop" application process for all energy assistance programs. Lifeline recipients who apply for USF using the process outlined in this Order will not apply for LIHEAP and USF simultaneously. It has always been the Board's intention that applicants apply for USF and LIHEAP simultaneously, and, if found eligible, the LIHEAP benefit would be deducted from the energy burden prior to determining USF eligibility and calculating the USF benefit. Several commenters indicated they believe creating one application for not only Lifeline and USF, but also LIHEAP eligibility, would assist in providing the most benefits to senior citizens and the disabled while using federal funds first, followed by State funds. If in the future it is determined that a methodology exists to provide for a single application for the Lifeline, LIHEAP and USF programs, the Board will be receptive to changing the application process set forth herein so as to maximize the use of federal LIHEAP dollars before ratepayers' USF dollars are expended. In addition, the Board's Staff will be available to participate in a process with stakeholders and administrators of other energy assistance programs that would consider ways to achieve a single application for these energy assistance programs.

The process described above requires significant programming changes to the existing USF/LIHEAP system and database. As such, it is anticipated that the time frame for implementing this new process will be during the fall of 2008, with the goal of screening the Medicare Part D LIS Lifeline recipients no later than November 1, 2008 and the remaining non-LIS applicants to be phased in as their returned, completed renewal PAAD/Lifeline application is received and processed by DHSS.

Applications will be mailed throughout the summer and fall of 2008 to those currently enrolled in Lifeline and whose annual income is at or below 175% of the federal poverty level. Because it is likely these applications will be returned to DHSS at different times, they will be processed at several intervals throughout the 2008-2009 heating season and on a yearly basis thereafter. This Order does not create any entitlement to USF benefits for Lifeline and Medicare Part D LIS recipients.

The public comments received and summarized herein indicate general approval of the screening process as set forth in the April 9, 2008 request for comments. AARP, Rate Counsel and LSNJ expressed concerns that no implementation timeframe had been set forth in the notice. A timeframe for this process has been set forth in this Order and shall serve as the final Order in this matter, consistent with number four of the notice for public comment:

4. The Board is making these changes on a prospective basis, for applications or renewals filed after the appropriate database systems modifications are in place and issuance of the within final Board order approving the policy changes.

LSNJ's comments generally support the Board's proposal. However, LSNJ comments that some elements of the Board's proposal require regulations. LSNJ does not specify, what elements require regulations. Additionally, the Board notes that LSNJ appears to support fully adopting the Board's proposal. In fact, LSNJ recommends engaging in emergency rule making to allow this proposal to be adopted.

After weighing the different factors that were set forth by the New Jersey Supreme Court in Metromedia, Inc. v. Director, Div of Taxation, 97 N.J. 313 (1984), the Board does not believe that the action taken in this Order requires adoption through a formal rulemaking process. The action taken in this Order relates to a small segment of the public and the policy set forth in this Order is meant to clarify the April 2003 Order, which set forth the parameters of the permanent USF program. Additionally the enabling statute states that the Board "shall determine: the level of funding and the appropriate administration of the fund; [and] the purpose and programs to be funded with monies from the fund ..." N.J.S.A. 48:3-60(b).

Therefore, the Board HEREBY REJECTS LSNJ's contention in its comments that the Board's proposed changes to the USF program must be adopted through formal rulemaking rather than this Order. Nonetheless, the Board is committed to codifying the various USF Orders that it has promulgated, which have formulated USF policy, into the Administrative Code. In fact, Board Staff completed and disseminated draft USF administrative rules for informal public comment in the spring of 2007, but the promulgation of those rules was delayed to focus attention on USF enrollment via the Lifeline Program, which is addressed in this Order. At an appropriate time in the near future, the Board expects that it will promulgate rules to codify the USF program in the Administrative Code.

As set forth above, the Board, consistent with its prior intent as well as its April 2003 Order and Orders issued thereafter, HEREBY ORDERS that the only Lifeline beneficiaries entitled to USF benefits from 2003 through the implementation of the program changes set forth in this Order are the following: 1) Lifeline recipients who have completed either the USF/LIHEAP application or certain food stamp applicants (and admitted into food stamps as described herein) and were found eligible for USF (and only for the benefit year or years for which they were found eligible); and 2) Lifeline recipients who were part of the one-time 2003 Lifeline screening and continue to remain in this status. The Board further ORDERS that from the date of this Order forward, only the following persons may receive USF benefits: (1) Those who currently receive USF benefits, having completed a USF/LIHEAP application, a USF/LIHEAP recertification form or are within certain categories of food stamps recipients and who remain eligible; (2) Those who apply for USF through the USF/LIHEAP application, USF/LIHEAP recertification form or are food stamps recipients in the categories that have historically been screened for USF and are determined to be eligible based on the criteria set forth in the Board's April 2003 Order; or (3) Lifeline recipients who are permitted to apply for USF benefits through the process described herein, apply, and are determined to be eligible based on the criteria established by the Board. In

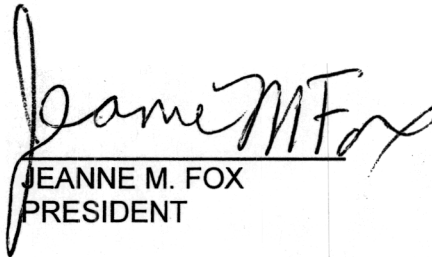
addition, in order to continue to be eligible to receive USF benefits after a current USF benefit year expires, all persons who receive USF benefits must reapply for USF through one of the three ways outlined above. In their initial year and every year thereafter, all such persons must continue to comply with the eligibility and application requirements set forth in the Board's April 2003 Order as modified by this Order.

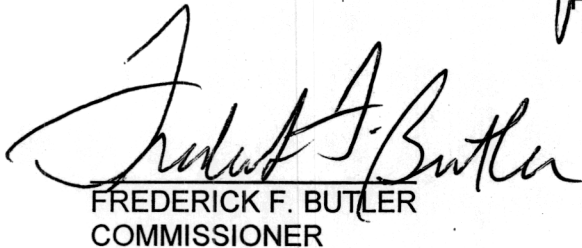
The Board HEREBY DIRECTS Staff to continue working with DHSS, DCA, and OIT to monitor the progress of the application process approved herein, to ensure the timeframes set forth above are met. Staff shall provide the Board with a progress report at the Board's October 2, 2008 agenda meeting (or at the next available date thereafter if the agenda calendar is amended). Thereafter, Staff shall provide the Board with periodic progress reports and present options for the Board's consideration if unforeseen obstacles prevent the anticipated progress.

Given the complexity of the USF program, the Board HEREBY ORDERS that within six months of the availability of the first year of data relating to the USF application process for Lifeline recipients set forth herein, an Audit of this process shall be initiated. Depending on the findings of such an audit, the Board may make changes to the USF program and/or the Lifeline screening process as it deems appropriate.

DATED: 8/7/08

BOARD OF PUBLIC UTILITIES
BY:

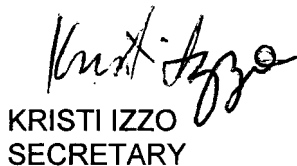

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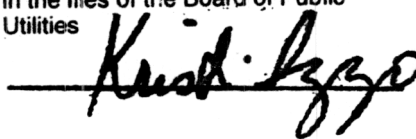

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ATTEST:


KRISTI IZZO
SECRETARY

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



I/M/O THE USF – SCREENING THROUGH OTHER PROGRAMS FOR USF ELIGIBILITY
AND I/M/O THE ESTABLISHMENT OF A UNIVERSAL SERVICE FUND
PURSUANT TO SECTION 12 OF THE ELECTRIC DISCOUNT AND
ENERGY COMPETITION ACT OF 1999.

DOCKET NO. EO07110888 & EX00020091

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