



Agenda Date: 5/28/19
Agenda Item: 1A

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 DCA
COMMUNITY AFFAIRS' STATE FISCAL YEAR 2018)	FISCAL YEAR 2018 USF
UNIVERSAL SERVICE FUND ADMINISTRATIVE COST)	ADMINISTRATIVE EXPENSES
BUDGET)	
)	DOCKET NO. EO17060687

Parties of Record:

Fidel Ekhelar, Director, New Jersey Department of Community Affairs
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

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 a non-lapsing 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 Board further stated that all expenses incurred by DHS would be subject to review by the Board.¹

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 USF program administrator. On November 22, 2006, the Board changed the USF program administrator from DHS to DCA.² By December 2006, DCA assumed full responsibility as the USF program administrator.

On August 23, 2017, the Board approved the State Fiscal Year 2018 (FY18) DCA USF administrative cost budget in the amount of \$6,513,613.³

DISCUSSION

On March 14, 2019, DCA submitted a detailed USF administrative report for FY18, which listed expenditures of \$6,350,103.

The FY 2018 actual expenses are broken down as follows:

DCA	\$ 1,214,219
Subgrantees-	
County Welfare Organizations	\$ 221,520
Community Based Organizations	<u>\$ 4,914,364</u>
Total	\$ 6,350,103

Staff has carefully reviewed DCA's FY18 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 FY18 USF administrative expenditures.

The 2018/2019 total USF program budget was approved at \$112 million, which is a \$5 million decrease from the 2017/2018 program year. The \$5 million year over year decline is due to decreased enrollment and lower DCA administrative expenses.

¹ In re the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999 Order, Docket No. EX00020091 (April 30, 2003 and July 16, 2003)

² Ibid., (November 22, 2006).

³ In re the Department of Community Affairs' State Fiscal Year 2018 Universal Service Fund Administrative Cost Budget, Docket Number E017060687 (August 23, 2017)

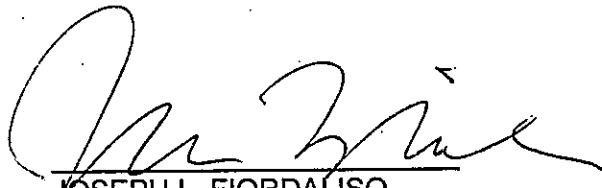
FINDINGS AND ORDER

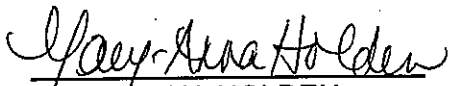
Accordingly, the Board **HEREBY FINDS** the Department of Community Affairs has adequately justified its FY18 USF administrative cost expenditures in the amount of \$6,350,103.00. The Board **HEREBY AUTHORIZES** reimbursement of \$6,350,103.00 to the Department of Treasury to cover the DCA FY18 USF administrative expenses. The amount appears reasonable, subject to audit. The DCA FY18 USF administrative cost budget summary is attached hereto as "Schedule A."

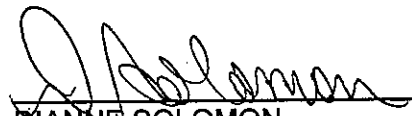
This Order will be effective on June 7, 2019.

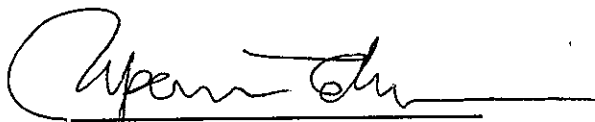
DATED: 5/28/19

BOARD OF PUBLIC UTILITIES
BY:



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COMMISSIONER


UPENDRA J. CHIVUKULA
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ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
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. EO17060687

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DEPARTMENT OF COMMUNITY AFFAIRS
 DCA USF BUDGET - EXPENSE SUMMARY
 SFY 2018

Prepared By: Jose Sanchez

BUDGET CATEGORIES COSTS	TOTAL	HEA	BUDGET USF	ACTUAL USF	(OVER)/ UNDER BUDGET
A. PERSONNEL AND FRINGE	\$ 1,177,916	\$ 735,682	\$ 442,233	\$ 430,294	\$ 11,939
B. CONSULTANTS AND PROFESSIONAL FEES	\$ 1,354,494	\$ 852,341	\$ 502,153	\$ 472,891	\$ 29,262
C. MATERIALS AND SUPPLIES	\$ 80,000	\$ 48,800	\$ 31,200	\$ 1,083	\$ 30,117
D. OTHER	\$ 1,034,989	\$ 633,076	\$ 401,913	\$ 309,951	\$ 91,962
DCA SUB TOTAL COST	\$ 3,647,399	\$ 2,269,900	\$ 1,377,499	\$ 1,214,219	\$ 163,280

County Welfare Agencies	\$ 568,000.00	\$ 346,480.00	\$ 221,520.00	\$ 221,520.00	\$ -
Community Based Organizations (CBO's)	\$12,505,425.00	\$ 7,590,831.00	\$4,914,594.00	\$ 4,914,363.78	\$ 230.22
Subgrantees SUB TOTAL COST	\$13,073,425.00	\$ 7,937,311.00	\$5,136,114.00	\$ 5,135,883.78	\$ 230.22
TOTAL COST (DCA & Subgrantees)	\$16,720,824.01	\$10,207,210.91	\$6,513,613.09	\$ 6,350,102.75	\$ 163,510.34