



Agenda Date: 7/16/25

Agenda Item: 1B

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)	ORDER APPROVING DCA
COMMUNITY AFFAIRS' STATE FISCAL YEAR 2024)	FISCAL YEAR 2024 USF
UNIVERSAL SERVICE FUND ADMINISTRATIVE COST)	ADMINISTRATIVE
BUDGET)	EXPENSES
)	
)	DOCKET NO. EO23070446

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, 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 USF program be operated on a statewide basis and funded through uniform charges on customers' electric and natural gas bills and determined that initial administrative expenses would be capped at ten percent (10%) of the program costs. Such charges are collected through the Societal Benefits Charge pursuant to the directives set forth in N.J.S.A. 48:3-60(a). The Board also stated that the USF would be an ongoing, evolving program that would be subject to review and amended as necessary.

By Order dated July 16, 2003, 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

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").

in advance by the Board.² The Board also designated the New Jersey 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”) to take advantage of the existing infrastructure 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 New Jersey 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 October 23, 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 18, 2023, the Board approved the State Fiscal Year 2024 (“FY24”) DCA USF administrative cost budget in the amount of \$11,444,369.⁴

On April 21, 2025, DCA submitted a detailed USF administrative report for FY24 to Board Staff, which listed expenditures of \$10,468,815.

As provided by DCA, the FY24 actual administrative expenses are broken down as follows:

DCA	\$4,560,290
Subgrantees	
County Welfare Organizations	\$53,971
Community Based Organizations	<u>\$5,854,554</u>
Total	<u>\$10,468,815</u>

Staff reviewed DCA’s FY24 expenses and found that the costs listed therein appeared appropriate and necessary for the administration of the USF program by DCA.

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”).

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 October 23, 2006.

⁴ In re the Department of Community Affairs’ State Fiscal Year 2024 Universal Service Fund Administrative Cost Budget, BPU Docket No. EO23070446, Order dated September 18, 2023.

Staff reviewed DCA's reconciliation of DCA's FY24 actual USF Administrative Expenses in the amount of \$10,468,815 to Department of the Treasury, Office of Management & Budget's ("Treasury") audited FY24 expense total of \$10,561,334. The reconciliation difference amounted to \$92,519 as shown below.

FY24 Actual Administrative Expenses (per DCA)	\$10,468,815
Plus: Cancelled Encumbrances after 7/31/2024	\$86,368
Nominal Reconciling Adjustment	<u>\$6,151</u>
FY24 Actual Administrative Expenses (per Treasury)	<u>\$10,561,334</u>

DCA provides Staff with their actual expenses paid (\$10,468,815) for Budget FY24. DCA completes their analysis of actual expenses paid and any expected encumbrances. This amount only includes actual expenses paid for Budget FY24. Often, this amount differs from the balance in the State Comprehensive Financial System ("CFS") of \$10,561,334 as CFS reports transactions on the accrual basis of accounting, which includes both encumbrances and actual expenses paid. Treasury closes its books on July 31st, one month after the end of the FY. Accordingly, CFS includes encumbrances (accrued liabilities) and actual paid expenses for the FY. Treasury provided sufficient documentation to support the Budget FY and FY24 encumbrances and expenses. Treasury's account balance of \$10,561,334 has been audited by the State.

After Treasury closed the FY24 books in CFS, DCA subsequently identified certain encumbrances (\$86,368) that were included in the CFS balance as of July 31, 2024, but cancelled afterwards. These encumbrances were not included in DCA's FY24 Actual Administrative Expenses noted above.

Since the Treasury's reimbursement of \$10,561,334 includes encumbrances that were cancelled after July 31, there will be an adjustment reducing the FY25 expense account balance.

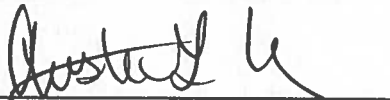
DISCUSSION AND FINDINGS

The Board **HEREBY FINDS** that DCA and Treasury have adequately justified DCA's FY24 USF administrative cost expenditures in the amount of \$10,561,334. Accordingly, the Board **HEREBY AUTHORIZES** reimbursement of \$10,561,334 to Treasury for the DCA FY24 USF administrative expenses. The amount appears reasonable, subject to audit. The DCA FY24 USF administrative cost budget summary is attached hereto as "Schedule A."

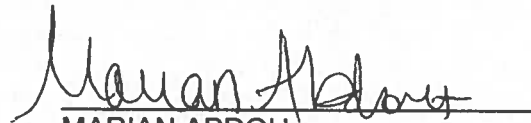
This Order will be effective on July 23, 2025.

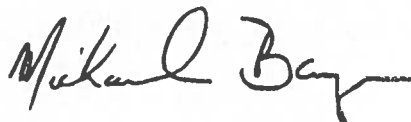
DATED: July 16, 2025

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST: 
SHERRI L. LEWIS
BOARD 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 2024 UNIVERSAL
SERVICE FUND ADMINISTRATIVE COST BUDGET

DOCKET NO. EO23070446

SERVICE LIST

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Schedule A

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

**STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
DCA USF BUDGET - EXPENSE SUMMARY (as of April 2025)
State Fiscal Year 2024**

Address: Department of Community Affairs
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Phone: 609 633-6204

Chief Executive Officer: Janel Winter

Prepared By: Fidel Ekhelar

BUDGET CATEGORIES COSTS	TOTAL	HEA	USF	ACTUAL USF SFY24	(OVER) UNDER/BUDGET
A. PERSONNEL AND FRINGE	\$3,044,866	\$1,616,238	\$1,428,627	\$1,001,647	\$426,980
B. CONSULTANTS AND PROFESSIONAL FEES	\$7,452,143	\$3,926,744	\$3,525,399	\$ 3,417,941	\$107,458
C. MATERIALS AND SUPPLIES	\$123,000	\$63,960	\$ 59,040	\$ -	\$59,040
D. OTHER	\$631,731	\$330,180	\$301,551	\$ 140,702	\$160,849
E. EQUIPMENT	\$ 100,000	\$ 52,000	\$ 48,000	\$ -	\$48,000
DCA SUB TOTAL COST	\$11,351,740	\$5,989,122	\$5,362,617	\$4,560,290	\$802,327
County Welfare Agencies	\$568,000	\$340,800	\$227,200	\$53,971	\$173,229
Community Based Organizations (CBO's)	\$15,533,562	\$9,679,010	\$ 5,854,552	\$5,854,554	(\$2)
Subgrantees SUB TOTAL COST	\$16,101,562	\$10,019,810	\$6,081,752	\$5,908,525	\$173,227
TOTAL COST (DCA & Subgrantees)	\$27,453,301	\$16,008,932	\$11,444,369	\$10,468,815	\$975,554