



Agenda Date: 6/24/2021
Agenda Item: 1A

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 2020)	FISCAL YEAR 2020 USF
UNIVERSAL SERVICE FUND ADMINISTRATIVE COST)	ADMINISTRATIVE
BUDGET)	EXPENSES
)	
)	DOCKET NO. EO19080907

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 September 11, 2019, the Board approved the State Fiscal Year 2020 (FY20) DCA USF administrative cost budget in the amount of \$6,618,443.³

DISCUSSION

On March 26, 2021, DCA submitted a detailed USF administrative report for FY20, which listed expenditures of \$6,212,756.

The FY 2020 actual expenses are broken down as follows:

DCA	\$ 1,310,065
Subgrantees-	
County Welfare Organizations	\$ 227,200
Community Based Organizations	<u>\$ 4,675,491</u>
Total	\$ 6,212,756

Staff has carefully reviewed DCA’s FY20 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 FY20 USF administrative expenditures.

The 2019/2020 total USF program budget was approved at \$119 million, which is a \$7 million increase from the 2018/2019 program year. The increase in this year’s budget from \$112 million to \$119 million may be attributed to actual volumetric sales being lower than previously forecasted resulting in a gas under-recovery balance as well as an anticipated increase in gas disbursement benefits to USF.

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 2020 Universal Service Fund Administrative Cost Budget, Docket No. EO19080907 (September 11, 2019, 2018).

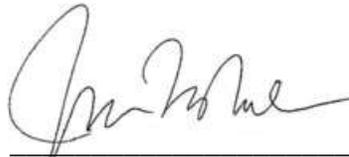
FINDINGS AND ORDER

Accordingly, the Board **HEREBY FINDS** the Department of Community Affairs has adequately justified its FY20 USF administrative cost expenditures in the amount of \$6,212,756. The Board **HEREBY AUTHORIZES** reimbursement of \$6,212,756 to the Department of Treasury to cover the DCA FY20 USF administrative expenses. The amount appears reasonable, subject to audit. The DCA FY20 USF administrative cost budget summary is attached hereto as "Schedule A."

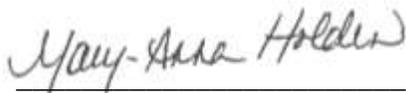
This Order will be effective on June 24, 2021.

DATED: June 24, 2021

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

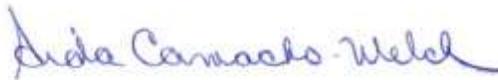


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

**IN THE MATTER OF THE DEPARTMENT OF COMMUNITY AFFAIRS' STATE FISCAL YEAR
2020 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET**

DOCKET NO. EO19080907

SERVICE LIST

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

Address: Department of Community Affairs
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 Phone: 609 633-6204
 Chief Executive Officer: Janel Winter
 Fidel
 Prepared By: Ekhelar

BUDGET CATEGORIES COSTS	TOTAL	HEA	USF	ACTUAL USF SFY20	(OVER)/ UNDER BUDGET
A. PERSONNEL AND FRINGE	\$1,560,054	\$940,975	\$619,078	\$391,699	\$227,379
B. CONSULTANTS AND PROFESSIONAL FEES	\$1,796,052	\$1,126,542	\$669,510	\$650,086	\$19,424
C. MATERIALS AND SUPPLIES	\$80,000	\$48,000	\$32,000	\$19,434	\$12,566
D. OTHER	\$983,186	\$588,023	\$395,164	\$248,846	\$146,318
DCA SUB TOTAL COST	\$4,419,292	\$2,703,540	\$1,715,752	\$1,310,065	\$405,687
County Welfare Agencies	\$568,000	\$340,800	\$227,200	\$227,200	\$0
Community Based Organizations (CBO's)	\$11,868,350	\$7,192,859	\$4,675,491	\$4,675,491	\$-
Subgrantees SUB TOTAL COST	\$12,436,350	\$7,533,659	\$4,902,691	\$4,902,691	\$0
TOTAL COST (DCA & Subgrantees)	\$16,855,642	\$10,237,199	\$6,618,443	\$6,212,756	\$405,687