



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)	ORDER APPROVING
OF COMMUNITY AFFAIRS' STATE)	DCA FISCAL YEAR 2010
FISCAL YEAR 2010 UNIVERSAL SERVICE)	USF ADMINISTRATIVE
FUND ADMINISTRATIVE COST BUDGET)	EXPENSES
)	
)	DOCKET NO. EO09070525

Parties of Record:

Jose Sanchez, Supervisor, New Jersey Department of Community Affairs
Stefanie Brand, Esq., 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, 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 July 31, 2009, the Board approved the State Fiscal Year 2010 (FY10) DCA USF administrative cost budget in the amount of \$7,298,602.00 - In the Matter of the Department of Community Affairs' State Fiscal Year 2010 Universal Service Fund Administrative Cost Budget - Docket Number EO09070525.

DISCUSSION

On May 20, 2011, DCA submitted a detailed USF administrative report for FY10, which listed expenditures of \$5,897,179.25, or \$1,401,422.75 less than the original budget authorization of \$7,298,602.00.

The FY 2010 expenses are broken down as follows:

DCA	\$1,552,888.00
Subgrantees-	
County Welfare Organizations	\$284,000.00
Community Based Organizations	<u>\$4,060,291.25</u>
Total	\$5,897,179.25

Staff has carefully reviewed DCA's FY 2010 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 that the Board find that DCA has adequately justified its FY 2010 USF administrative expenditures.

Over the years the total USF program budget has increased from \$30M in 2003 to \$196M for the 2009-2010 program year due to increased enrollment. Therefore these DCA administrative costs are approximately only three percent of the total program budget for the relevant time period.

FINDINGS AND ORDER

Accordingly, the Board **HEREBY FINDS** the Department of Community Affairs has adequately justified its fiscal year 2010 USF administrative cost budget expenditures in the amount of \$5,897,179.25. The Board **HEREBY AUTHORIZES** reimbursement of \$5,897,179.25 to the Department of Treasury to cover the DCA FY10 USF administrative expenses. This amount

appears reasonable, subject to audit. The DCA fiscal year 2010 USF administrative cost budget summary is attached hereto as Schedule "A".


This Order will be effective on October 23, 2011.


DATED: 10/13/11

BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

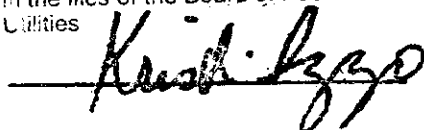

JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
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



DCA USF Budget- Expense Summary
 July 1, 2009 through June 30, 2010 Final Report

N.J. Department of Community Affairs
 Division of Housing & Community Resources
 101 S. Broad Street
 PO Box 811
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 Phone: (609) 633-6129
 Division Director: Paul G. Stridick, AIA

Prepared By: Jose Sanchez

Budget Categories	USF Expenditures	Budget	Balance
A. PERSONNEL AND FRINGE	\$612,259.00	\$919,633.00	\$307,374.00
B. CONSULTANTS AND PROFESSIONAL FEES	\$626,114.00	\$771,435.00	\$145,321.00
C. MATERIALS AND SUPPLIES	\$4,638.00	\$149,873	\$145,235.00
D. OTHER	\$ 309,877.00	\$460,000.00	\$150,123.00
E. EQUIPMENT	\$0.00	\$10,000.00	\$10,000.00
DCA Subtotal Cost	\$1,552,888.00	\$2,310,941.00	\$758,053.00
F. Subgrantees	USF Expenditures	Budget	Balance
County Welfare Agencies (CWAs)	\$284,000.00	\$284,000.00	\$0.00
Community Based Organizations (CBOs)	\$4,060,291.25	\$4,703,661.00	\$643,369.75
Subgrantees Subtotal Cost	\$4,344,291.25	\$4,987,661.00	\$643,369.75
	USF Expenditures	Budget	Balance
Total Cost (DCA & Subgrantees)	\$5,897,179.25	\$7,298,602.00	\$1,401,422.75
Cost Adjustment	\$0.00	\$0.00	\$0.00
Total Cost	\$5,897,179.25	\$7,298,602.00	\$1,401,422.75

I/M/O THE DEPARTMENT OF COMMUNITY AFFAIRS'
STATE FISCAL YEAR 2010 UNIVERSAL SERVICE FUND
ADMINISTRATIVE COST BUDGET
DOCKET NO. EO09070525

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