



Agenda Date: 11/10/10

Agenda Item: 1A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center, Suite 801**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

**AUDITS**

IN THE MATTER OF THE DEPARTMENT  
OF COMMUNITY AFFAIRS' STATE  
FISCAL YEAR 2009 UNIVERSAL SERVICE  
FUND ADMINISTRATIVE COST BUDGET

ORDER APPROVING  
DCA FISCAL YEAR 2009  
USF ADMINISTRATIVE  
EXPENSES

) DOCKET NO. EO08060391

(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 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 percent (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 eventually a shared database system that was funded via USF, 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, DCA was designated as the State's administrator of LIHEAP. Subsequently, the DCA Commissioner sent a letter dated September 21, 2006, requesting that the Board designate the Department of Community Affairs as the Universal Service Fund program administrator. On October 23, 2006, the Board changed the USF program administrator from DHS to DCA. By December 2006, DCA assumed full responsibility as USF program administrator.

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 and outreach program costs incurred. Payment of said costs will be considered by the Board upon receipt of the billings.

On July 21, 2008, the Board approved the State Fiscal Year 2009 (FY 2009) DCA USF administrative cost budget in the amount of \$5,284,228. Subsequently, on October 21, 2008, the Board approved a Budget amendment, which allocated an additional \$7,000 for the FY 2009 budget. The Board made this amendment in order to conduct an outreach program targeting a limited group of Food Stamp recipients that resided in public housing. This targeted group was part of a larger group of Food Stamp households that were erroneously screened for USF benefits. As part of the effort to remedy the error, the Board decided to conduct this special outreach to this group because they resided in public housing and had a higher possibility of being eligible for USF. As a result of the amendment, the FY 2009 budget increased to \$5,291,228

## DISCUSSION

On June 8, 2010, DCA submitted a detailed USF administrative report, which listed expenditures of \$4,677,310.37, a budget amount of \$5,284,227.28, and a remaining balance of \$606,916.91. In this USF administrative report, DCA did not include the \$7,000 budget amendment that the Board approved on October 21, 2008 to their total budget amount. Subsequently, the DCA amended the budget and expenditure amounts to account for the additional \$7,000 approved by the Board on October 21, 2008. The DCA also amended their budget to move an open encumbrance in the amount of \$29,251 to the remaining unspent balance, increasing the balance to \$636,167.91. The FY 2009 expenses are broken down as follows:

DCA	\$1,350,309.37
Subgrantees-	
County Welfare Organizations	\$284,000.00
Community Based Organizations	<u>\$3,020,750.00</u>
Total	\$4,655,059.37

Staff has reviewed the DCA's administrative expense reports and has found that the costs listed therein appear appropriate and necessary for the administration of the USF program by the DCA. Therefore, Staff recommends that the Board find that DCA's administrative expenses for FY2009 appear reasonable.

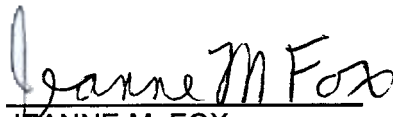
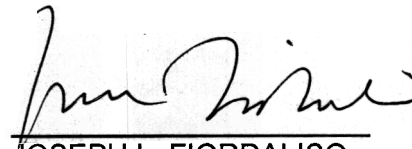
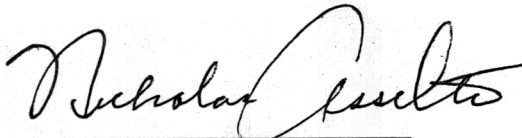



## FINDINGS AND ORDER

Accordingly, the Board HEREBY FINDS the Department of Community Affairs has adequately justified its fiscal year 2009 USF administrative cost budget expenditures in the amount of \$4,655,059.37 this amount appears reasonable, subject to audit. The DCA fiscal year 2009 USF administrative cost budget summary is attached hereto as schedule A.

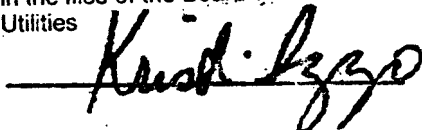
DATED: 11/10/10

BOARD OF PUBLIC UTILITIES  
BY:

  
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COMMISSIONER  
JOSEPH L. FIORDALISO  
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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



**DCA USF Budget- Expense Summary**

July 1, 2008 through June 30, 2009 Final Report

N.J. Department of Community Affairs  
Division of Housing & Community Resources  
101 S. Broad Street  
PO Box 811  
Trenton, NJ 08650  
Phone: (609) 633-6129  
Division Director: Paul G. Stridick, AIA  
Prepared By: Keith A. Jones

Budget Categories	USF Expenditures	Budget	Balance
A. PERSONNEL AND FRINGE	\$566,555.61	\$883,481.28	\$316,925.67
B. CONSULTANTS AND PROFESSIONAL FEES	\$426,593.49	\$482,000.00	\$55,406.51
C. MATERIALS AND SUPPLIES	\$553.17	\$ 60,000.00	\$ 59,446.83
D. OTHER	\$ 356,607.10	\$521,745.00	\$ 165,137.90
E. EQUIPMENT	\$0.00	\$ 10,000.00	\$ 10,000.00
<b>DCA Subtotal Cost</b>	<b>\$1,350,309.37</b>	<b>\$1,957,226.28</b>	<b>\$606,916.91</b>

F. Subgrantees	USF Expenditures	Budget	Balance
County Welfare Agencies (CWAs)	\$284,000.00	\$284,000.00	\$0.00
Community Based Organizations (CBOs)	\$3,020,750.00	\$3,050,001.00	\$29,251.00
<b>Subgrantees Subtotal Cost</b>	<b>\$3,304,750.00</b>	<b>\$3,334,001.00</b>	<b>\$29,251.00</b>

	USF Expenditures	Budget	Balance
<b>Total Cost (DCA &amp; Subgrantees)</b>	<b>\$4,655,059.37</b>	<b>\$5,291,227.28</b>	<b>\$636,167.91</b>
<b>Cost Adjustment</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Open Encumbrances</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Total Cost</b>	<b>\$4,655,059.37</b>	<b>\$5,291,227.28</b>	<b>\$636,167.91</b>