



New Jersey Board of Public Utilities

Annual Report 2005

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President's Message

Dear Governor Jon S. Corzine,

Here at the New Jersey Board of Public Utilities, our responsibility as the State's regulatory agency is to address the age-old human needs for warmth, water, information and energy security. And, in the face of global warming, tight fuel supplies, emerging technologies and growing demands on scarce resources, we are constantly refining our role in an ever-changing world.

In 2005, we have done just that in many ways.

For two years, the BPU has helped launch the Regional Greenhouse Gas Initiative (RGGI), a seven-state effort that will stabilize and ultimately reduce CO₂ emissions in our region.

In 2005, New Jersey's Clean Energy Program proved itself more relevant than ever considering volatility of gas prices, concerns about climate change impacts and ever increasing demand for energy to fuel our economy and daily lives.

With the Public Utility Holding Company Act of 1935 set to expire in February, the Office of Clean Energy, Counsel's Office and the Energy Division created new rules to carry forward various PUHCA-like protections. The Office of the Economist also proposed rules to restrict holding companies from investing too many assets in non-utility related industries – all for the continued benefit of the ratepayer.

The BPU successfully approved two mergers, AT&T/SBC and Verizon/MCI, which reflected the increasingly competitive nature of telecommunications. With regard to energy, the Board is preparing to review the largest utilities merger proposal in history involving PSEG and Exelon. I can assure you that the Board will make the best possible decision on behalf of all New Jerseyans.

And the BPU will be the lead agency in developing a fifteen-year Energy Master Plan for the State, which is scheduled for completion in late 2007.

As your administration takes the lead in 2006, we will carry on with our best efforts in serving the ratepayers of New Jersey.

Sincerely,

Jeanne M. Fox

Meet the Commissioners

Jeanne M. Fox is President of the New Jersey Board of Public Utilities and serves as a member of the Governor's Cabinet. Governor James McGreevey appointed her to the BPU on January 15, 2002. The BPU has jurisdiction over the rates and facilities of telephone, electric, gas, water and wastewater and cable television companies and works to ensure that consumers have access to safe, reliable and efficient services at reasonable costs.

President Fox is actively involved in the National Association of Regulatory Utility Commissioners (NARUC) as a member of the Ad Hoc Committee on Critical Infrastructure and the Committee on Energy Resources and the Environment. She was appointed Chair of the National Council on Electricity Policy in July 2003.

President Fox is a former Regional Administrator of the United States Environmental Protection Agency (EPA) and Deputy Commissioner of the New Jersey Department of Environmental Protection (DEP).

President Fox has been recognized as



Jeanne M. Fox
President

one of New Jersey's 25 Women of Influence. She has also been a Visiting Distinguished Lecturer at the Bloustein School at Rutgers, the State University of New Jersey, and the Woodrow Wilson School at Princeton University. She serves on numerous boards, including the Girl Scout Council of Delaware-Raritan Inc. and the Bipartisan Coalition for Women's Appointments.

President Fox received a Bachelor's Degree from Douglass College, Rutgers, and a Juris Doctor from the Rutgers University School of Law.

Meet the Commissioners

Frederick F. Butler was sworn in as a member of the New Jersey Board of Public Utilities on March 22, 1999.

His previous work experience includes: Executive Director of the New Jersey General Assembly Democratic office; Deputy Director of the New Jersey Department of Treasury's Commission on Capital Budgeting & Planning; and Research Faculty Member of the Eagleton Institute of Politics' Center for Legislative Research and Service at Rutgers.

Commissioner Butler currently serves on the Advisory Committee of Michigan State University's Institute of Public Utilities and on the Advisory Council of New Mexico State University's Center for Public Utilities. He is a former President of the Mid Atlantic Conference of Regulatory Utility Commissioners (MACRUC) and Chairman of the National Association of Regulatory Utility Commissioners' (NARUC) International Relations Committee. He also serves as a member of NARUC's Executive Committee, Committee on Water and Ad Hoc Com-



Frederick F. Butler
Commissioner

mittee on Climate Change.

Commissioner Butler was born in Jersey City on July 7, 1946. He received a Bachelor's degree in Modern Languages and Political Science from Villanova University in 1968 and earned a Master's degree in International Relations from Johns Hopkins University's School of Advanced International Studies in 1973.

Meet the Commissioners

Connie O. Hughes was appointed by Acting Governor Donald T. DiFrancesco to the Board of Public Utilities on July 16, 2001. She was confirmed by the State Senate and sworn into office on October 3. She served as Acting President and then President from July 16, 2001, to January 15, 2002.

Commissioner Hughes is the Chairperson of the National Association of Regulatory Utility Commissioners' (NARUC) Ad Hoc Committee on Critical Infrastructure and the Middle Atlantic Conference of Regulatory Utility Commissioners' (MACRUC) Telecommunications Committee. Commissioner Hughes is also a member of the NARUC Telecommunications and International Committees and the NARUC Triennial Review Implementation Project Task Force, and she is the NARUC designee to the Department of Transportation's ES911 Wireless Task Force.

During the term of Acting Governor DiFrancesco, she was appointed as his Chief of Management and Policy



Connie O. Hughes
Commissioner

responsible for policy development and implementation throughout all executive branch agencies.

Commissioner Hughes' 25 years of public service were largely devoted to the State's Department of Labor, where she served in various management positions, including Deputy Commissioner.

Commissioner Hughes received her B.S. from East Stroudsburg University and her Master of City and Regional Planning from Rutgers.

Meet the Commissioners

Jack Alter was appointed Acting Commissioner of the New Jersey Board of Public Utilities by Governor James McGreevey, effective October 7, 2002. The State Senate confirmed Mr. Alter's permanent appointment on October 31, 2002.

For the past 14 years, Commissioner Alter has served as Mayor of Fort Lee. He also served as a member of the Fort Lee Council and Planning Board and as a Bergen County Freeholder from January 2001 to October 2002.

Commissioner Alter's years of public service follow a successful business career, which spanned three decades. In 1964, he established his own business in insurance and investment sales, which was located in Greenwich, CT; Newark, NJ; and later in Lyndhurst and Roseland, NJ. The firm, a sole proprietorship until 1984, was identified as Jack Alter & Associates. A partnership merger later increased the size and name of the firm to Alter & Godfrey, Inc.



Jack Alter
Commissioner

Commissioner Alter was a speaker and teacher with many insurance industry groups. He also served as president of the General Agents & Managers Association of Northern New Jersey from 1976 to 1977.

Commissioner Alter is a United States Army Veteran, having entered military service at the age of 18. He served in the United States Army Counterintelligence Corps. His tour of duty ended in 1947.

Major Accomplishments

RGGI Proposal of Emissions Reduction Program

For the past two years, the BPU and the Department of Environmental Protection have played a major role in drafting the details of the Regional Greenhouse Gas Initiative (RGGI). The RGGI is a coalition of seven Northeast U.S. States dedicated to the reduction of greenhouse gas emissions, which contribute to global warming. The participating States have agreed to a plan for reducing carbon dioxide (CO₂) emissions from stationary power sources through a mandatory carbon cap-and-trade program.

The RGGI process has initially focused on electric generating units (EGUs) greater than 25 MW. Allowances are the currency with which EGUs will manage to meet their capped CO₂ emission reductions. Each EGU will be assigned CO₂ allowances to cover their budgeted emissions. Another available option is the auctioning of allowances. If the EGU has more or fewer CO₂ emissions than needed, they will be able to buy or sell allowances accordingly.

The process has developed to the stage of signing of a Memorandum of Understanding among the participating States. Then, through legislation or regulation, the participating States would establish the following:

- A regional cap for CO₂;
- The individual state allocation for EGU allowances;
- The start date for the program (2009);
- The goal for stabilization of EGU CO₂ emissions through 2012;
- The goal to reduce the EGU CO₂ emissions by 10 percent by 2020; and
- The offset process that can control the overall cost.

Of particular concern to the State of New Jersey is global warming's impact on sea level rise. Sea level rise will significantly impact New Jersey's 127 miles of coastline, which, in turn, will impact environmental conditions and existing infrastructure.

Major Accomplishments

Clean Energy Program

Since New Jersey's Clean Energy Program was launched in April of 2001, Program activities have resulted in lifetime energy savings of over 14 million MWh of electricity, 38 million Dtherms of natural gas and 788,000 MWh of renewable generation. The Program's efforts have also reduced electric demand by 450 MW, eliminating the need to site, construct and operate a mid-sized power plant. All the while, the Clean Energy Program has continued to strengthen the economy, reduce pollution and the release of greenhouse gas emissions and lower electricity demand and costs.

Electric energy savings and renewable energy generation grew by over 22 percent and natural gas savings grew by over 42 percent in the past year alone. The Clean Energy Program's 2005 accomplishments also include the following:

- 27,510 residential customers received rebates for the purchase of high efficiency heating and cooling equipment, which will reduce their energy usage and costs;
- 8,009 new homes were built and certified to New Jersey ENERGY STAR Home standards, representing over 20 percent of all new homes in New Jersey;
- Over 1.2 million high efficiency compact fluorescent bulbs and fixtures were distributed through New Jersey retailers. These high efficiency lights and fixtures use two-thirds less energy and last up to 10 times longer than standard incandescent light bulbs;
- 6,403 low-income homes received energy efficient improvements at no cost to the customer, thus ensuring continued savings and greater affordability;
- Rebates were paid for 2,387 commercial energy efficiency projects, helping businesses reduce their energy costs while improving profitability;
- 496 schools, businesses and residents installed solar electric or other renewable energy systems that will generate clean, emission-free electricity and reduce energy costs for years to come; and
- 4,850 trees were planted through the *Cool Cities* program managed by the New Jersey Department of Environmental Protection (DEP). Shading from

Major Accomplishments

these trees will reduce cooling loads in cities by reducing the “heat island” effect.

Please reference New Jersey’s Clean Energy Program 2005 *Annual Report* for a full account of programs, updates and achievements.

Efforts to Continue PUHCA-like Protections

On August 8th, President George W. Bush signed into law the Energy Policy Act of 2005 (EPAAct). Among other things, Section 1263 of the EPAAct provided for the repeal of the Public Utility Holding Company Act of 1935 (PUHCA), effective six months after enactment. PUHCA provided significant protections for the ratepayers of the State of New Jersey, including, but not limited to, restrictions on the ability of public utility holding companies to diversify into other businesses unrelated to the provision of safe, adequate and proper utility service.

Although the EPAAct provides enhanced scrutiny to the Federal Energy Regulatory Commission (FERC) and to the States with respect to access to holding company books and records wherever located (Sections 1261–1277), the States are, for the most part, responsible for establishing adequate ring-fencing mechanisms to continue PUHCA-like protections. New State-level protections would, in turn, ensure that regulated affiliates are not improperly exposed to business risks taken by the holding company and/or affiliates.

In accordance with Section 1272 of the EPAAct, FERC is currently engaged in a rulemaking process that will likely consider issues related to utility corporate structure, utility relationships with affiliates, utility financing, dividends and access to books and records. Although included in the inquiry, FERC’s rulemaking process is not primarily focused on protecting States from investment by parent holding companies of utilities in non-utility businesses. Such investment may lead to ratepayer subsidies of non-utility services, distraction of utility management, and increases in the utility’s cost of capital.

Major Accomplishments

The new rule proposed by the BPU is designed to address diversification concerns by requiring that all non-utility associates in a public utility holding company system not exceed 25 percent of the consolidated assets of all public utilities and utility associates in a public utility holding company system. It is also intended to address concerns about protecting the viability and integrity of New Jersey's public utilities from potential abuses by parent holding companies.

Helped to Retain Telecommunications Jobs in New Jersey

In March, the BPU worked with the Office of the Governor to ensure that Verizon relocated their Operations Center to New Jersey, which secured a phase-in of about 2,800 jobs over 18 months (1,000 of which were already based in the State).

Completed Reviews of the AT&T/SBC and Verizon/MCI Mergers

Reflecting the evolving nature of the telecommunications industry, the BPU successfully completed reviews and issued its approvals in two major telecommunications mergers this year: AT&T/SBC and Verizon/MCI.

In the AT&T/SBC proceeding, the BPU worked with the Office of the Governor to secure commitments to retain several critical business units in New Jersey. Maintenance of these operations in New Jersey is expected to help mitigate further losses of telecommunications jobs and enhance the economy of the State. In the case of Verizon/MCI, the new entity's decision to locate its worldwide operations center in Basking Ridge was of particular benefit to the State.

Major Accomplishments

Inspected Utility Security Best Practices Statewide, Obtained Grant Awards and Participated in Large-Scale Recovery Planning

The BPU is responsible for Homeland Security Best Practices of the critical electric, natural gas, water and telecommunications sectors. The Board was the first State agency to develop and complete the Best Practices Documents and record their application. This plan has been presented as a national model; as such, the BPU has provided training to other State utility commissions. President Fox and select Board Staff actively participate as members of the New Jersey Domestic Security Preparedness Task Force.

The BPU was instrumental in obtaining approximately \$450,000 in grants from the U.S. Department of Homeland Security for the Urban Areas Security Initiative (UASI) to foster preparedness and security for critical utility services in the Greater Newark area. The BPU was also awarded over \$50,000 in federal funding for the BPU's Best Security Practices Inspection program assessing critical infrastructure protection. Board Staff has inspected virtually all critical utility sites in the State in an effort to help these industries plan better for the future.

The BPU is also actively participating in and contributing to Statewide efforts on hurricane preparedness, pandemic, and major large-scale recovery planning initiatives with the Office of Homeland Security and Preparedness and other State agencies.

Division of Customer Assistance Collected Fines and Saved Customers Money

The Division's Bureau of Customer Relations secured consumer savings in excess of \$968,000. The Bureau of Investigations, which is also located within the Division of Customer Assistance, settled more than 250 complaints of slamming and collected nearly \$540,525 in fines for violations involving five companies. In addition, the Bureau received another 226 billing complaints and saved New Jersey con-

Major Accomplishments

sumers over \$150,000 through contact with telephone carriers on behalf of customers.

Initiated Preparations of a Comprehensive Energy Master Plan

The BPU will be the lead agency in developing a fifteen-year Energy Master Plan (EMP) for the State of New Jersey. Various other departments and agencies will participate in the process, including Agriculture, Commerce, Community Affairs, Environmental Protection, Health and Senior Services, Human Services, Transportation and the Treasury. The most recent EMP was published in 1991 and later updated in 1995, although the Plan focused primarily on introducing wholesale competition into the electricity markets.

The EMP will address three primary goals:

- To provide secure, safe, and reasonably priced energy supplies and services;
- To encourage economic growth; and
- To protect the environment.

A straw draft is being developed with the assistance of the Center for Energy, Economic and Environmental Policy (CEEEP) at the Edward J. Bloustein School of Planning and Public Policy and will be shared with Staff from the participating departments and agencies before year's end.

The straw draft, which is meant to contain specific objectives to be achieved at defined intervals, will be released for public input following feedback from department and agency heads. Thereafter, the means to achieve the objectives will be developed and again reviewed by the standing committee and then the public. The goal is to have a final draft completed by the end of 2006.

Division & Office Functions

Division of Administration

Chicqueta Britton-Nutt, Director

Telephone: (973) 648-2287

Fax: (973) 877-1168

The Division of Administration is comprised of five units that provide services for BPU staff.

The Office of Human Resources is responsible for human resource management, which includes: processing all personnel actions; recruitment; orientations; reclassifications; transfers; reassignments; and retirements. Additionally, the Office manages all benefits activities including: health; dental; vision; and prescription plans for employees.

The Employee Relations Unit oversees counseling, labor relations, employee incentive programs and security issues. The Unit also assists management in PAR activity, administers civil service regulations and proposes policies and procedures relating to the workplace.

The Office Services Unit provides broad based facility support to the Board. Areas of responsibility include the print shop operation, incoming/outgoing mailroom functions, message and courier service, distribution of office supplies and maintenance of the stock room. The Unit also provides support in managing the Board's assigned vehicles, parking passes, installation and relocation of telephone equipment and inter-office moves.

The Equal Employment Opportunity and Affirmative Action Program (EEO/AA) is administered by the EEO/AA Officer, who reports to the Division Director.

Nursing Services provides first aid and immediate medical care for BPU employees.

Division & Office Functions

Division of Audits

Walter Szymanski, *Director*

Telephone: (973) 648-4622

Fax: (973) 648-2848

Pursuant to statute, the Division of Audits is empowered by the Board to examine and audit duly designated public utilities and other regulated entities subject to the Board's jurisdiction. The Division consists of two Bureaus that report to the Director.

Bureau of Financial Audits — Pursuant to N.J.S.A. 48:2-16.1 and 48:2-16.2, the Bureau of Financial Audits performs audits of utilities and other regulated entities subject to the Board's jurisdiction. Examples of financial audits performed include: utility construction programs, gas contracts, tariff compliance, energy efficiency and renewable energy programs, as well as audits of other regulated entities subject to the Board's jurisdiction such as New Jersey One Call.

As needed, the Bureau provides assistance to other State agencies such as the Division of Criminal Justice and the Department of Environmental Protection, as well as other Federal and local law enforcement agencies, in investigations relating to public utilities and other regulated entities subject to the Board's jurisdiction.

In addition to its audit responsibilities, the Bureau performs other services for the Board:

- Maintains and reviews annual reports filed by all New Jersey public utilities;
- Bears responsibility for the Board's Annual Assessment program pursuant to P.L. 1968, c. 173 (C.48:2-59), which authorizes the Board to assess its costs of regulation against the utilities it regulates, subject to a maximum assessment percentage; and
- Bears responsibility for the Board's licensing of third party energy suppliers, energy agents and private aggregators and for issuing authority for telecommunications Competitive Local Exchange Carriers (CLECs) to provide interexchange telecommunications services within the State.

Division & Office Functions

Bureau of Audits of Management Audits — Pursuant to statute (N.J.S.A. 48:2-16.4), the Bureau of Management Audits reviews the operations and management of energy utilities during a specific time frame with the goal of seeking efficiency and accountability of actions in order to assure safe, adequate and proper service. The management audit goal of efficiency reflects endeavors to improve the future operations and management of the utility. The management audit staff has investigated and recommended courses of action to the Board on restructuring, electric outages, gas explosions, “Y2K,” compliance reviews, reliability of service, generation, One Call, competitive services, affiliate relations and telephone finance integrity.

Under the Electric Discount and Energy Competition Act (EDECA), both Bureaus participate in the performance of competitive service compliance reviews for the electric and gas utilities every two years. These reviews are to be performed by an independent consulting firm under the direct supervision of staff.

Division of Customer Assistance

Kent Papsun, Director

Telephone: (973) 648-4436

Fax: (973) 648-2836

The Division of Customer Assistance consists of the Bureau of Customer Relations, the Research and Planning Unit and the Bureau of Investigations.

The Bureau of Customer Relations mediates disputes between utilities and customers over such matters as service complaints, high bills, payment arrangements, and discontinuance of service, deposit requests and incorrect rates.

The Bureau’s verbal complaint unit is responsible for handling thousands of phone calls annually. These include: emergency calls concerning gas leaks; fallen wires and water main breaks, as well as lack-of-service complaints; service delays; appliance repairs; discontinuance of service; and payment arrangement mediation. The Bureau also conducts many office interviews with utility customers who prefer to deal with BPU Customer Representatives in person.

Division & Office Functions

Additionally, the Bureau contains a letter-writing unit, which investigates billing and service complaints. After investigations, the unit issues an informal decision that reflects the disposition of the matter at hand. The Bureau is also responsible for tracking the number of complaints received in order to identify areas of concern, and the Division, in turn, recommends corrective action to the BPU Commissioners if necessary.

The Research and Planning Unit is responsible for research and planning functions within the Division. It provides support to the Division Director in conducting special projects, surveys and studies. Staff also participates in rule making, rate case issues and tariff revisions and provides assistance and consultation to other Divisions of the Board.

The Bureau of Investigations handles telephone slamming complaints, as per P.L. 1998 c. 82. This legislation requires the State to “opt-in” to the Federal Communications Commissions’ State Referral Program and therefore handles all New Jersey slamming complaints that were previously referred to the FCC. Some of these complaints are handled in conjunction with the Division of Consumer Affairs to identify the chronic abusers. The Bureau of Investigations also handles other investigations as assigned.

Division of Energy

Nusha Wyner, *Director*

Telephone: (973) 648-3621

Fax: (973) 648-2467

The Division of Energy is responsible for traditional regulatory responsibilities associated with the natural gas and electric industries, in addition to the evolutionary facets of deregulation and retail competition. With the enactment of the Electric Discount and Energy Competition Act (EDECA), the Division’s responsibilities have significantly increased and changed as it fosters full electric and natural gas retail competition in New Jersey.

Division & Office Functions

The Division is comprised of four distinct bureaus. The Division also has three newly created “Issues Manager” positions to provide additional expertise in matters concerning: 1) federal energy initiatives and FERC/PJM interaction; 2) rate design, revenue requirements and market development; and 3) renewable energy technologies.

The Bureau of Revenue Requirements performs traditional rate-related functions associated with determining revenue requirements, setting rates, and addressing tax issues. These functions encompass base rate cases, various adjustment clauses and depreciation matters. With retail competition, these functions are changing to meet the needs of a reconfigured energy environment in areas such as societal benefits charges and market transition costs.

The Bureau of Rates and Tariffs comprises the key functions associated with cost of service studies, unbundling of tariffs, alternate plans of regulation, rate and tariff design, mergers and acquisitions, competitive services, stranded costs, appliance service offerings and affiliate relations. The Bureau will also be addressing major changes in the electric and gas industries, ongoing review of unbundled rates, deferred balances for electric utilities and cost of service studies for all seven energy utilities.

The Bureau of Market Development and System Reliability oversees industry restructuring issues, policy design, development of EDECA-mandated energy standards, environmental disclosure requirements and federal/PJM Interconnection and regional transmission matters. Market development includes basic generation supply, basic gas supply service, customer account services and the monitoring of customers changing energy suppliers. Another major role of the Bureau is to coordinate the efforts of working groups to facilitate utility transition to open competition. System Reliability includes regulatory oversight associated with the provision of safe, adequate and reliable electric and natural gas service.

Division & Office Functions

Division of Reliability and Security

James Giuliano, Director

Telephone: (973) 648-3875

Fax: (973) 648-2242

The Bureau of Emergency Management handles emergency response matters related to water, sewer, electric and gas utilities. Additionally, the Bureau is tasked with oversight of each utility industry sector's security obligations in accordance with the Domestic Security Preparedness Act, the Attorney General's Office, the State Office of Emergency Management and the Office of Counter Terrorism. President Fox is an active participant on the Domestic Security Preparedness Task Force (DSPTF), and Staff works with the associated Infrastructure Advisory Committee (IAC) and other planning groups. Almost all aspects of the government and private sector preparedness, response and recovery are interdependent upon essential utility services, which make crucial the Board's emphasis on reliability and security. Bureau Staff has worked with each utility sector to craft Best Practices, including operational measures linked to each alert level of the Homeland Security Alert System. Staff is also participating in various exercises and training programs to address utility preparedness and reliability. The National Association of Regulatory Utility Commissioners (NARUC) recognized New Jersey's leadership in this area by appointing Commissioner Connie Hughes chair of their Ad Hoc Committee on Critical Infrastructure (on which President Fox also serves).

The Bureau of Pipeline Safety (BPS) administers a major safety and enforcement program for natural gas pipeline systems within the State of New Jersey. The BPS oversees the State's natural gas pipeline safety program in accordance with State and federal guidelines, as well as the U.S. Department of Transportation/Office of Pipeline Safety (OPS) certification requirements. This includes a comprehensive inspection and compliance review of all intrastate gas pipeline systems. Further, the Bureau is responsible for accident investigations, effective rulemaking, national regulatory committee involvement and providing support and data for Divisional policy matters and related enforcement. The Bureau participates with the OPS in the review of proposed legislation developed in response to Federal mandates.

Division & Office Functions

The Bureau of Meter Tests and One Call administers the Underground Facility Protection Act (One Call Law), a major safety and enforcement program. At a time when New Jersey is experiencing significant construction activity, the One Call enforcement program continues to experience an increase in the use of the one-call system by excavators (with a decrease in the occurrences of hits to underground facilities).

Strong efforts directed toward public outreach and education, which include updates to our Excavator Handbook for Damage Prevention, continue to lead the activities of this unit.

Division of Telecommunications

Anthony Centrella, Director

Telephone: (973) 648-7865

Fax: (974) 624-9453

The Division of Telecommunications oversees the performance of the telephone companies under the Board's jurisdiction. The Division is comprised of three Bureaus: 1) Competitive Services and Mergers; 2) Policy and Planning; and 3) Technical Development and Deployment.

The Bureau of Competitive Services and Mergers executes the Board's regulatory policies for the implementation of local phone competition. It monitors the overall development of local exchange competition in New Jersey and conducts inter-carrier coordination activities.

The Bureau of Policy and Planning develops regulatory practices and rules to ensure the availability of universal telephone services at affordable rates.

The Bureau of Technical Development and Deployment examines the facilities deployment of telephone companies and ensures that the companies provide reliable, safe and high-quality service to consumers at reasonable prices, terms and conditions.

Division & Office Functions

Division of Water and Wastewater

Michael Gallagher, Director

Telephone: (973) 648-3595

Fax: (973) 877-1167

The Division of Water and Wastewater bears primary responsibility for ensuring that safe, adequate and reliable water and wastewater service is available to the customers of New Jersey's 47 investor-owned water companies, 20 sewer companies and 10 municipal water companies at reasonable costs. In accomplishing its mission, the Division evaluates the financial implications and impact of health and environmental regulations on rates and the economic viability of the investor-owned water and wastewater utilities subject to the BPU's jurisdiction. The Division regularly deals with issues such as: establishing rates; assessment of water and wastewater infrastructure needs and costs; assuring a safe and reliable water supply; droughts; smart growth impacts on water and wastewater costs and availability; water reuse; depletion of aquifers; service interruptions; terms and conditions of water and wastewater service and management; and conservation initiatives.

The historically quiet water industry regulated by the BPU has been thrust into significantly changing markets requiring a strategic regulatory response due to the enactment of the State's Water Supply Public/Private Contracting Act (N.J.S.A. 58:26-19). Pursuant to this Act, a significant number of the State's municipal water systems are being privatized by subsidiaries of water purveyors regulated by the Board. The Division has a lead role in ensuring that these privatized efforts result in fair and equitable rates for the privatized municipal systems.

Office of Cable Television

Celeste Fasone, Director

Telephone: (973) 648-3272

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The Office of Cable Television (OCTV) regulates basic cable television rates and

Division & Office Functions

other cable services supplied by 38 cable TV systems to over 2.5 million subscribers throughout New Jersey. The OCTV also includes a Bureau of Accounts and a Bureau of Technical Services & Enforcement.

The Bureau of Accounts reviews sales, transfers, mergers and consolidations proposed by the various cable companies operating in New Jersey. Pursuant to the Federal Cable Act of 1992, the Bureau regulates the rates charged for basic service and equipment by five multi-system owners offering service within the State.

The Bureau of Technical Services & Enforcement reviews operational and technical plans submitted by the companies and assures that they are in compliance with State and Federal law and the terms and conditions set forth in their Certificates of Approval. Bureau staff also handles customer relations and rule enforcement in such matters as billing, service complaints, disconnections and property restoration.

A State and Local Planning Unit, which oversees franchising and re-franchising for New Jersey's 562 municipalities, completes the OCTV's structure.

Office of the Chief of Staff

Lance R. Miller, Chief of Staff

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The Chief of Staff assists the President with the day-to-day management of the agency. The administrative, planning, financial, communications, legislative, clean energy and information technology units report directly to the Chief of Staff.

The Chief of Staff reviews all activities and work products of the above-noted units to ensure that they are correct and in compliance with existing regulatory requirements and established Board policy. The Chief of Staff also serves as a chief policy advisor to the Board and frequently represents the President and other Commissioners at meetings with members of the public or with representatives of various governmental and industry groups.

Division & Office Functions

Office of Clean Energy

Michael Winka, *Manager*

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The Office of Clean Energy (OCE) has the responsibility of implementing energy efficiency and renewable energy programs, as well as program design, administration, monitoring and evaluation. The OCE administers a grid supply renewable energy program and an infrastructure development program. Additionally, the OCE administers federally funded energy conservation loans and grants, renewable energy demonstration projects, alternative fuels programs, emerging technologies and public awareness programs.

New Jersey's Clean Energy Program, administered by the OCE, is a signature initiative of the Board. The Clean Energy Program is a statewide program that targets millions of dollars each year toward technologies that save electricity and natural gas and increase the amount of electricity generated from clean, renewable resources. The Program was created as part of the New Jersey Electric Discount and Energy Competition Act (EDECA) with the objective of transforming the energy marketplace in New Jersey for energy efficiency and renewable energy technologies in a deregulated environment.

Office of Communications

Doyal Siddell, *Director*

Telephone: (973) 648-2595

Fax: (973) 648-8514

The Office of Communications is responsible for informing the public of Board decisions, meetings and activities. It culls information from various Divisions in order to respond to the media, general public, utility customers, the Legislature and local, State and Federal government officials and agencies. The Office of Communications oversees the development and implementation of the Board's statewide energy

Division & Office Functions

deregulation consumer education program.

The Office of Communications also coordinates the Board's participation with various consumer groups, neighborhood associations and private and public organizations to help educate the public about utility issues and how to make informed decisions in the newly deregulated energy market. It is also responsible for updating, designing, and monitoring the Board's website.

Office of Chief Counsel

Suzanne Patnaude, *Chief Counsel*

Telephone: (973) 648-3858

Fax: (973) 648-2209

The BPU's in-house legal unit is staffed by New Jersey-licensed attorneys and administrative support employees. Legal Specialists provide regulatory and administrative expertise regarding any matters brought before the Board. Members of the legal staff assist in coordinating requests for legal advice from the Office of the Attorney General; provide guidance as to the nature and substance of the various statutes and regulations covering the responsibilities of the BPU; serve as hearing officers (as required); facilitate settlement discussions conducted by the Board's technical divisions; draft proposed regulations, legislation and amendments in accordance with the policy objectives established by the Board; assist in drafting Board Orders; and provide support as requested by the Office of the Attorney General.

Office of the Chief Economist

Mark Beyer, *Chief Economist*

Telephone: (973) 648-3414

Fax: (973) 648-4410

The Office of the Chief Economist advises the Board on policy issues and financial matters. It is responsible for analyzing and recommending action on cost-of-capital

Division & Office Functions

issues in traditional rates cases, evaluating utility requests to sell securities and assessing utility merger and acquisition proposals. The Office works with other technical Divisions to evaluate how proposed alternatives to traditional rate-base/rate-of-return regulation could impact ratepayers. It also evaluates a utility's financial structure and ability to fulfill regulatory obligations.

The Office monitors financial, capital and credit markets, providing the Board with overviews of how activity in these markets will affect specific matters before the Board.

The Office also analyzes issues of regulatory reform, tax policy, utility industry restructuring, stranded assets and expanding competition in previously monopolistic utility sectors.

Office of the Executive Director

Victor Fortkiewicz, *Executive Director*

Telephone: (973) 648-4852

Fax: (973) 648-2409

The Executive Director oversees the activities of the Office of Cable Television and the Divisions of Audits, Energy, Telecommunications, Reliability and Security and Water and Wastewater. The Executive Director reviews all activities and work products of the above noted Divisions to ensure that they are technically correct and in compliance with the existing regulatory criteria and established BPU policy. The Executive Director serves as a chief policy advisor to the BPU and is ultimately responsible for all technical staff policy recommendations to the BPU.

The Executive Director often represents the BPU in meetings with other State departments, the Governor's Office staff and the legislature, which includes providing testimony at legislative hearings. The Executive Director often acts as a spokesperson for the BPU in responding to press inquiries and in meetings with editorial boards.

Division & Office Functions

The Executive Director is responsible for the overall management of the agency's technical Divisions. In addition to the policy development responsibilities, the Executive Director is responsible for hiring decisions, training and cross training, managing workload and the development of employee enhancement programs.

Office of Information Technology

Wilma Hoggard, *Director*

Telephone: (973) 648-3434

Fax: (973) 648-7968

The Division of Information Technology (IT) provides technical support to each Division of the BPU. Responsibilities include but are not limited to: Word & data processing solutions; data communications; database applications; networking solutions; and WEB interfacing applications. This requires analysis of each Division's specific computer hardware and software requirements and any accompanying design, development, procurement and implementation. A key goal of IT is to develop and implement procedures and guidelines in order to enhance data integrity, system maintenance, reliability and security for the Board. As such, the Division is responsible for establishing and administering a contingency plan to ensure continuity of operation.

IT provides support and assistance to the Board's end-users in the use of computer systems through Help Desk and desktop (PC) support. Appropriate application education is provided to technical staff and end-users. IT also advises senior management on emerging technologies that will enhance their ability to make informed business decisions.

In addition, IT is responsible for the hardware and software integration necessary to promote anytime, anywhere communication. This is facilitated through data sharing between wired, wireless and voice mail systems.

Division & Office Functions

Office of the Secretary

Kristi Izzo, Secretary

Telephone: (973) 648-3426

Fax: (973) 648-2409

In accordance with N.J.S.A. 48:2-4, the Secretary of the BPU is charged with the duty to “keep full correct minutes of all transactions and proceedings of the Board” and to be “the official reporter of said proceedings.” In addition to these statutory responsibilities, the Secretary is responsible for managing the Board’s biweekly agenda process and serves as the BPU’s Records Custodian to ensure compliance with the Open Public Records Act. Finally, the Secretary also oversees all record management activities and the handling of all constituent inquiries. To aid the Secretary in performing these functions, the office includes the following units: Agenda Control, Case Management and Customer Assistance.