



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

CUSTOMER ASSISTANCE

IN THE MATTER OF THE DEPARTMENT OF	)	ORDER APPROVING
COMMUNITY AFFAIRS' STATE FISCAL YEAR 2023	)	BUDGET
UNIVERSAL SERVICE FUND ADMINISTRATIVE COST	)	
BUDGET	)	DOCKET NO. EO22070436

**Parties of Record:**

**Fidel Ekhelar, Supervisor**, New Jersey Department of Community Affairs  
**Brian Lipman, Esq., Director**, New Jersey Division of Rate Counsel

BY THE BOARD:<sup>1</sup>

By this Order, the New Jersey Board of Public Utilities ("Board") is considering the Department of Community Affairs' ("DCA") proposed Universal Service Fund ("USF") administrative cost budget for the State Fiscal Year 2023 ("FY 2023"). The DCA is the Program Administrator for the Board's USF program.

**BACKGROUND/PROCEDURAL HISTORY**

The Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. ("Act"), established the USF. The Act directed the 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 statewide 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 that initial administrative expenses would be capped at ten percent (10%) of the program costs or \$3 million. Further, the Board noted that it must approve additional expenses above \$3 million in advance.

By Order dated July 16, 2003, in Docket No. 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

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<sup>1</sup> Commissioner Zenon Christodoulou abstained from voting on this matter.

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 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, the 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 18, 2021, the Board approved the projected State Fiscal Year 2022 (“FY 2022”) DCA USF administrative cost budget in the amount of \$8,005,013.00.<sup>2</sup> The FY 2022 budget encompassed an increase above the \$3 million cap instituted in the April 2003 Order, which required Board approval prior to such expenditures.

### **FY 2023 ADMINISTRATIVE COST BUDGET**

On July 26, 2022, the DCA submitted its USF administrative cost budget for FY 2023, in the amount of \$9,875,034.00 (see “Schedule A” attached hereto). This is a \$1,870,021, or twenty-three percent (23%) increase from the FY 2022 budget.

Due to shared program infrastructure, each year the DCA submits a joint USF/LIHEAP budget with costs broken down between the two (2) programs according to the percentage of recipients which benefited from each program in the previous fiscal year. The majority of costs in the FY 2023 budget were broken down according to a 52 percent LIHEAP and 48 percent USF ratio. This contrasts from the preceding fiscal year where the budget was broken down according to a 60 percent LIHEAP and 40 percent USF ratio. More applicants qualified for USF during the prior fiscal year due to program expansions put in place in response to the COVID-19 pandemic.<sup>3</sup>

In addition to increased program enrollment, the FY 2023 budget increases are due to the following reasons:

1. “Personnel and Fringe” increased by \$847,358 due to contractual agreements with the State such as wage increases, and hiring to accommodate program needs.
2. “Consultants and Professional Fees” increased by \$745,141 due to a new line item added for IBM, DCA’s new technology consultant which is responsible for building and maintaining the USF/LIHEAP database system and online application portal.

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<sup>2</sup> In re the Department of Community Affairs’ State Fiscal Year 2022 Universal Service Fund Administrative Cost Budget, Docket No. EO21070993.

<sup>3</sup> In re the New Jersey Board of Public Utilities’ Response to the COVID-19 Pandemic, Docket No. AO20060471, Order dated June 24, 2021.

3. "Materials and Supplies" increased by \$9,840 due to the change in percentage allocated to USF.
4. "Other" decreased by \$24,432 due to anticipated decreases for postage and mailing costs.
5. "Equipment" cost category decreased by \$28,000 due to a reduced need for new computers for DCA temporary workers.
6. "Subgrantees" increased by \$320,114 due to DCA's intention to contract out with additional USF/LIHEAP outreach agencies for outreach and enrollment purposes.<sup>4</sup>

Board Staff ("Staff") has thoroughly reviewed the budget submission and, based upon the size and complexity of the program as well as the efforts made for the betterment of the public, believes that the budget request is warranted.

The FY 2023 budget is broken down as follows:

DCA	\$3,744,786.00
Subgrantees-	
County Welfare Organizations	\$227,200.00
Community Based Organizations	<u>\$5,903,048.00</u>
Total	\$9,875,034.00

Staff has reviewed the 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. Therefore, Staff recommends the Board approve the proposed FY 2023 budget. It is noted that the budget is an estimate. DCA will provide the Board with an accounting of all expenditures after the end of FY 2023. After reviewing these expenditures, Staff will come before the Board for final approval of all expenditures.

### **DISCUSSION AND FINDINGS**

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 costs, despite the fact that the overall cost of the program has increased from \$30 million in 2003 to \$215 million for the 2021-2022 program year. The DCA's proposed FY 2023 administrative budget 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.

Accordingly, the Board **HEREBY FINDS** that the DCA has adequately justified its FY 2023 USF administrative cost budget and **HEREBY APPROVES** said budget in the amount of \$9,875,034.00.

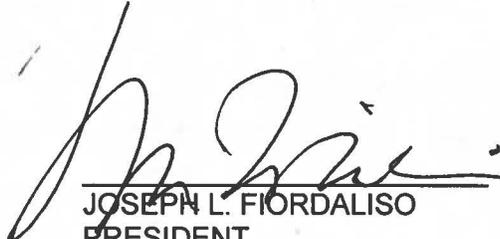
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<sup>4</sup> Local application agencies are nonprofits or social service agencies that serve specific communities in the state and typically provide a wide range of services that includes utility assistance. While USF/LIHEAP applicants can make an appointment to visit a local application agency, or mail their application to one, a USF/LIHEAP outreach agency acts as a mobile unit, often sending staff to the home of an elderly or home bound individual to enroll them in the programs. The outreach agencies have played an important role for the USF and LIHEAP programs during the pandemic.

This Order will be effective on August 24, 2022.

DATED: August 17, 2022

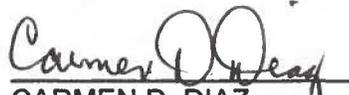
BOARD OF PUBLIC UTILITIES  
BY:

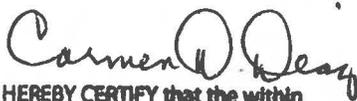
  
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COMMISSIONER

  
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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  
2023 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET

DOCKET NO. EO22070436

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Schedule A: DCA FY 2023 Budget Summary

<b>STATE OF NEW JERSEY</b>			
<b>DEPARTMENT OF COMMUNITY AFFAIRS</b>			
<b>DCA USF BUDGET - EXPENSE SUMMARY</b>			
	Department of Community Affairs		
<b>Address:</b>	101 S. Broad Street		
	Trenton NJ, 08625		
	PO BOX 811		
<b>Phone:</b>	609 633-6204		
<b>Chief Executive Officer:</b>	Janel Winter		
<b>Prepared By:</b>	Fidel Ekhelar		
BUDGET CATEGORIES COSTS	TOTAL	HEA	USF
<b>A. PERSONNEL AND FRINGE</b>	\$3,625,506	\$1,915,954	\$1,709,552
<b>B. CONSULTANTS AND PROFESSIONAL FEES</b>	\$3,365,129	\$1,847,790	\$1,517,339
<b>C. MATERIALS AND SUPPLIES</b>	\$123,000	\$63,960	\$59,040
<b>D. OTHER</b>	\$809,710	\$422,855	\$386,855
<b>E. EQUIPMENT</b>	\$150,000	\$78,000	\$72,000
<b>DCA SUB TOTAL COST</b>	<b>\$8,073,345</b>	<b>\$4,328,559</b>	<b>\$3,744,786</b>
County Welfare Agencies	\$568,000	\$340,800	\$227,200
Community Based Organizations (CBO's)	\$15,534,427	\$9,631,379	\$5,903,048
<b>Subgrantees SUB TOTAL COST</b>	<b>\$16,102,427</b>	<b>\$9,972,179</b>	<b>\$6,130,248</b>
<b>TOTAL COST (DCA &amp; Subgrantees)</b>	<b>\$24,175,771</b>	<b>\$14,300,738</b>	<b>\$9,875,034</b>