

May 23, 2019

Honorable Aida Camacho-Welch
Secretary of the Board
Board of Public Utilities
44 S. Clinton Ave., 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: Universal Service Fund Program – Periodic Review
BPU Docket No. EO19030308

Dear Secretary Camacho-Welch:

Thank you for the opportunity to provide comments regarding the New Jersey Board of Public Utilities' (the "Board" or "BPU") periodic review of the Universal Service Fund Program ("USF") in the above captioned matter. The electric and natural gas companies ("companies" or "utilities") that are members of the New Jersey Utilities Association ("NJUA")¹ jointly provide these comments regarding the Board's questions. NJUA members may also submit comments on an individual basis. NJUA is the New Jersey statewide trade association for investor-owned utilities that provide essential electric, natural gas, water, wastewater, and telecommunications services 24 hours a day, 7 days a week, 365 days a year. An electronic copy of these comments has been provided to board.secretary@bpu.nj.gov.

In 2003, the Board established the statewide USF program, through which funds are collected from the state's electric and gas customers and dispersed as benefits applied to energy bills to those customers determined eligible by the program administrator, currently the New Jersey Department of Community Affairs ("DCA"). The administrator determines the income of eligible customers, and the electric and natural gas companies provide billing information in order for the administrator to determine the amount of USF credits to be provided to each eligible customer. The companies provide those USF credits to customers on their monthly bills. During USF Program Year 2018 (October 2017 through September 2018), eligible customers received over \$115 million in USF credits.

The utilities appreciate the long-term partnership we have had with the BPU and DCA to refine the program over the years. We support the USF program, from an administrative perspective, to ensure

¹ The NJUA member companies participating in this submission include: Atlantic City Electric Company, Elizabethtown Gas Company, Jersey Central Power & Light Company, Rockland Electric Company, Public Service Electric and Gas Company, South Jersey Gas Company, and New Jersey Natural Gas.

Aqua New Jersey, Inc. • Atlantic City Electric Company • Atlantic City Sewerage Company • Elizabethtown Gas
Gordon's Corner Water Company • Jersey Central Power & Light, A FirstEnergy Company • Middlesex Water Company
New Jersey American Water • New Jersey Natural Gas. • Public Service Electric & Gas Company • Rockland Electric Company
• South Jersey Gas • SUEZ • Verizon New Jersey

that the credits are properly applied. All of the utilities work diligently to raise awareness of the energy assistance program, including emphasizing the special approach to USF eligibility that automatically adjusts the benefit level to the energy affordability burden of that household. The utilities also explain to new USF customers who are enrolled in the Fresh Start program the value of on-time payments in order to receive the arrears forgiveness benefit.

While we are pleased to play a role supporting the needs of our most vulnerable customers, we wanted to highlight the potential impacts that the proposed adjustments would have on the other customers we serve. In general, efforts to expand the eligibility for the USF program and increase the benefits in the following ways will increase costs to other customers.

- Increasing the USF Income Ceiling from 175 percent of the Federal Poverty Level (“FPL”) to 185 percent will increase the number of eligible customers, thereby resulting in additional USF credits distributed. Since the utilities do not know the number of customers that fall within that expanded income range, it is not possible to estimate the potential incremental cost for the USF program. We believe it would be appropriate for DCA to develop projections regarding the incremental cost for this expansion to support the BPU’s consideration of this potential change since this could be a significant increase to program costs. The utilities are willing to support the DCA in an endeavor to develop an estimate for BPU’s use.
- Changing the USF Energy Affordability Threshold and/or screening process may result in an increased number of eligible customers and/or increase in the credit amounts provided to existing USF customers. Either of these increases would result in additional USF costs that would be recovered from all customers, including those same customers benefitting from these programs. The extent of the increased impact is unknown and cannot be quantified by the utilities at this time given the uncertainty surrounding the proposed program.
- Any increase in the USF annual benefit cap of \$1,800 per year will likewise increase the cost impact that is borne by all customers. This is another area where the utilities do not have sufficient data to estimate the potential incremental program costs for such a change.
- Additionally, a USF “incentive credit” for households who participate in the Board’s Comfort Partners Program or DCA’s Weatherization Assistance Program (WAP) would add to USF costs to be recovered from all customers², and would require additional coordination with the utilities and DCA, who operate the Comfort Partner and WAP programs respectively. It may also increase the budget requirements of these programs, but it is not possible to estimate what that potential impact would be without a proposed value for that incentive credit, and more detail on the level of coordination that would be required. Incentives should also be considered for customers who participate in other energy efficiency programs that benefit low- and moderate-income customers, such as utility-run programs.

²Rockland Electric Company (“Rockland”) has its own energy efficiency program for USF customers, so its USF electric customers do not participate in Comfort Partners. Customers of Rockland Electric Company do not participate in Comfort Partners on the electric side. Rockland only supplies electric service, so its customers participate in Comfort Partners on the gas side.

The utilities respectfully request that it is appropriate for DCA to develop projections regarding the incremental costs of any expansion of the USF program. This analysis would inform and support the BPU's consideration of these potential changes which may result in a significant increase to program costs. It is also important to note that these projections cannot be looked at in isolation. If the BPU is interested in adjusting multiple elements of the USF program, the combined impact of the element changes should be reviewed. For example, DCA can estimate incremental program costs for a higher FPL eligibility, but the potential additional program cost would be even higher if the maximum credit is expanded simultaneously.

We look forward to working closely with the BPU and DCA to explore and quantify the financial impacts of these potential changes to better inform the BPU's consideration of expanding the USF program. Thank you again for the opportunity to provide comments.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "T. R. Churchelow", with a long horizontal flourish extending to the right.

Thomas R. Churchelow, Esq.
Senior Director, Government and Public Affairs
New Jersey Utilities Association