



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

AUDITS

IN THE MATTER OF THE DEPARTMENT OF)	ORDER APPROVING
COMMUNITY AFFAIRS' STATE FISCAL YEAR 2018)	BUDGET
UNIVERSAL SERVICE FUND ADMINISTRATIVE COST)	
BUDGET)	DOCKET NO. EO17060687

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 BOARD:

By this Order the Board is considering the Department of Community Affairs' proposed Universal Service Fund ("USF") administrative cost budget for the State Fiscal Year 2018 ("FY 2018").

BACKGROUND/PROCEDURAL HISTORY

The Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. ("the "Act") established the 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 ("April 2003 Order"), 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 or \$3 million. Further, the Board determined it must approve additional expenses above \$3 million in advance.

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, DCA was designated as the State's administrator of LIHEAP. The DCA Commissioner sent a letter dated September 21, 2006, requesting that the Board designate the DCA as the USF 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 August 24, 2016, the Board approved the projected State Fiscal Year 2017 ("FY 2017") DCA USF administrative cost budget in the amount of \$6,883,454.00. The FY 2017 Budget encompassed an increase above the \$3 million cap instituted in the April 2003 Order, which required Board approval prior to such expenditures.

DISCUSSION

On July 21, 2017, DCA submitted its USF administrative cost budget for FY 2018 in the amount of \$6,513,613.00. This is a \$369,841.00 decrease from the prior fiscal year's budget.

Each year the DCA submits a joint USF/LIHEAP budget with costs broken down between the two programs according to the percentage of recipients benefited from each program in the previous fiscal year. In FY 2016 the breakdown was 40% USF recipients and in FY 2017, the breakdown was 39% USF recipients. The budget decrease was also partially due to attrition at DCA, a decrease in anticipated costs from the NJ Office of Information Technology, which administers the USF/LIHEAP database system, and a 9% decrease in program enrollment.

Staff has thoroughly reviewed the budget submission and, based upon the size and complexity of the program as well as the efficiencies being made, believes that the budget request is warranted.

The FY 2018 budget is broken down as follows:

DCA	\$1,377,499.00
Subgrantees-	
County Welfare Organizations	\$221,520.00
Community Based Organizations	<u>\$4,914,594.00</u>
Total	<u>\$6,513,613.00</u>

The Board created the permanent USF program in its April 2003 Order and the administrative costs for the program have remained low in relation to the yearly program cost, despite the fact that the overall cost of the program has increased from \$30 million in 2003 to \$167 million for the 2016-2017 program year. DCA's proposed administrative budget for the 2017-2018 program year does present administrative costs above the \$3 million cap that was instituted in the April 2003 Order, which accordingly requires Board approval prior to such expenditures.

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 DCA. The costs

contained in the budget are proportionally justified, relative to the enrollment size of the program. Therefore, Staff recommends the Board approve the proposed FY 2018 budget. It is noted that the budget is an estimate. DCA will provide the Board with an accounting of all expenditures; after reviewing these expenditures Board Staff will come before the Board for final approval of all expenditures.

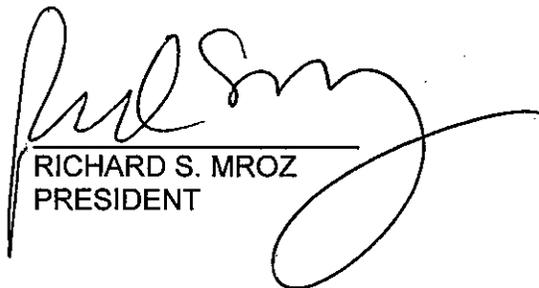
FINDINGS AND ORDER

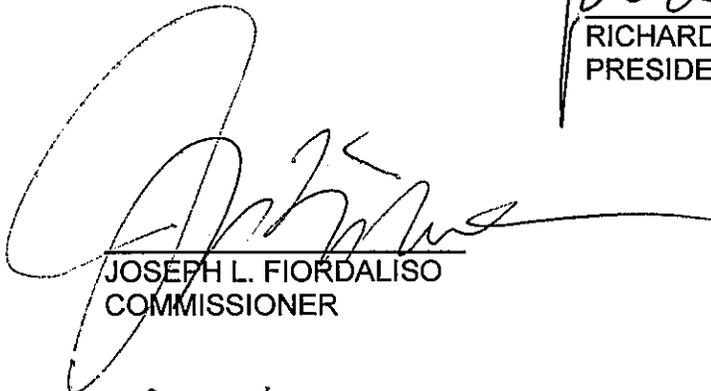
Accordingly, the Board **HEREBY FINDS** that DCA has adequately justified its FY 2018 USF administrative cost budget and **HEREBY APPROVES** said budget in the amount of \$6,513,613.00. The DCA FY 2018 USF administrative cost budget summary is attached hereto as Schedule "A."

This Order will be effective on September 2, 2017.

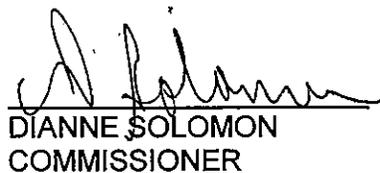
DATED: 8/23/17

BOARD OF PUBLIC UTILITIES
BY:

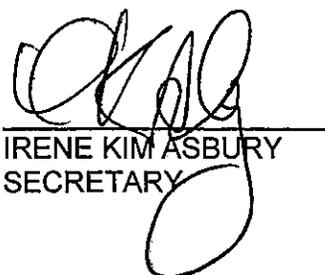

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

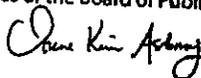

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
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
2018 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET
DOCKET NO. DOCKET NO. EO17060687

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Schedule A: DCA FY 2018 Budget Summary

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

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Chief Executive Officer: Janel Winter

Prepared By: Jose Sanchez

BUDGET CATEGORIES COSTS	TOTAL	HEA	USF
A. PERSONNEL AND FRINGE	\$11,177,916	\$735,682	\$442,233
B. CONSULTANTS AND PROFESSIONAL FEES	\$11,354,494	\$852,341	\$502,153
C. MATERIALS AND SUPPLIES	\$80,000	\$48,800	\$31,200
D. OTHER	\$1,034,989	\$633,076	\$401,913
DCA SUB TOTAL COST	\$3,647,399	\$2,269,900	\$1,377,499
County Welfare Agencies	\$568,000	\$348,480	\$221,520
Community Based Organizations (CBO's)	\$12,505,425	\$7,590,831	\$4,914,594
Subgrantees SUB TOTAL COST	\$13,073,425	\$7,937,311	\$5,136,114
TOTAL COST (DCA & Subgrantees)	\$16,720,824	\$10,207,211	\$6,513,613