



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th 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 2014)	BUDGET REVISION
UNIVERSAL SERVICE FUND ADMINISTRATIVE COST)	
BUDGET)	DOCKET NO. EO13070687

Parties of Record:

Jose Sanchez, Supervisor, 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 the 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 ("April 2003 Order"), the Board approved a permanent USF program to ensure that low-income customers have access to more 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 per cent (10%) of the program costs or \$3 million. Further, the Board determined it must approve additional expenses above \$3 million in advance.

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 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 database system, 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. The DCA Commissioner sent a letter dated September 21, 2006, requesting that the Board designate the Department of Community Affairs as the Universal Service Fund program administrator. On October 23, 2006, the Board changed the USF program administrator from DHS to DCA. By December 2006, DCA assumed full responsibility as USF program administrator.

DISCUSSION

On August 21, 2013, the Board approved the projected State Fiscal Year 2014 ("FY 2014") DCA USF administrative cost budget in the amount of \$7,220,743.00. At the time of the Board's initial budget approval in August 2013, a finalized budget for Cape May County was not available from the DCA. Additionally, it was not desirable to postpone the approval of the total USF administrative cost budget because the USF Program Year begins on October 1st of each year and a delay in funding could have potentially disrupted USF service provision to clients.

Subsequently, on October 2, 2013 the DCA submitted to Board Staff a revised FY 2014 budget, with an additional \$82,679.00 in funding. This additional funding is for the Puerto Rican Action Committee (PRAC) of Southern New Jersey. PRAC will use this funding to provide USF administrative services to residents of Cape May County. This request would result in a total revised FY 2014 budget in the amount of \$7,303,422.00.

Staff has thoroughly reviewed the budget submission and believes that the budget request is warranted.

The revised FY 2014 budget is broken down as follows:

DCA	\$1,908,081.00
Subgrantees-	
County Welfare Organizations	\$232,880.00
Community Based Organizations	<u>\$5,162,461.00</u>
Total	\$7,303,422.00

It has been ten years since the Board created the permanent USF program in its April 2003 Order and during that time the administrative costs for the program have remained low in relation to the yearly program cost, despite the fact that the overall cost of the program has increased from \$30 million in 2003 to \$186 million for the 2013-2014 program year. DCA's proposed administrative budget for the 2013-2014 program year does present administrative costs above the \$3 million cap that was instituted in the April 2003 Order, which accordingly requires Board approval prior to such expenditures.

Staff has reviewed DCA's proposed budget and has found that the costs listed therein appear to be appropriate and necessary for the administration of the USF program by DCA. The costs

contained in the budget are proportionally justified, relative to the enrollment size of the program. Therefore, Staff recommends the Board approve this budget. It is noted that the budget is an estimate. DCA will provide the Board with an accounting of all expenditures; after reviewing these expenditures Board Staff will come before the Board for final approval of all expenditures.

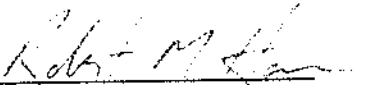
FINDINGS AND ORDER

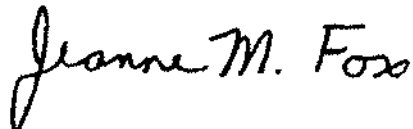
Accordingly, the Board HEREBY FINDS that DCA has adequately justified its revised FY 2014 USF administrative cost budget and HEREBY APPROVES said budget in the amount of \$7,303,422.00. The DCA FY 2014 USF administrative cost budget summary is attached hereto as Schedule "A."

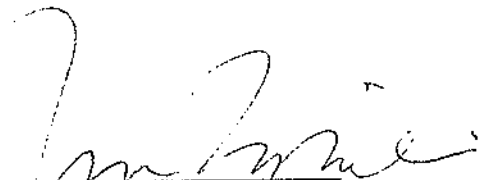
This Order will be effective on October 16, 2013.

DATED: 10/16/13

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

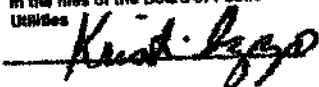

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER

ATTEST:


KRISTI IZZO
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 2014 UNIVERSAL SERVICE
FUND ADMINISTRATIVE COST BUDGET
DOCKET NO. EO13070687

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Attachment "A": DCA FY 2014 Budget Summary

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

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PO BOX 811

Phone: 609 292-9111

Chief Executive Officer: Ana A. Montero

Prepared By: Jose Sanchez

BUDGET CATEGORIES COSTS	TOTAL	HEA	USF
A. PERSONNEL AND FRINGE	\$1,423,817.93	\$864,870	\$558,948
B. CONSULTANTS AND PROFESSIONAL FEES	\$1,916,003	\$1,150,553	\$765,450
C. MATERIALS AND SUPPLIES	\$147,392	\$86,961	\$60,431
D. OTHER	\$1,281,056	\$757,804	\$523,252
DCA SUB TOTAL COST	\$4,768,269	\$2,860,187	\$1,908,081
County Welfare Agencies	\$568,000	\$335,120	\$232,880
Community Based Organizations (CBO's)	\$12,577,523	\$7,415,062	\$5,162,461
Subgrantees SUB TOTAL COST	\$13,145,523	\$7,750,182	\$5,395,341
TOTAL COST (DCA & Subgrantees)	\$17,913,792	\$10,610,369	\$7,303,422