



Agenda Date: 6/27/24  
Agenda Item: 1B

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</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 )  
COMMUNITY AFFAIRS' STATE FISCAL YEAR 2023 )  
UNIVERSAL SERVICE FUND ADMINISTRATIVE COST )  
BUDGET )  
)  
) DOCKET NO. EO22070436

**Parties of Record:**

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

By Order dated April 30, 2003, the Board approved a permanent USF program to ensure that low-income customers have access to affordable energy.<sup>1</sup>

In the April 2003 Order, the Board directed that the USF program be operated on a statewide basis and funded through uniform charges on customers' electric and natural gas bills and determined that initial administrative expenses would be capped at ten percent (10%) of the program costs. Such charges are collected through the Societal Benefits Charge pursuant to the directives set forth in N.J.S.A. 48:3-60(a). The Board also stated that the USF would be an ongoing, evolving program that would be subject to review and amended as necessary.

By Order dated July 16, 2003, the Board clarified that the cap would total \$3 million, and any administrative costs (excluding one-time start-up costs) exceeding this amount must be approved

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<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, BPU Docket No. EX00020091, Order dated April 30, 2003 ("April 2003 Order").

in advance by the Board.<sup>2</sup> In the July 2003 Order, the Board designated the New Jersey 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.

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 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 able to conveniently apply for both programs simultaneously. LIHEAP was jointly administered by DHS and the New Jersey 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. By Order dated October 23, 2006, the Board changed the USF program administrator from DHS to DCA.<sup>3</sup> By December 2006, DCA assumed full responsibility as the USF program administrator.

By Order dated August 17, 2022, the Board approved the State Fiscal Year 2023 (“FY23”) DCA USF administrative cost budget in the amount of \$9,875,034.<sup>4</sup>

On April 19, 2024, DCA submitted a detailed USF administrative report for FY23, which listed expenditures of \$8,558,040.

As provided by DCA, the FY23 actual administrative expenses are broken down as follows:

DCA	\$2,693,326
Subgrantees	
County Welfare Organizations	\$227,200
Community Based Organizations	<u>\$5,637,514</u>
Total	<u>\$8,558,040</u>

Board Staff (“Staff”) reviewed DCA’s FY23 expenses and found that the costs listed therein appeared appropriate and necessary for the administration of the USF program by DCA.

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<sup>2</sup> In re the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999, BPU Docket No. EX00020091, Order dated July 16, 2003 (“July 2003 Order”).

<sup>3</sup> In re the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999, BPU Docket No. EX00020091, Order dated October 23, 2006.

<sup>4</sup> In re the Department of Community Affairs’ State Fiscal Year 2023 Universal Service Fund Administrative Cost Budget, BPU Docket No. EO22070436, Order dated August 17, 2022.

Staff reviewed DCA's accounting of FY23 DCA Administrative Expenses (\$8,558,040) and reconciled against Treasury's audited FY23 expense total (\$8,268,893). Treasury provided sufficient documentation to support Budget Fiscal Year ("BFY23") and FY23 encumbrances and expenditures. This reconciliation difference amounted to \$289,147, as shown below.

FY23 DCA Actual Administrative Expenses (DCA)	\$8,558,040
Less: Cancelled Encumbrances	<u>\$(289,147)</u>
FY23 DCA Actual Administrative Expenses (OMB)	\$8,268,893

In providing Staff with expenditures for each FY, DCA may include encumbered amounts which are commitments to pay money in the future for services rendered and received. At times, these amounts are not finalized, which could result in cancellations and necessary adjustments to reflect actual expense totals at a given point in time. Due to the nature of these transactions, such adjustments will continue from year to year.

The cancelled encumbrance amounts, as captured and reported through the State Comprehensive Financial System ("CFS"), appear reasonable and are supported by agency records. Therefore, Staff recommends the Board find that DCA and Treasury have adequately justified DCA's FY23 USF administrative expenditures.

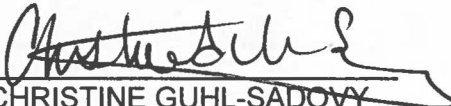
### **DISCUSSION AND FINDINGS**

The Board **HEREBY FINDS** DCA and Treasury have adequately justified DCA's FY23 USF administrative cost expenditures in the amount of \$8,268,893. Accordingly, the Board **HEREBY AUTHORIZES** reimbursement of \$8,268,893 to Treasury for the DCA FY23 USF administrative expenses. The amount appears reasonable, subject to audit. The DCA FY23 USF administrative cost budget summary is attached hereto as "Schedule A."

This Order will be effective on July 5, 2024.

DATED: June 27, 2024

BOARD OF PUBLIC UTILITIES  
BY:

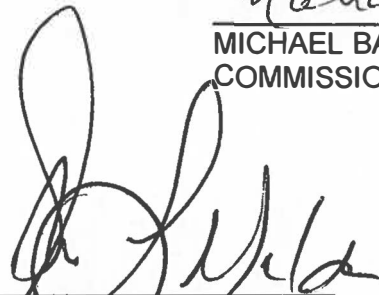
  
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PRESIDENT

  
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COMMISSIONER

  
MARIAN ABDOU  
COMMISSIONER

  
MICHAEL BANGE  
COMMISSIONER

ATTEST:

  
SHERRIL L. GOLDEN  
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 2023 UNIVERSAL  
SERVICE FUND ADMINISTRATIVE COST BUDGET  
DOCKET NO. EO22070436

SERVICE LIST

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## SCHEDULE A

DEPARTMENT OF COMMUNITY AFFAIRS  
DCA-USF BUDGET

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

Address: Department of Community Affairs  
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PO BOX 811  
Phone: 609 633-6204  
Chief Executive Officer: Janel Winter  
  
Prepared By: Fidel Ekhelar

BUDGET CATEGORIES COSTS	TOTAL	HEA	USF	ACTUAL USF SFY23	(OVER) UNDER/BUDGET
<b>A. PERSONNEL AND FRINGE</b>	\$3,625,506	\$1,915,954	\$1,709,552	\$853,756.78	\$855,795.04
<b>B. CONSULTANTS AND PROFESSIONAL FEES</b>	\$3,365,129	\$1,847,790	\$1,517,339	\$1,637,114.38	-\$119,775.40
<b>C. MATERIALS AND SUPPLIES</b>	\$123,000	\$63,960	\$ 59,040	\$0.00	\$59,040.00
<b>D. OTHER</b>	\$809,710	\$422,855	\$386,855	\$202,454.83	\$184,400.10
<b>E. EQUIPMENT</b>	\$ 150,000	\$ 78,000	\$ 72,000	\$0.00	\$72,000.00
<b>DCA SUB TOTAL COST</b>	<b>\$8,073,345</b>	<b>\$4,328,559</b>	<b>\$3,744,786</b>	<b>\$2,693,325.99</b>	<b>\$1,051,459.74</b>
County Welfare Agencies	\$568,000	\$340,800	\$227,200	\$227,200.00	\$0.00
Community Based Organizations (CBO's)	\$15,534,427	\$9,631,379	\$ 5,903,048	\$5,637,513.99	\$265,533.91
<b>Subgrantees SUB TOTAL COST</b>	<b>\$16,102,427</b>	<b>\$9,972,179</b>	<b>\$6,130,248</b>	<b>\$5,864,713.99</b>	<b>\$265,533.91</b>
<b>TOTAL COST (DCA &amp; Subgrantees)</b>	<b>\$24,175,771</b>	<b>\$14,300,738</b>	<b>\$9,875,034</b>	<b>\$8,558,039.98</b>	<b>\$1,316,993.65</b>