Agenda Date: 6/29/23
Agenda Item: 7A

STATE OF NEW JERSEY

Board of Public Utilities
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Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ALL UTILITIES

IN THE MATTER OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES' RESPONSE TO THE COVID-19 PANDEMIC	)	ORDER ON UNIVERSAL SERVICE FUND AND FRESH START PROGRAM MODIFICATIONS
	)	DOCKET NO. AO20060471

Parties of Record:

Phillip J. Passanante, Esq., Atlantic City Electric Company
Dominick DiRocco, Esq., Elizabethtown Gas Company and South Jersey Gas Company
Andrew Hendry, Jersey Central Power & Light Company
Andrew Dembia, Esq., New Jersey Natural Gas Company
Matthew Weissman, Esq., Public Service Electric and Gas Company
John L. Carley, Esq., Rockland Electric Company
Stephan R. Bishop, **Esq.,** New Jersey American Water Company
Rodolphe Bouichou, Veolia North America
Dennis W. Doll, Middlesex Water Company
Adam Burger, AQUA New Jersey, Inc.
David G. Ern, Gordon's Corner Water Company
John J. Brunetti, Midtown Water Company
David B. Simmons, Jr., Simmons Water Company
Eric Olsen, Shore Water Company
John Cannie, Fayson Lakes Water Company
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Robert H. Oostdyk, Jr., Esq. of Murphy McKeon P.C., on behalf of the Borough of Butler
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BY THE BOARD:

BACKGROUND

On July 2, 2020, the Board issued an Order authorizing each of the State's utilities to create a COVID-19 regulatory asset by deferring on their books and records the prudently incurred incremental costs related to COVID-19 beginning on March 9, 2020 through September 30, 2021, or 60 days after Governor Murphy issues an order, declaration, proclamation, or similar announcement that the Public Health Emergency is no longer in effect or, in the absence of such an order, declaration, proclamation or similar announcement, 60 days from the time the Public Health Emergency automatically terminates pursuant to N.J.S.A. 26:13-3(b), whichever is later ("Regulatory Asset Period") ("July 2020 Order").[1] The Board found that deferral of such costs is appropriate because the catastrophic health emergency is outside the control of the utilities and is a non-recurring event. The Board ordered all deferred incremental COVID-19 related costs be offset by any federal or state assistance that the utility may receive as a direct result of the COVID-19 pandemic. The Board further ordered that all affected utilities maintain detailed records of the incremental COVID-19 related costs and savings during the COVID-19 pandemic and to file quarterly reports. Additionally, the July 2020 Order required that all affected utilities file a petition with the Board by December 31, 2021, or within 60 days of the close of the Regulatory Asset Period, whichever is later. Any potential rate recovery, including any prudency determinations and the appropriate period of recovery for any approved amount of the regulatory asset and any associated savings, is to be addressed in this COVID-19 regulatory asset filing, or, in the alternative, a utility may request that the Board defer consideration of rate recovery to a future rate case. All costs remain subject to audit by the Board.

On October 2, 2020, the New Jersey Division of Rate Counsel ("Rate Counsel") filed a petition seeking, among other things, that the Board: order a formal investigation into the scope of the COVID-19 public health emergency's impact on ratepayers' making of timely payments; a moratorium on the discontinuance of service for non-payment; and the development of appropriate arrearage and bill payment assistance plans, including consideration of the expansion of the USF program. ("Rate Counsel Petition"). Additionally, on October 14, 2020, the BPU received a letter signed by AARP New Jersey ("AARP"), Anti-Poverty Network of New Jersey, Food & Water Action, Natural Resources Defense Council ("NRDC") and New Jersey Citizen Action ("NJCA") expressing their collective support for the Rate Counsel Petition.

In response to Rate Counsel's Petition and recognizing the urgency in which customers and the utilities needed to arrive at solutions to address pandemic-related arrearages, the Board established Working Groups ("Working Groups") wherein discussions took place with respect to expanding the Board's utility assistance programs offered to delinquent customers. The Working Groups' participants, which included State agencies, Rate Counsel, utility companies, advocacy groups and non-profits, were each invited to actively participate in Working Group discussions by providing input and ideas regarding various potential Board Staff ("Staff") proposals and offering suggestions for changes to existing programs while balancing the needs of the customer and interests of the utilities.[2]

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[1] In re the New Jersey Board of Public Utilities' Response to the Covid-19 Pandemic, BPU Docket No. AO20060471, Order dated July 2, 2020.

[2] Working group members included: electric, gas, water and wastewater utility companies, Public Power Authority of New Jersey, New Jersey Utilities Association, AARP, NRDC, LSNJ, Anti-Poverty Network of

As a result of the Working Groups' discussions and recommendations, on June 24, 2021, the Board made modifications to the Universal Service Fund ("USF") and Fresh Start programs.[3] The June 2021 Order addressed, in part, issues raised in the Rate Counsel Petition, specifically the consideration of expansion of the USF program and a debt forgiveness program for utility customers facing financial hardship. Background on the USF and Fresh Start programs, as well as modifications made as a result of the June 2021 Order, are summarized below:

USF

The Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. ("EDECA" or "Act") was signed into law on February 9, 1999. Among other things, the Act provides:

> There is established in the Board of Public Utilities a non-lapsing fund to be known as the "Universal Service Fund." The Board shall determine: the level of funding and the appropriate administration of the fund; the purposes and programs to be funded with monies from the fund; which social programs shall be provided by an electric public utility as part of the provision of its regulated services which provide a public benefit; whether the funds appropriated to fund the "Lifeline Credit Program" established pursuant to L. 1979, c. 197 (C.48:2-29-15 et seq.), the "Tenants' Lifeline Assistant Program" established pursuant to L. 1981, c. 210 (C.48:2-29.31 et seq.), the funds received pursuant to the Low-Income Home Energy Assistance Program established pursuant to 42 U.S.C.s. 8621 et seq., and funds collected by electric and natural gas utilities, as authorized by the Board, to off-set uncollectible electricity and natural gas bills should be deposited in the fund; and whether new charges should be imposed to fund new or expanded social programs.
>
> [N.J.S.A. 48:3-60(b)]

On April 30, 2003, the Board established the USF program in Docket No. EX10020091 to ensure that low-income electric and natural gas customers have access to more affordable energy.[4] The April 2003 Order stated that USF would be "an on-going, evolving program, subject, to review, and amended as necessary."[5] 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 ("USF rate") through the Societal Benefits Charge ("SBC"), collected pursuant to N.J.S.A. 48:3-60(a).

Prior to the June 2021 Order, to qualify for USF, an applicant was required to: 1) meet the income eligibility criteria of household income at or below 185 percent (185%) of the Federal Poverty Guidelines ("FPG"); <u>and</u> 2) spend more than three percent (3%) of household income on gas or

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NJ/Citizen Action, Affordable Housing Alliance, NJ SHARES and Staff of the New Jersey Department of Community Affairs, BPU, Department of Human Services and Rate Counsel.

[3] <u>In re the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic</u>, BPU Docket No. AO20060471, Order dated June 24, 2021 ("June 2021 Order").

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

[5] Ibid.

non-heating electric or spend more than six percent (6%) of household income on electric heat. This percentage of income is what is known as the "affordability threshold."[6] USF covered energy costs over the affordability threshold, up to a cap of $150.00 per month ($1,800.00 per year). The USF program year is aligned with the federal Low Income Home Energy Assistance Program ("LIHEAP") year and therefore runs from October 1 through September 30. USF and LIHEAP share program infrastructure to take advantage of economies of scale and so that customers can apply for both programs at the same time. Participants of the Lifeline Utility Assistance Program and the Supplemental Nutritional Assistance Program ("SNAP") are automatically screened for eligibility into both USF and LIHEAP. The New Jersey Department of Community Affairs ("DCA") administers USF on the Board's behalf.

In the June 2021 Order, the Board ordered that the following modifications be made to the USF program for a two-year period, beginning October 1, 2021 and concluding September 30, 2023, unless otherwise directed by the Board:

1. The USF income limits be set at 400 percent (400%) FPG;[7]
2. The USF benefit calculation be set to provide a minimum $5.00 USF monthly benefit to any applicant who meets the income requirement, but not the affordability threshold requirement;
3. The USF benefit cap be set at $180 per month or $2,160 per year; and
4. The USF affordability threshold be adjusted from three percent (3%) of annual household income for gas and non-heating electric costs to two percent (2%) of income; and the USF affordability threshold for electric heat be adjusted from six percent (6%) of annual income to four percent (4%) of income.

The reasoning for the above modifications was to provide the following benefits to Low and Moderate Income ("LMI") households:

- Expand monthly USF benefits to moderate income customers to assist with their monthly gas and electric expenses during the pandemic;
- Provide access to arrearage forgiveness through the USF Fresh Start program;
- Accommodate for the increase in residential electric and gas bills during the pandemic due to many New Jersey families' energy usage increasing while they were required to work and attend school from home;
- Inject additional funds into utility accounts to bring down overdue balances that have accrued during the pandemic; and
- Assist customers in complying with the Fresh Start program requirement of making timely monthly bill payments.

[6] In the June 2021 Order, "Federal Poverty Level" ("FPL") was used instead of FPG. FPG are issued each year in the Federal Register by the Department of Health and Human Services (HHS). According to HSS, the guidelines are sometimes referred to as "FPL" but its use should be avoided, especially in situations (e.g., legislative or administrative) where precision is important. https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines

[7] Household income for a family of four (4) at 400% FPG is currently $111,000. However, households in need who are up to the state median income of New Jersey can apply for the Board's Payment Assistance for Gas and Electric ("PAGE") program and receive a grant of up to $700. The PAGE income ceiling for a family of four is currently $133,237.

The June 2021 Order stated that on October 1, 2023, all USF program policies applicable prior to the issuance of the June 2021 Order would resume, unless otherwise directed by the Board.

Fresh Start Program

On March 4, 2004, the Board created the Fresh Start program, which is an arrearage forgiveness component of the USF program.[8] The Fresh Start program is administered by the electric and gas utilities with oversight by the Board.[9] Customers are screened for Fresh Start eligibility by their utility company when they enroll in the USF program. Customers cannot apply for the Fresh Start program independently.

To earn forgiveness through the Fresh Start program, a customer must pay their current monthly bill in full each month for 12 months. If the customer has not fully satisfied the requirements of Fresh Start by the end of the 12-month period, the customer enters a three (3) month grace period whereby any payment the customer makes is put toward the first 12 months of bills to help the customer earn forgiveness of the Fresh Start balance.[10] Any unearned forgiveness is restored to the account as due at the end of the 15-month Fresh Start program period.

Prior to the June 2021 Order, to qualify for Fresh Start enrollment, an electric or gas customer was required to be:

1. A first time USF participant; and
2. Owe an overdue balance of $60.00 or more.

Additionally, for each month a Fresh Start customer paid their monthly charges in full, the customer earned forgiveness on 1/12 of their Fresh Start balance up to a cap of $100 per month or $300 per quarter.[11] At the end of the 15-month Fresh Start period there was no cap on forgiveness.

The June 2021 Order modified the Fresh Start program ("modified Fresh Start program") for a two-year period beginning October 1, 2021, in the following ways:

1. The utilities were directed to enroll any USF participant with $60 or more in arrearages into the Fresh Start program regardless of the customer's past participation in the USF program at the time of the customer's enrollment or re-enrollment in USF;[12]

[8] In re the Matter of the Establishment of an Arrearage Payment Program for the Universal Service Fund, BPU Docket No. EX00020091, Order dated March 4, 2004.

[9] Public Service Electric & Gas Company ("PSE&G"), Rockland Electric Company ("RECO"), Atlantic City Electric Company ("ACE"), Jersey Central Power & Light Company ("JCP&L"), New Jersey Natural Gas Company ("NJNG"), South Jersey Gas Company ("SJG"), and Elizabethtown Gas Company ("ETG").

[10] In re the Matter of 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 February 1, 2005.

[11] Some utilities provide Fresh Start forgiveness monthly, others quarterly.

[12] When the utility receives a USF benefit record from the State.

2. The utilities were directed to remove the $100 monthly cap on Fresh Start forgiveness so that 1/12 of the overdue balance can be forgiven each month the customer pays their bill in full;

3. The utilities were directed to timely apply any available federal arrearage forgiveness to Fresh Start balances before current balances as the funds became available and in a manner consistent with the best interest of the customer in order to maximize federal funding;

4. The utilities were directed to treat customers participating in the unmodified Fresh Start program in the following manner: If a customer was participating in the unmodified Fresh Start program when the customer re-enrolled in USF after October 1, 2021, the utility company was to remove the customer from the unmodified Fresh Start program, apply any earned forgiveness and enroll the customer into the modified Fresh Start program (according to 1, 2 and 3 above) for any remaining Fresh Start balance as well as any new overdue balances. Otherwise, the unmodified Fresh Start program customer was to complete their Fresh Start year according to the program guidelines in place when the customer initially enrolled in the unmodified Fresh Start program;

5. The utilities were directed to remove customers from any Deferred Payment Arrangement ("DPA") upon enrollment into Fresh Start; and
6. The Fresh Start customer was to be found in compliance with Fresh Start by their utility company in regards to payment for supply and delivery charges only;

Beginning October 1, 2023, all Fresh Start program policies applicable prior to the issuance of the June 2021 Order will resume, unless otherwise directed by the Board.

On January 23, 2023, Staff issued a Public Notice requesting comment regarding the future of the USF and Fresh Start programs ("January 2023 Notice"). In accordance with the January 2023 Notice, a stakeholder meeting took place on February 15, 2023, during which Staff provided a presentation to the public which laid out the program parameters. Staff described the programs in detail prior to the pandemic, the program expansions put into place by the Board in response to the pandemic, and the enrollment and cost impacts during these time periods. The January 2023 Notice gave the public an opportunity to provide comment regarding if and how these programs should be modified when the USF and Fresh Start program expansion period ends on September 30, 2023. Comments were requested on the following:

USF

1) The USF income ceiling was temporarily set at 400 percent (400%) FPG, which is $111,000 for a family of four (4). Beginning October 1, 2023, should the USF income ceiling:
    - Revert to the previous level of 185% of the FPG?[13]

[13] The Supplemental Nutritional Assistance Program ("SNAP") sets its income limits at 185% of FPG, which for a family of four is currently $51,338. SNAP clients are automatically screened for USF and LIHEAP eligibility.

- Align with the federal Low Income Home Energy Assistance Program ("LIHEAP")?[14]
- Be limited to a different amount?

2) Should the USF monthly benefit cap stay at $180 per month, or revert back to $150 per month? Would a different amount be more beneficial? Please consider both the impact to all ratepayers and the cost of gas and electric on low- and moderate-income households.

3) Should the USF affordability threshold remain two percent (2%) of annual income for gas and non-heating electric costs, or revert to three percent (3%)? Please provide any estimated cost considerations. USF covers any electric and gas costs over the affordability threshold up to the benefit cap.

4) Should the USF affordability threshold remain at four percent (4%) of annual income for electric heat or revert to six percent (6%)? Please provide any estimated cost considerations. USF covers any electric and gas costs over the affordability threshold up to the benefit cap.

5) Should the temporary minimum $5.00 USF monthly benefit be made permanent for any applicant who is income eligible for the program? Or should income eligible applicants who do not spend more than the specified percentage of annual income on gas and electric (affordability threshold) be denied USF benefits? What are the pros and cons of each scenario?

Fresh Start

1) Enrollment:

   - Should Fresh Start enrollment revert back to automatic enrollment for only first time USF customers?
   - Should Fresh Start enrollment to any USF enrollee be extended an additional year or longer, due to economic factors and current arrearages?
   - Should Fresh Start enrollment be conditional? If so, what conditions should be placed on the customer to be enrolled and/or remain in the program?
   - Should enrollment in Fresh Start be made available to any USF enrollee once during a five (5) or 10-year period?
   - Please provide suggestions for Fresh Start enrollment eligibility criteria and/or factors that should be considered when determining a way forward with the Fresh Start program.

2) The $100 cap on monthly Fresh Start forgiveness was removed during the program expansion period so that each month a customer pays their current bill in full, 1/12 of their overdue balance is forgiven, or ¼ of the overdue balance is forgiven each quarter. Should the $100 monthly cap ($300 quarterly cap) on Fresh Start forgiveness be reinstated or removed permanently?

[14] The New Jersey LIHEAP income ceiling is currently set at its income cap of 60% of the State Median Income. For a family of four, the LIHEAP income ceiling is currently $79,942.

3) The Board directed the gas and electric utilities to apply any available federal arrearage forgiveness to Fresh Start balances before current balances as the funds become available and in a manner consistent with the best interest of the customer in order to maximize federal American Rescue Plan ("ARP") funding during the program expansion period. Prior to this directive, the utilities applied federal funds, which only included LIHEAP funds, to current overdue balances. Should the utilities revert to the former practice of applying federal LIHEAP funds to current overdue balances? Please note that the application of LIHEAP funds to current balances helps customers comply with the Fresh Start program and earn forgiveness on Fresh Start balances.

Other:

- Please indicate any cost or societal benefits Staff should consider before making any proposed changes to the USF and Fresh Start programs.
- Please provide any further data that would be useful to Staff in drafting a proposal regarding the USF and Fresh Start programs (e.g. USF and Fresh Start impact on arrearages, utility uncollectibles and residential disconnections).

Initial Comments

In response to the January 2023 Notice, members of the public commented at the February 15, 2023 stakeholder meeting and written comments were also received by the deadline of March 3, 2023. Comments were received from Rate Counsel, AARP, Legal Services of New Jersey ("LSNJ"), Affordable Housing Alliance ("AHA"), PSE&G, ACE, South Jersey Industries ("SJI"), JCP&L and New Jersey Utilities Association ("NJUA"). Most comments received were generally supportive of keeping the temporary expansions in place with the main exceptions of: 1) Aligning the USF income ceiling with either 300% FPG or the federal LIHEAP income ceiling; and 2) Limiting the number of times a USF customer can access the Fresh Start program.[15] PSE&G supported Fresh Start being only for first time USF enrollees as it was pre-pandemic, however PSE&G suggested all customer arrearages should be forgiven upon entry to the Fresh Start program. Additionally, some commenters requested further data reporting and analysis before any changes are made to the temporary expansions."

Straw Proposal

Staff reviewed all comments received and developed a Straw Proposal for permanent changes to the USF and Fresh Start Programs. To evaluate the proposed changes, staff subsequently issued a Request for Information, containing the Straw Proposal, on May 3, 2023. The Request for Information invited all interested parties and members of the public to provide written responses concerning the Straw Proposal for permanent changes to the USF and Fresh Start programs. The Straw Proposal is summarized below:

Universal Service Fund

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[15] For a household of four, 300% FPG is $83,250. For a household of four, the federal LIHEAP income ceiling is $79,942.

1) Align the USF income ceiling with the LIHEAP income ceiling beginning October 1, 2023. [16]

2) Maintain the USF affordability threshold at two percent (2%) of annual income for gas and non-heating electric costs, and at four percent (4%) of annual income for electric heating costs. USF covers any electric and gas costs over the affordability threshold up to the benefit cap.

3) Maintain the USF monthly benefit cap at $180 per month for gas and electric combined.

4) Maintain the minimum $5.00 USF monthly benefit so that those income eligible for the program but with energy costs not exceeding the affordability threshold continue to access monthly benefits and Fresh Start. Prior to October 1, 2021, these customers were denied USF.

Fresh Start

1) Enrollment:

    <u>Fresh Start Year 1 (October 1, 2023 through September 30, 2024)</u>:

    The gas and electric utility companies which administer the Fresh Start program with oversight by the Board, shall enroll any USF participant with $60 or more in arrearages into the Fresh Start program regardless of the customer's past participation in the USF or Fresh Start program at the time of the customer's enrollment or re-enrollment in USF from October 1, 2023 through September 30, 2024.[17] Prior to October 1, 2021, only <u>first time</u> USF enrollees with $60 or more in overdue balances were eligible for Fresh Start enrollment.

    <u>Fresh Start Year 2 (Beginning October 1, 2024)</u>

    Starting October 1, 2024 USF customers will be able to participate in Fresh Start once in a five (5) year period. Therefore, beginning October 1, 2024 the utility companies, will screen USF enrollees upon entry into the USF program to determine if the account has received Fresh Start during the prior five (5) years. If the account: 1) has not received Fresh Start during the prior five (5) years; and 2) has an overdue balance of $60 or more, the utility company will automatically enroll the customer into the Fresh Start program.

2) Forgiveness:

[16] While October 1 is the official date of the new program year, applications submitted in September are typically held and processed in October in order for the household to receive benefits for both the USF and LIHEAP programs, therefore applications processed in the month of September 2023 will need to be within the 2023-2024 LIHEAP income limits to receive benefits.

[17] When the utility company receives a USF benefit record from the State's USF database system, the customer is "enrolled" in USF.

The $100 cap on monthly Fresh Start forgiveness will be permanently removed so that each month a customer pays their current bill in full, 1/12 of their overdue balance will be forgiven by the utility company. For customers with quarterly Fresh Start forgiveness, the $300 cap on quarterly forgiveness will be permanently removed so that up to ¼ of the overdue balance will be forgiven each quarter for the months the customer paid their bill in full.

3) Utility companies will cease application of federal funds to Fresh Start balances before current balances beginning October 1, 2023.

Comments In Response to Straw Proposal

All comments regarding the Straw Proposal were received by the deadline of May 24, 2023, 5 pm. Comments were received from Rate Counsel, AARP, LSNJ, AHA, ACE, SJI, JCP&L, the New Jersey Solar Energy Coalition ("NJSEC"), Michael Winka, and an anonymous New Jersey Resident and are summarized by topic below with Staff responses to each comment summary:

Universal Service Fund

1) Align the USF income ceiling with the LIHEAP income ceiling beginning October 1, 2023.

Rate Counsel: Rate Counsel believes that increasing the income ceiling for USF to 60% of the State Median Income is appropriate and aligns with income requirements for LIHEAP.

Staff Response: Staff appreciates the commenter's support. The New Jersey LIHEAP income ceiling is currently set at its income cap of 60% of the State Median Income. For a family of four, the New Jersey LIHEAP income ceiling is currently $79,942.

AARP of New Jersey: AARP fully supported Staff's proposal.

Staff Response: Staff appreciates the commenter's support.

LSNJ: The USF income limit should remain at the COVID expansion level of 400% FPG until more current and complete data on arrearage levels and expanded USF/Fresh Start program usage by geographic location and income levels are available.

Staff Response: Staff appreciates LSNJ's comment. While the COVID expansion level income limit will be reduced, aligning USF with the federal LIHEAP program will reduce the burden on ratepayers while also raising the income limit significantly from its pre-pandemic level of 185% FPG.

AHA: AHA supports the USF income ceiling being aligned with the LIHEAP income ceiling.

Staff Response: Staff appreciates the commenter's support.

ACE: ACE reconfirmed its initial comments that the USF income ceiling should remain at 400% FPG due to inflationary pressures households are facing.

Staff Response: Staff appreciate the commenter's position, however, reducing the temporary USF income ceiling from 400% FPG to the LIHEAP income ceiling is appropriate in order to mitigate the burden on ratepayers. Additionally, households with higher income levels can continue to utilize the Board's PAGE program, which has an income threshold of up to the State's median income by household size. The PAGE program's income threshold is considerably higher than 400% FPG.

JCP&L: JCP&L supported Staff's proposal.

Staff Response: Staff appreciates the commenter's support.

Anonymous New Jersey Resident: The income guidelines for a two-person household should be the same due to the cost for a one-person household not varying significantly from a two-person household. Social security benefits are transferred to the spouse when a spouse dies but are reduced by 50%.

Staff Response: Staff appreciates this comment. Staff's goal with aligning the USF and LIHEAP income ceilings is so that customers can qualify for two (2) energy assistance programs at the same time while also reducing the cost of the USF program on electric and gas customers. For administrative efficacy, the income ceilings for both programs are the same for all household sizes.

2) Maintain the USF affordability threshold at two percent (2%) of annual income for gas and non-heating electric costs, and at four percent (4%) of annual income for electric heating costs. USF covers any electric and gas costs over the affordability threshold up to the benefit cap.

AARP of New Jersey: AARP fully supported Staff's proposal.

Staff Response: Staff appreciates the commenter's support.

AHA: AHA supported maintaining the current affordability threshold of two percent (2%) of annual income for gas and non-heating electric costs, and at four percent (4%) of annual income for electric heating costs.

Staff Response: Staff appreciates the commenter's support.

JCP&L: JCP&L supported Staff's proposal.

Staff Response: Staff appreciates the commenter's support.

NJSEC: USF and Community Solar are both low-income energy assistance programs that should be coordinated. USF maintains an affordability threshold of two percent (2%) of annual income for gas and non-heating electric costs, and four percent (4%) of annual income for electric heating costs. However, if a low-income USF customer joins a Community Solar program, the Community Solar discount applied from that program could result in the customer losing USF eligibility, as the Community Solar applied discount could then reduce costs below the USF income threshold. NJSEC asks the Board to consider amending the USF income eligibility requirements such that any Community Solar discount not be included in the income calculation for USF eligibility.

Staff Response: Staff thanks NJSEC for its comment and agrees with NJSEC that government programs that serve the same populations should be complimentary. The Community Solar credit is not currently included in the income calculation of a USF household. Energy costs, reported by the electric distribution companies ("EDCs"), are included in the USF benefit calculation. However, while the EDCs apply the Community Solar bill credit discount to the customer's bill, the EDCs do not know the Community Solar subscription fee paid to the Community Solar project and therefore only have the total bill amount without deductions to report. As was indicated in the Straw Proposal, a minimum $5.00 USF monthly benefit is proposed so that even if an income eligible USF customer reduces their energy costs below the energy affordability threshold, they will still be enrolled in the USF program and have access to its benefits.

Michael Winka: The commenter provided ideas regarding how the USF program could be linked with Community Solar. The commenter suggested a gradual "automatic opt-in" process to connect USF electric customers with community solar projects. The commenter also encouraged links between USF and Community Solar with the New Jersey Comfort Partners program, an energy efficiency program. The commenter additionally suggested the Board consider subsidized onsite solar panel installation for USF electric customers living in single family homes. The commenter stated that linking these programs would help low-income customers achieve zero energy burden and improve energy equity.

Staff Response: Staff appreciates the commenter's ideas and suggestions. Staff will continue to research and explore potential complimentary linkages between government-sponsored programs that serve the same populations and have similar goals.

Anonymous New Jersey Resident: Maintain the two percent (2%) of annual income for gas and non-heating electric costs, and at four percent (4%) of annual income for electric heating costs.

Staff Response: Staff concurs with this comment.

3) Maintain the USF monthly benefit cap at $180 per month for gas and electric combined.

AARP of New Jersey: AARP fully supports Staff's proposal.

Staff Response: Staff appreciates the commenter's support.

LSNJ: LSNJ supported the Board's proposal to maintain the increased monthly benefit cap of $180 rather than reverting to the pre-pandemic cap of $150. LSNJ also urged the Board to carefully review data on the effects of the cap and to make that data available to stakeholders in order to consider if it would be appropriate to eliminate the cap entirely. The Board may also wish to consider additional steps to encourage access to weatherization, especially for tenants who would like to improve energy efficiency but need their landlord's approval.

Staff Response: Staff concurs that continued monitoring of data is imperative in determining the status of the monthly benefit cap and assessment of whether additional program modifications are necessary. Additionally, USF customers with high energy burdens are targeted for outreach by the Board's Comfort Partners program and are given priority by the federal Weatherization Assistance Program.

<u>AHA</u>: AHA supported maintaining the $180 per month cap on USF benefits.

Staff Response: Staff appreciates the commenter's support.

<u>JCP&L</u>: JCP&L supported Staff's proposal.

<u>Staff Response</u>: Staff appreciates the commenter's support.

<u>Anonymous New Jersey Resident</u>: Revert to $150 per month to encourage reductions in electricity and gas consumption.

Staff Response: As indicated in the Straw Proposal, the 20% increase in the USF monthly benefit cap (for electric and gas combined), will help customers with inflationary energy increases and comply with Fresh Start by staying current on their bills.

4) Maintain the minimum $5.00 USF monthly benefit so that those income eligible for the program but with energy costs not exceeding the affordability threshold continue to access monthly benefits and Fresh Start. Prior to October 1, 2021, these customers were denied USF.

<u>AARP of New Jersey</u>: AARP fully supported Staff's proposal.

Staff Response: Staff appreciates the commenter's support.

<u>LSNJ</u>: LSNJ supported the Board's proposal to maintain the minimum $5.00 USF monthly credit. The minimum credit allows all households who meet program income limits to access applicable Fresh Start benefits, avoids unintentional loss of program benefits as a result of improvements in energy efficiency, and ensures protection under the Board's Winter Termination Program.

<u>Staff Response</u>: Staff appreciate the commenter's support.

<u>AHA</u>: AHA supports maintaining the $5.00 minimum USF monthly benefit.

Staff Response: Staff appreciates the commenter's support.

<u>JCP&L</u>: JCP&L supported this change when it was made pursuant to the June 2021 Order and advocated for the temporary minimum $5.00 USF monthly benefit becoming permanent in its prior comments on this matter. The minimum monthly benefit is an important means of qualifying customers for the Fresh Start program, which is a critical tool in assisting our remaining customers who are working their way out of arrears.

Staff Response: Staff agrees with this comment.

<u>Anonymous New Jersey Resident</u>: Maintain the $5.00 minimum benefit.

Staff Response: Staff agrees with this comment.

Fresh Start

5) Enrollment:

Fresh Start Year 1 (October 1, 2023 through September 30, 2024):

The gas and electric utility companies which administer the Fresh Start program, with oversight by the Board, shall enroll any USF participant with $60 or more in arrearages into the Fresh Start program regardless of the customer's past participation in the USF or Fresh Start program at the time of the customer's enrollment or re-enrollment in USF from October 1, 2023 through September 30, 2024.[18] Prior to October 1, 2021, only first time USF enrollees with $60 or more in overdue balances were eligible for Fresh Start enrollment.

Fresh Start Year 2 (Beginning October 1, 2024)

Starting October 1, 2024 USF customers will be able to participate in Fresh Start once in a five (5) year period. Therefore, beginning October 1, 2024, the utility companies will screen USF enrollees upon entry into the USF program to determine if the account has received Fresh Start during the prior five (5) years. If the account: 1) has not received Fresh Start during the prior five (5) years; and 2) has an overdue balance of $60 or more, the utility company will automatically enroll the customer into the Fresh Start program.

AARP of New Jersey: AARP fully supported Staff's proposal.

Staff Response: Staff appreciates the commenter's support.

LSNJ: LSNJ supports the Board's proposal to make participation in Fresh Start available once every five (5) years beginning October 1, 2023. Fresh Start ensures that USF credits can fulfill their purpose of allowing households to keep vital utility services in place while making affordable monthly payments. Making re-enrollment into Fresh Start available will help to prevent income shocks from effectively excluding affected customers from having utilities in their name, and being able to access USF benefits, in the future. LSNJ also urged the Board to eliminate the $60 arrearage threshold for participation in Fresh Start.

Staff Response: Staff appreciates LSNJ comment and notes that Staff's proposal indicated that beginning on October 1, 2024 (as opposed to 2023), Fresh Start will be available once every five (5) years. Staff also notes that some arrearage amount is necessary to enroll a customer into an arrearage forgiveness program. The $60 arrearage threshold is a reasonable one that has been in place since 2003. Most utility grant programs require an arrearage of at least $100 to qualify for arrearage assistance and Fresh Start's arrearage requirement is significantly less.

AHA: AHA supported providing Fresh Start enrollment for any USF participant with $60 or more in arrearages, regardless of past participation and enrollment in Fresh Start once in a five-year period, beginning October 1, 2**024.**

Staff Response: Staff appreciates the commenter's support.

[18] When the utility company receives a USF benefit record from the State.

<u>ACE</u>: ACE requested the reference to "account" be revised to "customer," as a customer could have multiple active accounts between utilities and it is the customer that is eligible for Fresh Start as opposed to the account.

Staff Response: Staff agrees with the commenter's suggestion and will implement this change in its final recommendation to the Board.

<u>ACE</u>: With respect to the reference to "prior five (5) years" above, ACE requested specific language defining this date from which the period runs – for example, from the customer's enrollment date, last payment, or from the end of the 12- or 15-month period. ACE supported language referencing the "prior five (5) year" period to be determined by using the customer's program enrollment date because it is the simplest and clearest option for customers.

Staff Response: Staff thanks the commenter for raising this technical distinction. In order to be consistent, as well as for practical purposes, beginning October 1, 2024, the customer's prior Fresh Start enrollment date should be used when determining eligibility for Fresh Start. Staff will implement this change in its final recommendation to the Board.

<u>ACE</u>: ACE suggested that the DCA determine Fresh Start customer eligibility and notify the utilities via the indicator included in the USF enrollment files.

Staff Response: The gas and electric utilities administer the Fresh Start program with oversight by the Board; the DCA administers the USF program. Therefore, the utilities are responsible for the proper administration of the Fresh Start program. However, Staff will work with the utility companies and the DCA to determine if DCA can assist the utilities in their Fresh Start screening process.

<u>ACE</u>: ACE did not support auto-enrollment in Fresh Start. ACE argued that customers should be given the opportunity to enroll in the program when opportune under their respective circumstances. With the arrearage threshold being $60 or greater, many customers could be forced to use their only Fresh Start enrollment opportunity (within five years) for an amount they could pay without this assistance. Auto-enrollment could foreclose a customer's eligibility to participate in Fresh Start in subsequent years if more substantial arrearages develop.

Staff Response: Staff appreciates this comment. However, Staff is of the opinion that placing the burden on customers to apply for Fresh Start with their utility company after being approved through an application process for USF would be overly burdensome on the customer and the utility companies.

<u>ACE</u>: ACE did not automate the monthly (Fresh Start) review process, given the short two-year expansion period. The current forgiveness review process is being performed manually, which is tedious and time consuming. If extended, ACE stated that it would need to automate the process to accommodate the increase in accounts requiring review. At the end of the legislative reporting period, additional systematic, implementational, and administrative changes might be necessary, and with costs incurred. Depending on the complexity of the changes to the programs that might be approved by the Board, ACE requested that the BPU provide an implementation period of at least six (6) to 18 months from the effective date of any order memorializing the Board's action before substantial

USF and Fresh Start program changes take full effect. This will afford the Company adequate time for system programming, testing, and process implementation.

Staff Response: Based on the majority of public comments received, and current arrearages, Staff's Straw Proposal supports the utilities extending the current Fresh Start enrollment procedures for an additional program year, from October 1, 2023 through September 30, 2024, with changes to Fresh Start enrollment procedures beginning October 1, 2024. This 15-month timeline should give the utility companies adequate time for programming, testing and implementation. It is Staff's position that halting the Fresh Start program for October 1, 2023, while arrearages are still significant, is not beneficial to customers in arrears or the utility companie**s.**

ACE: ACE assumed there would be full cost recovery to implement Board-approved changes and enhancements to the USF and Fresh Start programs.

Staff Response: The electric and gas utilities may request recovery through their normal recovery process.

JCP&L: JCP&L supported reestablishing a limit on the frequency of customer reenrollment in Fresh Start, though reversion to the pre-June 2021 Order limits would be overly restrictive given the continued impact of the pandemic on customer arrears. Under the paradigm adopted in the June 2021 Order, customers have been able to re-enroll in Fresh Start despite having previously not complied with the program's payment requirements. Allowing customers to take advantage of the ability to re-enroll in this manner without following program requirements results in higher costs for all customers and needs to be limited. JCP&L believes the establishment of "once in a five (5) year period" as the new program reenrollment limitation is a fair "middle ground" between unlimited reenrollment and no allowed reenrollment.

Staff Response: Staff appreciates the commenter's support and has similar concerns. Staff will continue to monitor Fresh Start performance indicators and evaluate whether additional program modifications are warranted in the future.

SJI: SJI proposed amending the paragraph in Staff's Straw Proposal regarding Fresh Start enrollment beginning in October 1, 2024 to substitute the word "customer" for the word "account," so it appears as follows:

> Starting October 1, 2024 USF customers will be able to participate in Fresh Start once in a five (5) year period. Therefore, beginning October 1, 2024 the utility companies, will screen USF enrollees upon entry into the USF program to determine if the customer has received Fresh Start during the prior five (5) years. If the customer: 1) has not received Fresh Start during the prior five years; and 2) has an overdue balance of $60 or more, the utility company will automatically enroll the customer into the Fresh Start program.

Staff Response: Staff agrees with SJI's suggested change as Fresh Start is a household benefit not necessarily connected with one utility account. Staff will implement this change in its final recommendation to the Board.

Anonymous New Jersey Resident: Enrollment should be once every five (5) years, unless we have a recession, etc.

Staff Response: Staff concurs with this comment.

6) Forgiveness: The $100 cap on monthly Fresh Start forgiveness will be permanently removed so that each month a customer pays their current bill in full, 1/12 of their overdue balance will be forgiven by the utility company. For customers with quarterly Fresh Start forgiveness, the $300 cap on quarterly forgiveness will be permanently removed so that up to ¼ of the overdue balance will be forgiven each quarter for the months the customer paid their bill in full.

<u>AARP of New Jersey</u>: AARP fully supported Staff's proposal.

Staff Response: Staff appreciates the commenter's support.

<u>LSNJ</u>: LSNJ supported the Board's proposal to permanently eliminate the $100 cap on monthly Fresh Start forgiveness.

Staff Response: Staff appreciates the commenter's support.

<u>AHA</u>: AHA supported the permanent removal of the $100 cap on monthly Fresh Start forgiveness.

Staff Response: Staff appreciate the commenter's support.

<u>JCP&L</u>: JCP&L supported the permanent removal of the caps on bill forgiveness under the Fresh Start program and agreed with Staff that this will incentivize high arrearage customers to stay current on their bill and continue to earn forgiveness. In order to ensure the efficacy of the approach and the interest of all customers are being balanced, JCP&L encouraged the Board to assess in a few years the extent to which the removal of these caps has an impact on the amount that Fresh Start customers pay on their overdue balances themselves.

Staff Response: Staff appreciate the commenter's support and concern. Staff will continue to monitor Fresh Start performance indicators.

<u>Anonymous New Jersey Resident</u>: Keep the 1/12 of overdue balance on Fresh Start forgiveness permanent.

Staff Response: Staff concurs with this comment.

7) Utility companies will cease application of federal funds to Fresh Start balances before current balances beginning October 1, 2023.

<u>AARP of New Jersey</u>: AARP fully supported Staff's proposal.

Staff Response: Staff appreciates the commenter's support.

<u>LSNJ</u>: LSNJ supported the Board's proposal to resume the practice of applying LIHEAP benefits to current balances rather than arrears, for the reasons set forth in the Board's proposal.

Staff Response: Staff concurs with the comment above.

<u>JCP&L</u>: JCP&L supported Staff's proposal. As availability of COVID-relief funding, such as the American Rescue Plan funding for utility customers, is ending, this temporary process should be allowed to expire. This will allow LIHEAP received by affected customers to go towards maintenance of their service and eliminate the need for manual, administrative labor by JCP&L.

Staff Response: Staff concurs with this comment.

<u>Anonymous New Jersey Resident</u>: Use federal dollars and supplement with local funding as required.

Staff Response: Staff does not fully understand the intention of this comment. However, as outlined in Staff's Straw Proposal, the utility companies will apply federal LIHEAP benefits to current balances, which will help customers comply with the requirement to pay current monthly charges in order to earn forgiveness on Fresh Start Balance.

8) General Comments:

<u>Rate Counsel</u>: With the exception of its support for the proposed USF income ceiling, Rate Counsel stated no further input could be provided due to Staff not providing further data and analysis for its proposal. Rate Counsel voiced its concern about the cost of the Straw Proposal and stated that the Board should explore the availability of funding sources other than the SBC. Rate Counsel urged the Board to conduct a more thorough analysis before implementing Staff's proposal. Rate Counsel suggested that some of the program changes implemented during the pandemic could be extended for a limited time to allow for a more robust public process.

Staff Response: Staff disagrees with Rate Counsel's assertion that sufficient data was not provided to the public. In its initial request for comment, Staff provided extensive data about the programs before and after the program expansions. Information regarding arrearages was provided as well as the program expansions' impact on enrollment, costs, and rates. Staff will continue to collect and monitor the data regarding the performance of the USF and Fresh Start programs, its impact on arrearages, and the cost borne by all ratepayers to determine if changes will be necessary going forward.

<u>AARP of New Jersey</u>: AARP fully supported the Board's proposal to assist low- and middle-income households struggling to pay their utility bills. The changes in the Straw Proposal would help customers pay down their arrearages and re-establish payment compliance with their utility companies and prevent disconnection for non-payment. AARP commended the Board for its timely and comprehensive analysis of the best way forward to ensure that expanded USF and Fresh Start benefits continue after the COVID-related funding expires. AARP also urged the Board to collect, analyze, and report comprehensively the data that the new utility data collection law now requires. N.J.S.A. 48:2-29.57 et seq. This analysis should be shared with all stakeholders as the Board considers making any changes to the currently expanded USF and Fresh Start Programs. AARP also urged the Board to clarify and explore the ways in which the USF and Fresh Start expansions will be financed.

Staff Response: Staff appreciates the commenter's support. See the previous response.

LSNJ: LSNJ commended the proposal to make many of the Board's USF program enhancements that have proven successful during the pandemic response period permanent. However, LSNJ referenced its initial comments stating that expansions should remain in place until further data became available. LSNJ commented that the costs of the programs should be addressed in part by the Board taking steps to ensure that both utility shareholders and ratepayers share the burdens of increased costs resulting from the COVID-19 pandemic, through a mechanism like that recently adopted by the New York Public Service Commission.[19]

Staff Response: Staff appreciates the commenter's support and will continue to monitor data in recognition of the need to balance the needs of New Jersey residents and the impact on ratepayers.

JCP&L: JCP&L is generally supportive of Staff's proposal and notes that while the company's arrearages are lower than they were a year ago, they are still above pre-pandemic levels which highlights the need for the modifications suggested in Staff's proposal.

Staff Response: Staff concurs with the above comments.

Anonymous New Jersey Resident: The comments included concerns about the cost of living in New Jersey; an acknowledgement of the benefit of the USF program; the impact of COVID-19 on businesses; concerns about recession; and a question regarding verification of household income and size.

Staff Response: Staff appreciates these comments and concerns and shares them. Staff will continue to monitor the program and influencing factors to ensure that the program is administered effectively and efficiently.

STAFF RECOMMENDATIONS:

After careful consideration of the comments received, Staff recommends the Board adopt the permanent changes to the USF and Fresh Start programs as contained in the May 3, 2023 Straw Proposal, in addition to imposition of a quarterly filing and expanded communications to Fresh Start customers.

First, staff recommends that the following amendments to the USF and Fresh Start programs be implemented by the Board on a permanent basis:

Universal Service Fund

1. Align the USF income ceiling with the LIHEAP income ceiling beginning October 1, 2023.

[19] *See, e.g.,* Order Authorizing Phase 2 Arrears Reduction Program dated Jan. 19. 2023, https://dps.ny.gov/system/files/documents/2023/02/phase-2-arrears-reduction-program-1-19-23-order.pdf, at 23-24 (noting shareholder contributions of over $101 million to mitigate Covid-related costs).

- The New Jersey LIHEAP income ceiling is currently set at its income cap of 60% of the State Median Income. For a family of four (4), the New Jersey LIHEAP income ceiling is currently $79,942.
- The USF program has always been linked to and subsidized by the federal LIHEAP program to take advantage of economies of scale and provide one stop shopping for applicants seeking utility assistance. Aligning the income limits of the two (2) programs will reduce the burden on ratepayers.
- Using the same income ceiling for both programs will provide a consistent income eligibility criterion for applicants, so the same LMI utility customers qualify for both federal and state programs' benefits.
- While the USF income ceiling was set at 185% FPG before the COVID-19 pandemic, using the LIHEAP income ceiling at its current level will enable more households still recovering financially to access USF monthly assistance and Fresh Start forgiveness.

2. Maintain the USF affordability threshold at two percent (2%) of annual income for gas and non-heating electric costs, and at four percent (4%) of annual income for electric heating costs. USF covers any electric and gas costs over the affordability threshold up to the benefit cap.

    - *American Council for an Energy Efficient Economy* reports that while median energy burden is 3.4 percent (3.4%) of household income in the Mid-Atlantic Region (New Jersey, New York and Pennsylvania), median energy burden for households at or below 200% FPG is as high as 9.4 percent (9.4%).[20]
    - Many LMI customers in New Jersey have invested in energy efficiency or Community Solar, which lowers their energy burden and carbon footprint, but they are still reliant on some assistance to keep their bills affordable.

3. Maintain the USF monthly benefit cap at $180 per month for gas and electric combined.

    - This 20% benefit cap increase in October 2021 from $150 per month to $180 per month was the first benefit increase to the USF program since 2003.
    - Average annual residential electric prices in New Jersey are $1,420.[21]
    - Average annual residential gas prices in New Jersey are $1,413.[22]
    - Maintaining the increase in monthly benefits will help customers stay current on their monthly bills and earn Fresh Start arrearage forgiveness.

4. Maintain the minimum $5.00 USF monthly benefit so that those income eligible for the program but with energy costs not exceeding the affordability threshold continue to access monthly benefits and Fresh Start.

    - LMI customers often conserve their energy and invest in energy efficiency measures like the Board's Comfort Partner's program or the federal Weatherization Assistance Program to keep utility bills more affordable, however income eligible households seeking assistance should not be denied.

[20] https://www.aceee.org/sites/default/files/pdfs/u2006.pdf

[21] Based upon annual usage of 7,800 kilowatt hours for rates effective in March 2023.

[22] Based upon annual usage of 1,000 therms for rates effective in March 2023.

- USF is a protected category under the Board's Winter Termination Program ("WTP").[23] Therefore customers receiving USF on both gas and electric accounts will be automatically protected from service disruptions on both accounts during the winter months.

Fresh Start

1. Enrollment:

   The gas and electric utility companies which administer the Fresh Start program, with oversight by the Board, shall enroll any USF participant with $60 or more in arrearages into the Fresh Start program regardless of the customer's past participation in the USF or Fresh Start program at the time of the customer's enrollment or re-enrollment in USF[24] from October 1, 2023 through September 30, 2024.

   - This Fresh Start enrollment policy will provide customers an opportunity to earn forgiveness on any remaining COVID-related arrearages.[25]

   Starting October 1, 2024, USF customers will be able to participate in Fresh Start once in a five (5) year period. Therefore, beginning October 1, 2024, the utility companies will screen USF enrollees upon entry into the USF program to determine if the customer has received Fresh Start during the prior five (5) years.[26] If the customer: 1) has not received Fresh Start during the prior five (5) years; and 2) has an overdue balance of $60 or more, the utility company will automatically enroll the customer into the Fresh Start program.

   - Providing Fresh Start once every five years will allow customers who fall on hard times an opportunity to earn forgiveness on their arrearages, reestablish payment compliance with their utility companies and maintain service.

2. Forgiveness:

   The $100 cap on monthly Fresh Start forgiveness will be permanently removed so that each month a customer pays their current bill in full, 1/12 of their overdue balance will be forgiven by the utility company. For customers with quarterly Fresh Start forgiveness, the $300 cap on quarterly forgiveness will be permanently removed so that up to ¼ of the overdue balance will be forgiven each quarter for the months the customer paid their bill in full.

   - Seeing bill forgiveness without the cap will incentivize high arrearage customers to stay current on their bill and continue to earn forgiveness.

[23] The Winter Termination Program protects specific categories of customers from disconnection during the winter months of November 15 through March 15.

[24] When the utility company receives a USF benefit record from the State's USF database system, the customer is "enrolled" in USF.

[25] In February 2023, residential Gas and Electric arrearages over 30 days old were reported by the utility companies at approximately $461 million, compared to approximately $685 million in February 2022.

[26] Utilities will use the customer's prior Fresh Start enrollment date to determine the five (5) year period.

3. Utility companies will cease application of federal funds to Fresh Start balances before current balances beginning October 1, 2023.

    - This practice was a temporary practice during the COVID-19 expansion period to enable the utilities to apply COVID relief funds to customer's Fresh Start balances in order to maximize federal funds and reduce the burden on ratepayers.
    - Going forward, the utility companies will apply federal LIHEAP benefits to current balances.
    - The utilities will recognize any LIHEAP benefit received as a "payment" toward the customer's current monthly bill in regards to earning forgiveness of Fresh Start balances.

Additionally, in order to successfully monitor and analyze Fresh Start program performance, Staff recommends the electric and gas public utilities provide the Board with the following data on a quarterly basis beginning in January 2024:

- Total number of customers participating in Fresh Start each month;
- Total number of Fresh Start customers that earned forgiveness each month;
- Total Fresh Start dollars potentially forgivable each month; and
- Total Fresh Start dollars forgiven each month.

Further, Staff recommends the gas and electric public utilities to provide an annual Fresh Start Assessment Report to the Board beginning February 15, 2025. The report should include a summary of Fresh Start program participation and success rates at the company and should include the following information:

- Total Fresh Start balance held by utilities from October 1, 2023 – December 31, 2024;[27]
- Total Fresh Start balance forgiven by utilities from October 1, 2023 – December 31, 2024;[28]
- Total number of Fresh Start customers that completed the program during this time period:[29]
    - Total number of Fresh Start customers that earned 100 percent (100%) forgiveness during this time period;
        - Total number of successful Fresh Start customers that are in arrears after the conclusion of the Fresh Start program; and
        - Total past due dollars owed.

Finally, in addition to the Fresh Start letters the utility companies currently mail to Fresh Start customers, Staff recommends that, beginning October 1, 2023, the Board require electric and gas public utilities to send additional communications to Fresh Start customers who have accrued a current, non-Fresh Start, overdue balance. This additional communication must be directed to customers during the sixth and twelfth month of Fresh Start participation, reminding customers

[27] This number is the total dollar amount that the utility has deferred for the USF Fresh Start Program between the dates requested. It will represent the amount of funds put into the program as a deferred balance and held by the utilities without actions for the Fresh Start time period.

[28] This represents the amount of forgiveness issued to the customer's deferred balance over the given time period.

[29] All the active customers that participated in Fresh Start during this time period.

who are not in compliance: 1) unearned Fresh Start forgiveness will be restored to the customer's account as due at the end of the 15 month Fresh Start program, in addition to any current arrearages they have accrued; 2) encourage customers to apply for other available assistance programs with the referral number 2-1-1 provided; and 3) provide a utility number to call for questions about Fresh Start. Each electric and gas public utility must transmit this additional communication using at least two (2) modes of communication, including but not limited to emails, phone calls, letters, post cards, bill inserts, opt in texts or robo calls, or other effective communication methods already in use by the utility company.

DISCUSSION AND FINDINGS

The Board, having considered Staff's recommendations and the comments received in response to the Straw Proposal, hereby **FINDS** that Staff's recommended amendments to the USF and Fresh Start programs directly benefit both low- and moderate-income residents of the State as customers continue to pay down outstanding arrearages accrued during the pandemic. While the USF income ceiling will be reduced, Staff's recommendations allow more participants into the programs than prior to the pandemic and provide a gradual contraction of COVID-related expansions that will encourage customer and utility success. The Board believes Staff's recommendations provide periodic opportunities for earning Fresh Start forgiveness on overdue balances as a pathway to clearing utility bill delinquency and reducing utility uncollectibles, while also encouraging consistent customer payment compliance with their respective utility companies. The Board also recognizes that lowering the USF income ceiling to the LIHEAP income ceiling reduces the burden on ratepayers with federal dollars as much as possible and increases administrative efficiency.

Therefore, the Board hereby adopts Staff's recommended amendments to the USF and Fresh Start programs described above in their entirety. The Board **HEREBY DIRECTS** the DCA to make the applicable changes to the Board's USF program in accordance with this Order. The Board **FURTHER DIRECTS** the electric and gas public utilities to make the applicable changes to the Board's Fresh Start program in accordance with this Order. All actions and system changes necessary to effectuate the directives of this Order should be taken in time for the October 1, 2023 and October 1, 2024 USF program years respectively.

The Board **FURTHER DIRECTS** any recovery for USF and the Fresh Start program to be reviewed during the annual USF compliance filing.

Additionally, in order to successfully monitor and analyze Fresh Start program performance, the Board **HEREBY ORDERS** that electric and gas public utilities provide the Board with the following data on a quarterly basis:

- Total number of customers participating in Fresh Start each month;
- Total number of Fresh Start customers that earned forgiveness each month;
- Total Fresh Start dollars potentially forgivable each month; and
- Total Fresh Start dollars forgiven each month.

The first quarterly submission containing data listed above shall be filed electronically in docket EX00020091, in a form determined by each electric and gas public utility, on or before January

30, 2024.[30] Subsequently, each electric and gas public utility are **HEREBY DIRECTED** to file each submission on a quarterly basis thereafter.

Further, the Board **HEREBY ORDERS** the gas and electric public utilities to provide an annual Fresh Start Assessment Report to the Board in docket EX00020091, beginning February 15, 2025. The report should include a summary of Fresh Start program participation and success rates at the company and should include the following information:

- Total Fresh Start balance held by utilities from October 1, 2023 – December 31, 2024;[31]
- Total Fresh Start balance forgiven by utilities from October 1, 2023 – December 31, 2024;[32]
- Total number of Fresh Start customers that completed the program during this time period:[33]
  - Total number of Fresh Start customers that earned 100 percent (100%) forgiveness during this time period;
    - Total number of successful Fresh Start customers that are in arrears after the conclusion of the Fresh Start program; and
    - Total past due dollars owed.

Finally, in addition to the Fresh Start letters electric and gas public utilities currently mail to Fresh Start customers, each electric and gas public utility is **HEREBY ORDERED**, beginning October 1, 2023, to send two (2) additional communications to Fresh Start customers who have accrued a current, non-Fresh Start, overdue balance. Each electric and gas public utility are **HEREBY DIRECTED** to transmit these additional communications to customers during the sixth and twelfth month of Fresh Start participation. In each communication, each electric and gas public utility are **HEREBY ORDERED** to:

1) indicate that unearned Fresh Start forgiveness will be restored to the customer's account as due at the end of the 15 month Fresh Start program, in addition to any current arrearages they have accrued;
2) encourage customers to apply for other available assistance programs with the referral number 2-1-1 provided; and
3) provide a utility number to call for questions about Fresh Start.

Each electric and gas public utility are **FURTHER DIRECTED** to transmit this additional information to customers using at least two modes of communication, including but not limited to

[30] The gas and electric companies shall include any of the data points not already provided in the existing Universal Service Fund Quarterly Utility Report, by modifying in a manner of their choosing, the Universal Service Fund Quarterly Utility Report, provided in accordance with In re the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999 Order, BPU Docket No. EX00020091 (July 16, 2003, April 30, 2003 and June 30, 2004).

[31] This number is the total dollar amount that the utility has deferred for the USF Fresh Start Program between the dates requested. It will represent the amount of funds put into the program as a deferred balance and held by the utilities without actions for the Fresh Start time period.

[32] This represents the amount of forgiveness issued to the customer's deferred balance over the given time period.

[33] All the active customers that participated in Fresh Start during this time period.

emails, phone calls, letters, post cards, bill inserts, opt in texts or robo calls, or other effective communication methods already in use by the utility company.

This Order shall be effective on July 7, 2023.

DATED: June 29, 2023

BOARD OF PUBLIC UTILITIES
BY:

JOSEPH L. FIORDALISO
PRESIDENT

MARY-ANNA HOLDEN
COMMISSIONER

DR. ZENON CHRISTODOULOU
COMMISSIONER

CHRISTINE GUHL-SADOVY
COMMISSIONER

MARIAN ABDOU
COMMISSIONER

ATTEST:

SHERRI L. GOLDEN
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 NEW JERSEY BOARD OF PUBLIC UTILITIES' RESPONSE TO THE COVID-19 PANDEMIC

DOCKET NO. AO20060471

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*The municipals listed are regulated only in terms of the customers served outside of the municipality's limits and only for service issues, if the rates are equalized. Currently, the NJBPU-regulated municipal water systems all have equalized rates.

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