



Agenda Date: 11/21/14
Agenda Item: 1B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

AUDITS

IN THE MATTER OF THE DEPARTMENT OF)	ORDER APPROVING DCA
COMMUNITY AFFAIRS' STATE FISCAL YEAR 2014)	FISCAL YEAR 2014 USF
UNIVERSAL SERVICE FUND ADMINISTRATIVE COST)	ADMINISTRATIVE
BUDGET)	EXPENSES
)	
)	DOCKET NO. EO13070687

Parties of Record:

Jose Sanchez, Supervisor, New Jersey Department of Community Affairs
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD¹:

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,

¹ Commissioner Upendra J. Chivukula recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter. Commissioner Dianne Solomon was not present at the 11/21/14 agenda meeting.

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 DCA 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.

On October 16, 2013 the Board approved the State Fiscal Year 2014 (FY14) DCA USF administrative cost budget in the amount of \$7,303,422.00 - In the Matter of the Department of Community Affairs' State Fiscal Year 2014 Universal Service Fund Administrative Cost Budget – Docket Number EO13070687.

DISCUSSION

On September 22, 2014, DCA submitted a detailed USF administrative report for FY14, which listed expenditures of \$6,851,558.00.

The FY 2014 expenses are broken down as follows:

DCA	\$ 1,456,217.00
Subgrantees-	
County Welfare Organizations	\$ 232,880.00
Community Based Organizations	<u>\$ 5,162,461.00</u>
Total	<u>\$ 6,851,558.00</u>

Staff has carefully reviewed DCA's FY14 expenses and has found that the costs listed therein appear appropriate and necessary for the administration of the USF program by DCA. Therefore, Staff recommends the Board find that DCA has adequately justified its FY14 USF administrative expenditures.

The total USF program budget has increased from \$30M in 2003 to \$183.5M for the 2014-2015 program year due to increased enrollment. DCA's administrative expenses continue to be under five percent of the total program budget costs, demonstrating the DCA's effective administration and the efficiencies the Board had attempted to achieve when it established the program.

FINDINGS AND ORDER

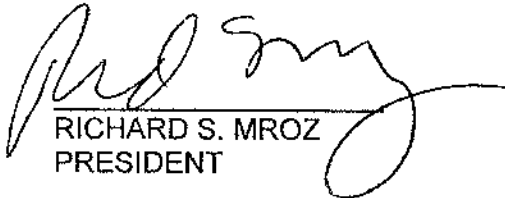
Accordingly, the Board **HEREBY FINDS** the Department of Community Affairs has adequately justified its FY14 USF administrative cost budget expenditures in the amount of \$6,851,558.00. The Board **HEREBY AUTHORIZES** reimbursement of \$6,851,558.00 to the Department of

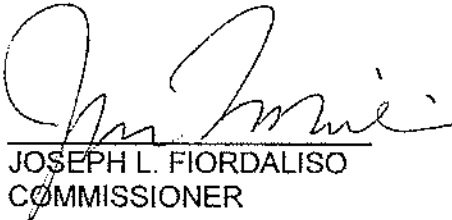
Treasury to cover the DCA FY14 USF administrative expenses. This amount appears reasonable, subject to audit. The DCA FY14 USF administrative cost budget summary is attached hereto as "Schedule A".

This Order will be effective on December 2, 2014.

DATED: 11/21/14

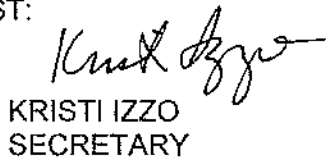
BOARD OF PUBLIC UTILITIES
BY:


RICHARD S. MROZ
PRESIDENT

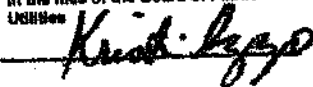

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

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



IN THE MATTER OF THE DEPARTMENT OF COMMUNITY AFFAIRS' STATE FISCAL YEAR
2014 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET
DOCKET NO. EO13070687

SERVICE LIST

Department of Community Affairs

Jose Sanchez
Department of Community Affairs
Office of Low Income Energy Assistance
101 South Broad Street
Post Office Box 811
Trenton, NJ 08624-0811

Miguel Gonzalez
Department of Community Affairs
Office of Low Income Energy Assistance
101 South Broad Street
Post Office Box 811
Trenton, NJ 08624-0811

Rate Counsel

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Division of Law

Geoffrey Gersten
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Board of Public Utilities

Kristi Izzo
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Albert Weierman
Division of Audits
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Peter Hilerio
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Maureen Clerc
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Schedule A:

STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
2014 DCA USF BUDGET - EXPENSE SUMMARY

Address: Department of
Community Affairs
101 S. Broad Street
PO Box 811
Trenton NJ, 08625-0811
Phone: 609 292-9111

BUDGET CATEGORIES COSTS	Budget	Actual	Difference
A. PERSONNEL AND FRINGE	\$558,948	\$443,591	\$115,357
B. CONSULTANTS AND PROFESSIONAL FEES	\$765,450	\$599,183	\$166,267
C. MATERIALS AND SUPPLIES	\$60,431	\$32,211	\$28,219
D. OTHER	\$523,252	\$381,232	\$142,021
DCA SUB TOTAL COST	\$1,908,081	\$1,456,217	\$451,865
County Welfare Agencies	\$232,880	\$232,880	\$ -
Community Based Organizations (CBO's)	\$5,162,461	\$5,162,461	\$ -
Subgrantees SUB TOTAL COST	\$5,395,341	\$5,395,341	\$ -
TOTAL COST (DCA & Subgrantees)	\$7,303,422	\$6,851,558	\$451,865