



Agenda Date: 4/25/18  
Agenda Item: 1A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
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 2017	)	FISCAL YEAR 2017 USF
UNIVERSAL SERVICE FUND ADMINISTRATIVE COST	)	ADMINISTRATIVE
BUDGET	)	EXPENSES
	)	
	)	DOCKET NO. EO16070661

**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.<sup>1</sup>

<sup>1</sup> 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).

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.<sup>2</sup> By December 2006, DCA assumed full responsibility as USF program administrator.

On August 24, 2016, the Board approved the State Fiscal Year 2017 (FY17) DCA USF administrative cost budget in the amount of \$6,883,454.00.<sup>3</sup>

### **DISCUSSION**

On March 28, 2018 DCA submitted a detailed USF administrative report for FY17, which listed expenditures of \$6,498,713.00.

The FY 2017 expenses are broken down as follows:

DCA	\$ 1,244,354.00
Subgrantees-	
County Welfare Organizations	\$ 227,200.00
Community Based Organizations	<u>\$ 5,027,159.00</u>
<b>Total</b>	<b><u>\$ 6,498,713.00</u></b>

Staff has carefully reviewed DCA's FY17 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 FY17 USF administrative expenditures.

- \* The total USF program budget has increased from \$30M in 2003 to \$167M for the 2016-2017 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 FY17 USF administrative cost budget expenditures in the amount of \$6,498,713.00. The Board **HEREBY AUTHORIZES** reimbursement of \$6,498,713.00 to the Department of Treasury to cover the DCA FY17 USF administrative expenses. This amount appears

<sup>2</sup> Ibid., (November 22, 2006)

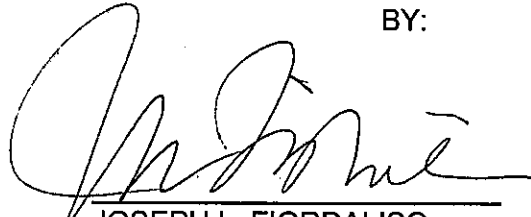
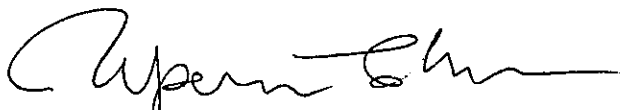
<sup>3</sup> In re the Department of Community Affairs' State Fiscal Year 2017 Universal Service Fund Administrative Cost Budget, Docket Number EO16070661 (August 24, 2016).

reasonable, subject to audit. The DCA FY17 USF administrative cost budget summary is attached hereto as "Schedule A."

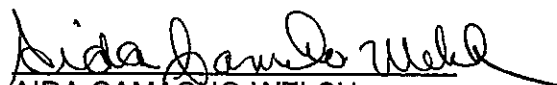
This Order will be effective on May 5, 2018.

DATED: 4/25/18

BOARD OF PUBLIC UTILITIES  
BY:

  
JOSEPH L. FIORDALISO  
PRESIDENT  
MARY-ANNA HOLDEN  
COMMISSIONER  
DIANNE SOLOMON  
COMMISSIONER  
UPENDRA J. CHIVUKULA  
COMMISSIONER  
ROBERT M. GORDON  
COMMISSIONER

ATTEST:

  
AIDA CAMACHO-WELCH  
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  
2017 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET  
DOCKET NO. DOCKET NO. EO16070661

SERVICE LIST

**Department of Community Affairs**

Jose Sanchez  
Department of Community Affairs  
Office of Low Income Energy Assistance  
101 South Broad Street  
Post Office Box 811  
Trenton, NJ 08624-0811  
[jose.sanchez@dca.nj.gov](mailto:jose.sanchez@dca.nj.gov)

Miguel Gonzalez  
Department of Community Affairs  
Office of Low Income Energy Assistance  
101 South Broad Street  
Post Office Box 811  
Trenton, NJ 08624-0811  
[miguel.gonzalez@dca.nj.gov](mailto:miguel.gonzalez@dca.nj.gov)

**Rate Counsel**

Stefanie A. Brand, Esq., Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[sbrand@rpa.state.nj.us](mailto:sbrand@rpa.state.nj.us)

**Division of Law**

Geoffrey Gersten, Esq.  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[Geoffrey.gersten@dol.lps.state.nj.us](mailto:Geoffrey.gersten@dol.lps.state.nj.us)

**Board of Public Utilities**

Aida Camacho-Welch  
Secretary of the Board  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[aida.camacho@bpu.nj.gov](mailto:aida.camacho@bpu.nj.gov)

Alice Bator, Director  
Division of Audits  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Alice.bator@bpu.nj.gov](mailto:Alice.bator@bpu.nj.gov)

William Foley, Bureau Chief  
Division of Audits  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[William.foley@bpu.nj.gov](mailto:William.foley@bpu.nj.gov)

Peter Hilerio, Esq.  
Office of the Secretary  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Peter.hilerio@bpu.nj.gov](mailto:Peter.hilerio@bpu.nj.gov)

Maureen Clerc  
Office of the Secretary  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Maureen.clerc@bpu.nj.gov](mailto:Maureen.clerc@bpu.nj.gov)

**Schedule A:**

**STATE OF NEW JERSEY  
DEPARTMENT OF COMMUNITY AFFAIRS  
DCA 2017 USF BUDGET - EXPENSE SUMMARY**

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

**Phone:** 609 633-6204

**Chief Executive Officer:** Janel Winter

**Prepared By:** Jose Sanchez

BUDGET CATEGORIES COSTS	USF Budget	USF Actual	Difference
A. PERSONNEL AND FRINGE	\$497,504	\$453,634	\$43,869
B. CONSULTANTS AND PROFESSIONAL FEES	\$556,000	\$488,134	\$67,866
C. MATERIALS AND SUPPLIES	\$70,600	\$31,644	\$38,956
D. OTHER	\$504,991	\$270,942	\$234,050
DCA SUB TOTAL COST	\$1,629,095	\$1,244,354	\$384,741

County Welfare Agencies	\$227,200	\$ 227,200	\$ -
Community Based Organizations (CBO's)	\$ 5,027,159	\$ 5,027,159	\$ 0
Subgrantees SUB TOTAL COST	\$5,254,359	\$ 5,254,359	\$ 0

TOTAL COST (DCA & Subgrantees)	\$6,883,454	\$ 6,498,713	\$ 384,741
--------------------------------	-------------	--------------	------------