



Agenda Date: 4/21/17
Agenda Item: 1A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
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 2016 |) | FISCAL YEAR 2016 USF |
| UNIVERSAL SERVICE FUND ADMINISTRATIVE COST |) | ADMINISTRATIVE |
| BUDGET |) | EXPENSES |
| |) | |
| |) | DOCKET NO. EO15070821 |

Parties of Record:

Jose Sanchez, Director, New Jersey Department of Community Affairs
Stefanie A. Brand, 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 "the Act") established a non-lapsing Universal Service Fund ("USF"). The Act directed the New Jersey Board of Public Utilities ("Board"), inter alia, to determine for the USF the level of funding, the appropriate administration, and the purposes and programs to be funded. N.J.S.A. 48:3-60(b).

On April 30, 2003, in Docket No. EX00020091, the Board approved a permanent USF program to ensure that low-income customers have access to affordable energy. 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 through the Societal Benefits Charge collected pursuant to N.J.S.A. 48:3-60(a). The Board also determined in this Order that initial administrative expenses would be capped at ten percent (10%) of the program costs. In its order dated July 16, 2003, in Docket Number EX00020091, the Board clarified that this cap would total \$3 million, and any administrative costs (excluding one-time start-up costs) exceeding this amount must be approved in advance by the Board. The Board also stated that the USF would be an ongoing, evolving program, subject to review and amended as necessary. In this same Order, the Board designated the Department of Human Services ("DHS") as the USF program

administrator. The Board further stated that all expenses incurred by DHS would be subject to review by the Board.¹

The USF program was intentionally linked to the federal Low Income Home Energy Assistance Program ("LIHEAP") in order to take advantage of the existing infrastructure already in place to administer LIHEAP. Through a shared application, and eventually a shared database system that was funded via USF, repetition of administrative resources was reduced, and applicants were conveniently able to apply for both programs simultaneously. LIHEAP was jointly administered by DHS and the Department of Community Affairs ("DCA") when the permanent USF program was authorized by the Board.

On August 31, 2006, 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. On November 22, 2006, the Board changed the USF program administrator from DHS to DCA.² By December 2006, DCA assumed full responsibility as USF program administrator.

On August 19, 2015, the Board approved the State Fiscal Year 2016 (FY16) DCA USF administrative cost budget in the amount of \$7,265,447.00.³

DISCUSSION

On January 31, 2017 DCA submitted a detailed USF administrative report for FY16, which listed expenditures of \$6,824,243.00.

The FY 2016 expenses are broken down as follows:

| | |
|-------------------------------|------------------------|
| DCA | \$ 1,350,673.00 |
| Subgrantees- | |
| County Welfare Organizations | \$ 238,560.00 |
| Community Based Organizations | \$ 5,235,010.00 |
| Total | \$ 6,824,243.00 |

Staff has carefully reviewed DCA's FY16 expenses and has found that the costs listed therein appear appropriate and necessary for the administration of the USF program by DCA. Therefore, Staff recommends the Board find that DCA has adequately justified its FY16 USF administrative expenditures.

The total USF program budget has increased from \$30M in 2003 to \$176M for the 2015-2016 program year due to increased enrollment. DCA's administrative expenses continue to be under five percent of the total program budget costs, demonstrating the DCA's effective administration and the efficiencies the Board had attempted to achieve when it established the program.

¹ In re the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999 Order, Docket No. EX00020091 (April 30, 2003 and July 16, 2003)

² Ibid., (November 22, 2006)

³ In re the Department of Community Affairs' State Fiscal Year 2015 Universal Service Fund Administrative Cost Budget, Docket Number EO14090954 (September 30, 2014)

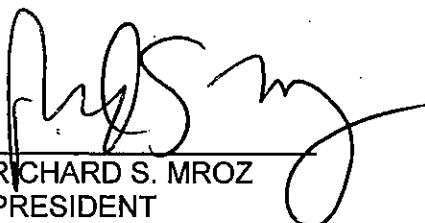
FINDINGS AND ORDER

Accordingly, the Board **HEREBY FINDS** the Department of Community Affairs has adequately justified its FY16 USF administrative cost budget expenditures in the amount of \$6,824,243.00. The Board **HEREBY AUTHORIZES** reimbursement of \$6,824,243.00 to the Department of Treasury to cover the DCA FY16 USF administrative expenses. This amount appears reasonable, subject to audit. The DCA FY16 USF administrative cost budget summary is attached hereto as "Schedule A."

This Order will be effective on May 1, 2017.

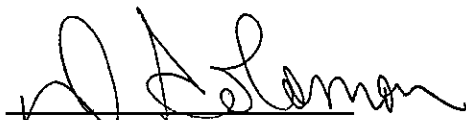
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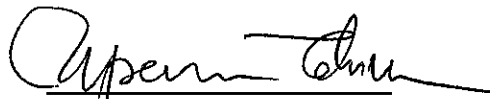
BOARD OF PUBLIC UTILITIES
BY:


RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

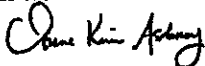

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
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
2016 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET
DOCKET NO. DOCKET NO. EO15070821

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Schedule A:

**STATE OF NEW JERSEY
 DEPARTMENT OF COMMUNITY AFFAIRS
 2016 DCA USF BUDGET - EXPENSE SUMMARY**

Address: Department of Community Affairs
101 S. Broad Street
Trenton NJ, 08625
PO BOX 811

| BUDGET CATEGORIES COSTS | Budget | Actual | Difference |
|--------------------------------------|---------------------|---------------------|-------------------|
| A. PERSONNEL AND FRINGE | \$ 534,770 | \$ 480,426 | \$ 54,344 |
| B. CONSULTANTS AND PROFESSIONAL FEES | \$ 709,078 | \$ 497,357 | \$ 211,721 |
| C. MATERIALS AND SUPPLIES | \$ 63,470 | \$ 28,475 | \$ 34,995 |
| D. OTHER | \$ 484,559 | \$ 344,415 | \$ 140,144 |
| DCA SUB TOTAL COST | \$ 1,791,877 | \$ 1,350,673 | \$ 441,204 |

| | | | |
|---------------------------------------|---------------------|---------------------|-------------|
| County Welfare Agencies | \$ 238,560 | \$ 238,560 | \$ - |
| Community Based Organizations (CBO's) | \$ 5,235,010 | \$ 5,235,010 | \$ - |
| Subgrantees SUB TOTAL COST | \$ 5,473,570 | \$ 5,473,570 | \$ - |

| | | | |
|---|---------------------|---------------------|-------------------|
| TOTAL COST (DCA & Subgrantees) | \$ 7,265,447 | \$ 6,824,243 | \$ 441,204 |
|---|---------------------|---------------------|-------------------|

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