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May 14, 2014

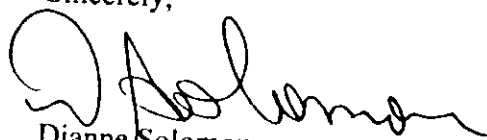
Mr. David L. Rosen, Ph.D.
Office of Legislative Services
Legislative Budget and Finance Officer
State House Annex
P.O. Box 068
Trenton, New Jersey 08625-0068

Dear Dr. Rosen:

In response to the May 8, 2014 letter from Assemblyman Gary S. Schaer that requested additional information following the Assembly Budget Committee Hearing, please find the request as well as the response from the New Jersey Board of Public Utilities listed below for your consideration.

- **The BPU's Office of Clean Energy manages the Clean Energy Program with the support of three contracted program Administrators: Applied Energy Group Inc, Honeywell International Inc, and TRC Environmental Corporation. Beginning with the calendar year 2010 program budget, please specify for each program year the administrative expenses of the Clean Energy Program, breaking out the administrative expenses of the Office of Clean Energy and of each contracted program administrator.**
- Attachment A provides the total administrative expenses for the Clean Energy Program and includes the administrative costs of the Office of Clean Energy and each of the three (3) contracted program administrators for Fiscal Years 2010 - 2014.

Sincerely,


Dianne Solomon
President

Enclosure: (1)

c: Assemblyman Gary S. Schaer, Assembly Budget Chairman
Assemblyman Declan J. O'Scanlon, Republican Budget Officer
Charlene M. Holzbaur, Office of Management and Budget
Eric D. Snyder, Department of the Treasury
Charles W. W. Hance, New Jersey Board of Public Utilities
Aaron Binder, Assembly Democratic Office
Jerry Traino, Assembly Republican Office
Thomas Koenig, Office of Legislative Services

Clean Energy Program (CEP)
Administrative Expenses
 (\$000)

	CY10	CY11	CY12	CY13	FY14
	Actual	Actual	Actual	Actual	Budget*
BPU Office of Clean Energy	\$ 1,815	\$ 2,765	\$ 3,266	\$ 2,989	\$ 3,299
Contracted Administrators:					
Honeywell	24,161	18,534	13,342	15,283	15,299
TRC	5,980	7,477	7,608	7,547	10,314
Applied Energy Group	<u>2,181</u>	<u>1,564</u>	<u>1,944</u>	<u>1,736</u>	<u>1,863</u>
Subtotal	\$ 32,321	\$ 27,574	\$ 22,895	\$ 24,566	\$ 27,476
Total Administrative Expenses	\$ 34,136	\$ 30,339	\$ 26,160	\$ 27,556	\$ 30,775

Office of Clean Energy administrative expenses include staff salaries and overhead, along with outsourced program evaluation and research.

Contracted administrative expenses include rebate processing, inspections and other quality control activities, sales and marketing, program development, and Information and Technology support. The price structure for administrative expenses consists of fixed fees in addition to per unit costs that account for annual variances in program participation. Direct rebates and incentives provided to program participants are not included in administrative expenses.

* FY14 expenses reflect budget estimates. The BPU transitioned the CEP to a fiscal year basis beginning with the FY14 Budget. Actual expenses for Fiscal Year 2014 are unavailable as of the date of this response, May 14, 2014, as the fiscal the year is incomplete.