



Agenda Date: 6/29/22
Agenda Item: 1A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

AUDITS

IN THE MATTER OF THE DEPARTMENT OF)
COMMUNITY AFFAIRS' STATE FISCAL YEAR 2021)
UNIVERSAL SERVICE FUND ADMINISTRATIVE)
COST BUDGET)
)
) ORDER APPROVING DCA
FISCAL YEAR 2021 USF
ADMINISTRATIVE EXPENSES
DOCKET NO. EO20080532

Parties of Record:

Fidel Ekhelar, Director, New Jersey Department of Community Affairs
Brian O. Lipman, 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 "Act"), established a non-lapsing Universal Service Fund ("USF"). The Act directed the New Jersey Board of Public Utilities ("Board"), inter alia, to determine the level of funding for the USF, the appropriate administration, and the purposes and programs to be funded. N.J.S.A. 48:3-60(b).

By Order dated 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.¹ In the April 2003 Order, the Board directed 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) and determined that initial administrative expenses would be capped at 10% of the program costs.

By Order dated July 16, 2003, in Docket No. EX00020091, the Board clarified that the 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.² In the July 2003 Order, the Board also stated

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

² In re the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999, BPU Docket No. EX00020091, Order dated July 16, 2003 ("July 2003 Order").

that the USF would be an ongoing, evolving program, subject to review and amended as necessary and 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.

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 able to conveniently 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. By Order dated November 22, 2006, the Board changed the USF program administrator from DHS to DCA.³ By December 2006, DCA assumed full responsibility as the USF program administrator.

By Order dated September 9, 2020, the Board approved the State Fiscal Year 2021 (“FY21”) DCA USF administrative cost budget in the amount of \$7,631,276.⁴

On May 16, 2022, DCA submitted a detailed USF administrative report for FY21, which listed expenditures of \$6,579,188.

As provided by DCA, the FY21 actual administrative expenses are broken down as follows:

DCA	\$ 1,414,100
Subgrantees-	
County Welfare Organizations	227,200
Community Based Organizations	<u>4,937,888</u>
Total	\$ 6,579,188

Board Staff (“Staff”) has reviewed DCA’s FY21 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 FY21 USF administrative expenditures.

The 2020/2021 total USF program budget was approved at \$125.6 million, which is a \$6.7 million increase from the 2019/2020 program year. The increase in the 2020/2021 budget from \$119 million to \$125.6 million may be attributed to actual volumetric sales being lower than previously forecasted resulting in both an electric and gas under-recovery balance as well as an anticipated increase in USF benefits.

³ In re the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999, BPU Docket No. EX00020091, Order dated November 22, 2006.

⁴ In re the Department of Community Affairs’ State Fiscal Year 2021 Universal Service Fund Administrative Cost Budget, BPU Docket No. EO20080532, Order dated September 9, 2020.

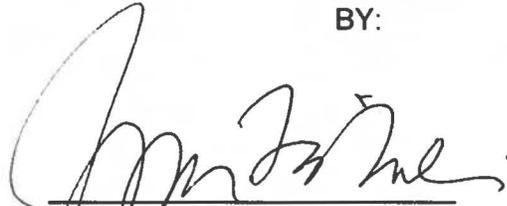
DISCUSSION AND FINDINGS

The Board **HEREBY FINDS** DCA Affairs has adequately justified its FY21 USF administrative cost expenditures in the amount of \$6,579,188. Accordingly, the Board **HEREBY AUTHORIZES** reimbursement of \$6,579,188 to the Department of Treasury to cover the DCA FY21 USF administrative expenses. The amount appears reasonable, subject to audit. The DCA FY21 USF administrative cost budget summary is attached hereto as "Schedule A."

This Order will be effective on June 29, 2022.

DATED: June 29, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

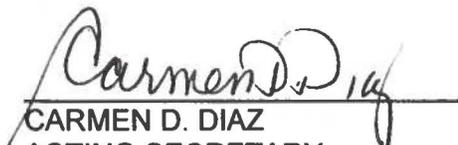


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



CARMEN D. DIAZ
ACTING 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
2021 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET

DOCKET NO. EO20080532

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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 PO BOX 811

Phone: 609 633-6204
 Chief Executive Officer: Janel Winter
 Prepared By: Fidel Ekhelar

BUDGET CATEGORIES COSTS	TOTAL	HEA	USF	ACTUAL USF SFY20	(OVER)/ UNDER BUDGET
A. PERSONNEL AND FRINGE	\$2,146,560	1,293,114	\$853,446	\$455,886	\$397,560
B. CONSULTANTS AND PROFESSIONAL FEES	2,003,376	1,250,013	753,363	736,570	16,793
C. MATERIALS AND SUPPLIES	72,000	72,000	-	-	-
D. OTHER	993,605	591,468	402,137	221,644	180,493
E. EQUIPMENT	250,000	150,000	100,000	-	100,000
DCA SUB TOTAL COST	\$5,465,541	\$3,356,595	\$2,108,946	\$1,414,100	\$694,846
County Welfare Agencies	\$568,000	\$340,800	\$227,200	\$227,200	-
Community Based Organizations (CBOs)	13,229,850	7,934,720	5,295,130	4,937,888	357,242
Subgrantees SUB TOTAL COST	\$13,797,850	\$8,275,520	\$5,522,330	\$5,165,088	\$357,242
TOTAL COST (DCA & Subgrantees)	\$19,263,391	\$11,632,115	\$7,631,276	\$6,579,188	\$1,052,088