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May 24, 2019

VIA ELECTRONIC MAIL (board.secretary@bpu.nj.gov)  
AND HAND-DELIVERY

Honorable Aida Camacho-Welch, Secretary  
New Jersey Board of Public Utilities  
44 S. Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Trenton, New Jersey 08625-0350

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

Dear Secretary Camacho-Welch:

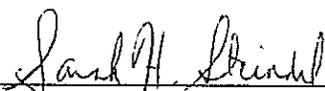
Enclosed please find the original and ten copies of the comments of New Jersey Division of Rate Counsel (“Rate Counsel”) in connection with the above-captioned matter.

We are enclosing one additional copy of the comments. Please stamp and date the extra copy as “filed” and return it in our self-addressed stamped envelope. Thank you for your consideration and assistance.

Respectfully submitted,

Stefanie A. Brand, Esq.  
Director, Division of Rate Counsel

By:

  
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Sarah H. Steindel, Esq.  
Assistant Deputy Rate Counsel

c: Paul E. Flanagan, Executive Director, BPU  
Stacy Peterson, BPU  
Maureen Clerc, BPU  
James Boyd, BPU

STATE OF NEW JERSEY  
BEFORE THE BOARD OF PUBLIC UTILITIES

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

COMMENTS OF THE  
NEW JERSEY DIVISION OF RATE COUNSEL

May 24, 2019

## INTRODUCTION

The Division of Rate Counsel (“Rate Counsel”) would like to thank the Board of Public Utilities (“Board” or “BPU”) for the opportunity to provide comments concerning the Universal Service Fund (“USF”) energy assistance program. On April 10, 2019, the Board issued a Notice seeking stakeholder input concerning the eligibility requirements for the USF program. As stated in the Notice, the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. (“EDECA”) authorized the Board to establish a USF program, and the Board established a permanent USF program in an April 2003 Order in the Board’s Docket No. EX10020091. The April 10, 2019 Notice convened a stakeholder meeting and requested written comments on four specific topics relating to the eligibility requirements and benefits provided under the current USF program, as well as any other topics relating to the program. Rate Counsel’s comments are set forth below.

## RATE COUNSEL COMMENTS

Rate Counsel concurs with the Board that a review of the current USF program is appropriate and timely. The USF program, along with other energy assistance programs, is an important source of support for the State’s most vulnerable utility ratepayers. Rate Counsel has a strong interest in assuring that this program is conducted in an effective and efficient manner.

The Board’s April 10, 2019 Notice requests comments on the following four specific topics:

1. Should the USF Income Ceiling be increased from 175% FPL to 185%?
2. Should the USF Energy Affordability Threshold and/or screening process be reexamined?
3. Should the USF benefit cap be adjusted from \$150/month (\$1,800 per year) or be changed for certain heating types?

4. Should a one-time USF “incentive credit” be provided as a USF bill credit to households who participate in either the Board’s Comfort Partners program or the Department of Community Affairs’ Weatherization Assistance Program? If so, what would a reasonable credit amount be?

Rate Counsel concurs that the above issues are appropriate for examination by the Board. However, meaningful responses to these questions are not possible in the absence of data concerning the operation of the current program.

As a representative from AARP observed at the May 10, 2019 stakeholder meeting in this matter, the most recent comprehensive review of the USF program took place in 2006. Rate Counsel concurs with AARP that a similar detailed assessment should be undertaken before the Board considers any modifications to the current program. The results of such an assessment will provide the Board and interested stakeholders with the necessary information to consider whether any changes would be appropriate.

Rate Counsel concurs with AARP that the assessment should include, in addition to the program rules and enrollment processes, an investigation of the adequacy of the utilities’ outreach programs. In the context of two recent base rate proceedings, a Rate Counsel expert has found decreasing participation in the USF program by the utility’s customers. In Public Service Electric and Gas Company’s 2018 base rate proceeding, Rate Counsel witness Susan Baldwin found that there had been a steady decline in participation by the Company’s customers since 2011, which persisted despite a 5 percent increase in shutoffs between 2015 and 2017. I.M/O the Matter of the Petition of Public Service Electric and Gas Company for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service, B.P.U.N.J. No. 16 Electric and B.P.U.N.J. No. 16 Gas, and for Changes in Depreciation Rates Pursuant to N.J.S.A. 48:2-18, N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1 and for Other Appropriate Relief, BPU Dkt. Nos. ER18010029 & GR18010030, OAL Docket No. PUC 01151-18, Prefiled Direct

Testimony of Susan M. Baldwin on behalf of New Jersey Division of Rate Counsel, p., 22-23 (Aug 6, 2018). In Atlantic City Electric Company's 2017 rate proceeding, Ms. Baldwin noted a 16 percent decline in participation from 2012 through 2016. I/M/O the Petition of Atlantic City Electric Company for Approval of Amendments to its Tariff to Provide For an Increase in Rates and Charges for Electric Service Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1, and for Other Appropriate Relief (2017), BPU Dkt. No. ER 17030308, Prefiled Direct Testimony of Susan M. Baldwin on behalf of New Jersey Division of Rate Counsel, p. 4 note 9 & p. 20, Table 3 (Aug. 1, 2017).

Rate Counsel notes also that the current USF was established following a proceeding that included several informal stakeholder meetings, issuance of a Straw Proposal by Staff, and multiple opportunities for stakeholders to submit comments. I/M/O the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999, BPU Dkt. No. EX00020091, Order Establishing Procedural Schedule (June 7, 2000); Id., Interim Order (Nov. 21, 2001); Id., Universal Service Fund Order (April 30, 2003). Rate Counsel is not recommending a specific procedure for the Board to follow as it considers possible modifications to the USF program. However, it is clear that a re-examination of the complex issues involved in setting the parameters of the USF current will require substantial proceedings beyond the close of the current comment period. Any modifications to the program must be supported by a sufficient record to establish a factual basis for any such changes, and the Board must afford a meaningful opportunity for comment by ratepayers and other interested parties. See, In re Provision of Basic Generation Service for the Period Beginning June 1, 2008, 205 N.J. 339 (2011).