



Agenda Date: 12/20/23
Agenda Item: 1A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

AUDITS

IN THE MATTER OF THE DEPARTMENT OF)	ORDER APPROVING
COMMUNITY AFFAIRS' STATE FISCAL YEAR 2022)	MODIFICATION TO DCA
UNIVERSAL SERVICE FUND ADMINISTRATIVE COST)	FISCAL YEAR 2022 USF
BUDGET)	ADMINISTRATIVE
)	EXPENSES
)	
)	DOCKET NO. EO21070993

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:

By Order dated August 16, 2023, the New Jersey Board of Public Utilities (“Board” or “BPU”) found that the New Jersey Department of Community Affairs (“DCA”) had adequately justified its Fiscal Year (“FY22”) Universal Service Fund (“USF”) administrative expenses in the amount of \$6,957,039 and authorized the reimbursement of \$6,957,039 to the New Jersey Department of Treasury (“Treasury”).¹ By this Order, the Board addresses the request for reimbursement to Treasury of an additional \$333,887.

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 USF. The Act directed the 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).

¹ In re the Department of Community Affairs' State Fiscal Year 2022 Universal Service Fund Administrative Cost Budget, BPU Docket No. EO21070993, Order dated August 23, 2023 (“August 2023 Order”).

By Order dated 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.² In the April 2003 Order, the Board directed that the program be operated on a State-wide basis and funded through uniform charges on customers' electric and natural gas bills and determined that initial administrative expenses would be capped at 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, in Docket No. EX00020091, 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 in advance by the Board.³ In the July 2003 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.

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. A shared application, and eventually a shared database system that the USF funded, reduced repetition of administrative tasks, and enabled applicants to conveniently apply for both programs simultaneously. LIHEAP was jointly administered by DHS and the DCA when Board first authorized the permanent USF program.

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 November 22, 2006, the Board changed the USF program administrator from DHS to DCA.⁴ By December 2006, DCA assumed full responsibility as the USF program administrator.

By Order dated August 18, 2021, the Board approved the State FY22 DCA USF administrative cost budget in the amount of \$8,005,013.⁵

² 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").

³ 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").

⁴ 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 November 22, 2006.

⁵ In re the Department of Community Affairs' State Fiscal Year 2022 Universal Service Fund Administrative Cost Budget, BPU Docket No. EO21070993, Order dated August 18, 2021.

On June 23, 2023, DCA submitted a detailed USF administrative report for FY22, which listed actual expenditures of \$6,957,039, which were broken down as follows:

DCA	\$ 1,290,858
Subgrantees-	
County Welfare Organizations	194,919
Community Based Organizations	5,471,262
Total	\$ 6,957,039

Board Staff (“Staff”) reviewed DCA’s FY22 expenses and found that the costs listed therein appeared appropriate and necessary for the administration of the USF program by DCA. Therefore, Staff recommended the Board find that DCA had adequately justified its FY22 USF administrative expenditures. By the August 2023 Order, the Board authorized a reimbursement of \$6,957,039 to Treasury to reimburse Treasury for the DCA FY22 USF administrative expenses.

Subsequent to the August 2023 Order, Staff was notified that a number of encumbrances (outstanding obligations) were inadvertently omitted and/or cancelled during the development/analysis of the initial FY22 actual Administrative Expense total of \$6,957,039 that the Board approved in the August 2023 Order. In addition, based on documentation from the State’s audited accounting system, provided by DCA and Treasury, Treasury represented that \$7,290,926 was provided to DCA, and therefore requires an additional reimbursement of \$333,887 to Treasury over the initial FY22 actual administrative expense total of \$6,957,039.

Staff has reviewed DCA’s and Treasury’s account of the basis for the additional administrative expenses. Staff concluded that it is reasonable and necessary to reimburse Treasury for its payment of FY22 USF administration expenses that Treasury determined were appropriate.

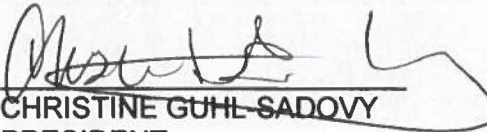
DISCUSSION AND FINDINGS

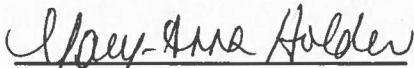
The Board **HEREBY FINDS** that DCA and Treasury have adequately justified the increase of FY22 USF administrative cost expenditures paid from the general fund in the amount of \$333,887. Accordingly, the Board **HEREBY AUTHORIZES** reimbursement of an additional \$333,887 to Treasury to cover the DCA FY22 USF administrative expenses. The amount appears reasonable, subject to audit.

This Order will be effective on December 27, 2023.

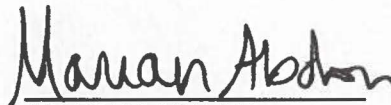
DATED: December 20, 2023

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
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
2022 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET

DOCKET NO. EO21070993

SERVICE LIST

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