



Agenda Date: 3/19/14  
Agenda Item: 1A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**44 South Clinton Avenue, 9<sup>th</sup> Floor**  
**Post Office Box 350**  
**Trenton, New Jersey 08625-0350**  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

AUDITS

IN THE MATTER OF THE DEPARTMENT OF	)	ORDER APPROVING DCA
COMMUNITY AFFAIRS' STATE FISCAL YEAR 2013	)	FISCAL YEAR 2013 USF
UNIVERSAL SERVICE FUND ADMINISTRATIVE COST	)	ADMINISTRATIVE
BUDGET	)	EXPENSES
	)	
	)	DOCKET NO. EO12080760

**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 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 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 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.

On September 13, 2012, the Board approved the State Fiscal Year 2013 (FY13) DCA USF administrative cost budget in the amount of \$7,948,299.00 - In the Matter of the Department of Community Affairs' State Fiscal Year 2013 Universal Service Fund Administrative Cost Budget – Docket Number EO12080760.

## **DISCUSSION**

On December 9, 2013, DCA submitted a detailed USF administrative report for FY13, which listed expenditures of \$7,204,119.00.

The FY 2013 expenses are broken down as follows:

DCA	\$ 1,324,141.00
Subgrantees-	
County Welfare Organizations	\$ 227,200.00
Community Based Organizations	<u>\$ 5,652,778.00</u>
<b>Total</b>	<b>\$ 7,204,119.00</b>

While the total expenses are under-budget, the "Materials and Supplies" category (see attached "Schedule A") was approximately \$11,733.00 over budget due to printing costs exceeding the estimated amount.

Staff has carefully reviewed DCA's FY13 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 FY13 USF administrative expenditures.

The total USF program budget has increased from \$30M in 2003 to \$186M for the 2013-2014 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.


**FINDINGS AND ORDER**


Accordingly, the Board **HEREBY FINDS** the Department of Community Affairs has adequately justified its FY13 USF administrative cost budget expenditures in the amount of \$7,204,119.00. The Board **HEREBY AUTHORIZES** reimbursement of \$7,204,119.00 to the Department of Treasury to cover the DCA FY13 USF administrative expenses. This amount appears reasonable, subject to audit. The DCA FY13 USF administrative cost budget summary is attached hereto as "Schedule A".

This Order will be effective on April 2, 2014.

DATED: 3/19/14

BOARD OF PUBLIC UTILITIES  
BY:

  
DIANNE SOLOMON  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

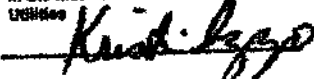
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARY-ANNA HOLDEN  
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  
2013 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET  
DOCKET NO. EO12080760

SERVICE LIST

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**Schedule A:**

**DCA USF Budget- Expense Summary**  
 July 1, 2012 through June 30, 2013 Final Report  
 SFY2013

N.J. Department of Community Affairs  
 Division of Housing & Community Resources  
 101 S. Broad Street  
 PO Box 811  
 Trenton, NJ 08650  
 Phone: (609) 633-6129

Budget Categories	USF Expenditures	Budget	Balance
A. PERSONNEL AND FRINGE	\$438,155	\$490,475	\$52,320
B. CONSULTANTS AND PROFESSIONAL FEES	\$424,721	\$935,492	\$510,771
C. MATERIALS AND SUPPLIES	\$52,153	\$40,420	(\$11,733)
D. OTHER	\$409,112	\$465,212	\$56,100
<b>DCA Subtotal Cost</b>	<b>\$1,324,141</b>	<b>\$1,931,599</b>	<b>\$607,458</b>

F. Subgrantees	USF Expenditures	Budget	Balance
County Welfare Agencies (CWAs)	\$227,200	\$227,200	\$0
Community Based Organizations (CBOs)	\$5,652,778	\$5,789,500	\$136,722
<b>Subgrantees Subtotal Cost</b>	<b>\$5,879,978</b>	<b>\$6,016,700</b>	<b>\$136,722</b>

<b>Total Cost</b>	<b>\$7,204,119</b>	<b>\$7,948,299</b>	<b>\$744,180</b>
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