



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 OF)	ORDER APPROVING DCA
COMMUNITY AFFAIRS' STATE FISCAL YEAR 2012)	FISCAL YEAR 2012 USF
UNIVERSAL SERVICE FUND ADMINISTRATIVE COST)	ADMINISTRATIVE
BUDGET)	EXPENSES
)	
)	DOCKET NO. EO11090525

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 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 October 13, 2011 the Board approved the State Fiscal Year 2012 (FY12) DCA USF administrative cost budget in the amount of \$6,727,136.00 - In the Matter of the Department of Community Affairs' State Fiscal Year 2012 Universal Service Fund Administrative Cost Budget – Docket Number EO11090525.

DISCUSSION

On December 12, 2012, DCA submitted a detailed USF administrative report for FY12, which listed expenditures of \$6,455,698.00.

The FY 2012 expenses are broken down as follows:

DCA	\$ 1,039,785.00
Subgrantees-	
County Welfare Organizations	\$ 204,480.00
Community Based Organizations	\$ 5,211,433.00
Total	\$ 6,455,698.00

While the total expenses are under-budget, the "Consultants and Professional Fees" category (see in attached "Schedule A") was approximately \$86,000 over budget based on costs incurred from New Jersey Office of Information Technology that resulted from major improvements to the USF/LIHEAP database system.

Staff has carefully reviewed DCA's FY 2012 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 2012 USF administrative expenditures.

The total USF program budget has increased from \$30M in 2003 to \$230M for the 2012-2013 program year due to increased enrollment. DCA's administrative expenses continue to be well under 5% 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

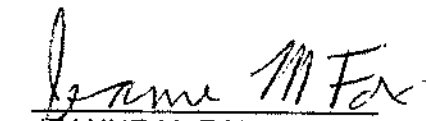
Accordingly, the Board **HEREBY FINDS** the Department of Community Affairs has adequately justified its fiscal year 2012 USF administrative cost budget expenditures in the amount of \$6,455,698.00. The Board **HEREBY AUTHORIZES** reimbursement of \$6,455,698.00 to the Department of Treasury to cover the DCA FY12 USF administrative expenses. This amount appears reasonable, subject to audit. The DCA fiscal year 2012 USF administrative cost budget summary is attached hereto as Schedule "A".

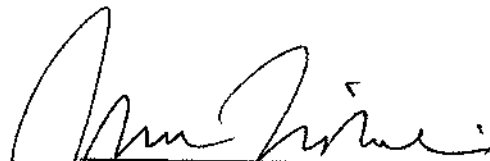
This Order will be effective on June 6, 2013.

DATED: 5/29/13

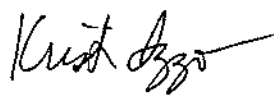
BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT

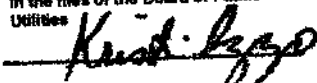

JEANNE M. FOX
COMMISSIONER


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



I/M/O THE DEPARTMENT OF COMMUNITY AFFAIRS'
STATE FISCAL YEAR 2012 UNIVERSAL SERVICE FUND
ADMINISTRATIVE COST BUDGET
DOCKET NO. EO11090525

SERVICE LIST

BPU

Kristi Izzo
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

Dennis Moran, Director
Division of Audits
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

Albert Weierman
Division of Audits
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

Peter Hilerio
Board of Public Utilities
Office of the Secretary
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

Maureen Clerc
Board of Public Utilities
Office of the Secretary
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

DCA

Jose Sanchez
Department of Community Affairs
Office of Low Income Energy Assistance
101 S. Broad Street
Post Office Box 811
Trenton, New Jersey 08624-0811

Miguel Gonzalez
Department of Community Affairs
Office of Low Income Energy Assistance
101 S. Broad Street
Post Office Box 811
Trenton, New Jersey 08624-0811

DOL

Geoffrey Gersten
Deputy Attorney General
Department of Law
124 Halsey Street
Newark, New Jersey 07102

Rate Counsel

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, New Jersey 08625

Sarah Steindel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, New Jersey 08625

Schedule A

DCA USF Budget- Expense Summary
 July 1, 2011 through June 30, 2012 Final Report

N.J. Department of Community Affairs
 Division of Housing & Community Resources
 101 S. Broad Street
 PO Box 811
 Trenton, NJ 08650
 Phone: (609) 633-8129
 Division Director: Gregory B. Vida
 Prepared By: Rita Leszcynski

Budget Categories	USF Expenditures	Budget	Balance
A. PERSONNEL AND FRINGE	\$329,012	\$388,158	\$57,146
B. CONSULTANTS AND PROFESSIONAL FEES	\$361,870	\$275,601	(\$86,269)
C. MATERIALS AND SUPPLIES	\$29,948	\$36,378	\$6,430
D. OTHER	\$318,955	\$348,486	\$29,531
DCA Subtotal Cost	\$1,039,785	\$1,048,623	\$8,838

F. Subgrantees	USF Expenditures	Budget	Balance
County Welfare Agencies (CWAs)	\$204,480	\$204,480	\$0
Community Based Organizations (CBOs)	\$5,211,433	\$5,476,033	\$264,600
Subgrantees Subtotal Cost	\$5,415,913	\$5,680,513	\$264,600

	USF Expenditures	Budget	Balance
Total Cost (DCA & Subgrantees)	\$6,455,698	\$6,727,136	\$271,438
Cost Adjustment	\$0	\$0	\$0
Open Encumbrances	\$0	\$0	\$0
Total Cost	\$6,455,698	\$6,727,136	\$271,438