



State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Honorable Louis D. Greenwald, Chair
Assembly Budget Committee
State House Annex
PO Box 068
Trenton, NJ 08625-0068

Dear Chairman Greenwald,

During the Department of Environmental Protection and the Board of Public Utilities budget hearing before the Assembly Budget Committee on Thursday, May 7, 2009 you indicated that written responses would be needed to the following questions raised by a member of the committee.

Please accept the following submission as our responses to that inquiry.

Regards,
Thomas Lynch
Legislative Liaison
NJ Board of Public Utilities

Assemblyman Coutinho :

- *Please describe the extent to which the Board of Public utilities (BPU) is monitoring energy ratepayers's need for assistance with paying their energy bills? For the last 12 months, please submit data from any indicator or measure the BPU uses to gauge the need for energy assistance, including, if applicable, the number of ratepayers who have failed to make their energy payments in full or in part.*

BPU RESPONSE: Enrollment levels in energy assistance programs can provide some level of indication regarding ratepayers' need for energy assistance. The BPU created the Universal Service Fund (USF) program in 2003 to help make electric and natural gas bills more affordable for low-income households. USF is administered by the Department of Community Affairs (DCA).

In order to be eligible for USF, the applicant must meet two requirements. The household's: 1) Total household income must be at or below 175% of the Federal Poverty Level (FPL); and 2) Energy burden

for electric and/or gas must be more than 3% of the total household income. If the household heats with electricity, electric costs must be more than 6% of household income. Also, the applicant, or applicant's spouse must have an electric or gas bill in their name.

The BPU receives regular reports from the Office of Information Technology regarding USF benefit and enrollment estimates. A comparison of reports from March 2008 and March 2009 show that enrollment has increased by almost 20 percent and the average monthly electric benefit has increased by 11 percent. The increase in enrollment may in part be due to a new screening process put into effect in November 2008 by which participants in the Lifeline and Pharmaceutical Assistance for the Aged and Disabled (PAAD) programs are automatically screened for USF eligibility. This was implemented to make access to energy assistance programs easier for seniors and the disabled.

The budgets for the USF and Lifeline program can also provide some level of indication regarding ratepayers' need for energy assistance. For the 2008-2009 USF program year, the USF budget increased by approximately \$74 million from the prior year to \$248 million. Exactly \$30 million of this \$74 million increase in the USF budget is attributable to the new screening process for Lifeline recipients. During the same period, the budget for the Lifeline program has remained constant at \$76.8 million.

In addition, the Federal Low Income Heating Assistance (LIHEAP) program's budget and enrollment can provide some level of indication regarding ratepayers' need for energy assistance. For federal fiscal year (FY) 2009, approximately \$185 million was allocated to the LIHEAP program, which is a \$77 million increase over the approximate \$108 million allocation awarded to New Jersey for federal FY 2008. Further, the average annual LIHEAP benefit in New Jersey has increased from \$325 in 2008 to \$558 in 2009.

The BPU has worked to link the USF program with its low income energy efficiency program, Comfort Partners, overseen by the Office of Clean Energy. Comfort Partners provides a free home energy audit, weatherization measures and energy conservation education to low income households (225% FPL). Comfort Partners targets high energy usage USF customers in order to increase health and safety, decrease the household energy costs and therefore decrease the household's USF subsidy which is funded by ratepayers. Comfort Partners had a 39% increase in the number of homes weatherized when comparing the first quarter of 2009 with the first quarter of 2008.

Additionally, the BPU's Office of Clean Energy oversees Home Performance with Energy Star (HPwES). Similar to Comfort Partners, HPwES provides a "whole house approach" whereby trained and certified technicians assess a home's energy needs and provides the homeowner with a report listing recommended weatherization measures. Certain financial incentives are available to help pay for the recommended improvement work. Currently the program is offering assessments to New Jersey homeowners for just \$125 (a \$300 value) and additional incentives exist for households with lower incomes.

Division of Customer Assistance

The BPU's Division of Customer Assistance has a variety of indices that can be used to measure or monitor the public's ability to pay their energy bill and the corresponding need for assistance. One of the most effective is the collection activity report that each gas and electric utility must file with the Division monthly. The reports indicate, by utility sector and company, the number of overdue accounts, discontinuance notices generated and actual accounts that have been terminated/shut off for non payment. The information provided gives Customer Assistance staff the ability to review trends, make adjustments and keep abreast of changes in collection activity by the utility companies and the resultant impact of the public.

The volume and type of calls generated by the public to the Division's Call Center is another method of monitoring the need for assistance or measuring the ability of ratepayers to meet their energy bills. Trends and developments in the number of calls, complaints and the type of assistance customers are looking for can be identified through review of the call center data.

Call Center Activity

	Apr '08 – Mar '09
* Financial Assistance Menu Calls	18,636

	Jan' 08 – Mar '08	Jan 09' – Mar '09
Financial Assistance Menu Calls	3,051	7,083

* The financial assistance menu provides brief descriptions and contact information for programs and/or agencies that offer grants and assistance to customers requiring help paying their utility bills.

Collection Activity

	Apr '08 – Mar '09
** Overdue Accounts	15,830,100
*** Discontinuance Notices	6,162,552
**** Residential Accounts Terminated	184,476

	Jan' 08 – Mar '08	Jan 09' – Mar '09
Overdue Accounts	3,777,791	4,357,824
Discontinuance Notices	1,487,010	1,734,297
Residential Accounts Terminated	38,409	21,085

** Overdue accounts consist of any residential bill that is 16 or more days in arrears.

*** Discontinuance notices are sent to residential customers in jeopardy of disconnection for nonpayment providing the customer with at least 10 days written prior notice of the utility's intention to discontinue service. This data point is an indicator of those residential accounts facing immediate and/or severe payment problems.

**** Residential accounts terminated are customers disconnected for nonpayment where the arrearage is more than \$100.00 and/or the customer's account is more than three months in arrears.