



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/

CLEAN ENERGY

IN THE MATTER OF COMPREHENSIVE ENERGY)	ORDER
EFFICIENCY AND RENEWABLE ENERGY RESOURCE)	
ANALYSIS FOR THE YEARS 2009 -2012: 2001 – 2009)	
NEW JERSEY CLEAN ENERGY PROGRAM)	
FUNDING RECONCILIATION)	DOCKET NO. EO07030203

Parties of Record:

John Mortenson, Esq., Withum Smith & Brown

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities ("Board") at its September 13, 2012 public agenda meeting, where the Board considered a Clean Energy Program Funding Reconciliation report prepared by WithamSmith+Brown PC ("WSB"), certified public accountants.

In June of 2006, at the request of the Board, New Jersey Department of Treasury ("Treasury" or "Fiscal Agent") issued a Request for Proposals (RFP) to solicit bids to engage a contractor to perform a Funding Reconciliation of Board ordered New Jersey's Clean Energy Program ("NJCEP") funds collected from electric and natural gas utility (collectively referred to as "the Utilities") customers for the calendar years 2001 through 2005. The purpose of the funding reconciliation was to ensure that all funds were properly accounted for such that program expenses plus available cash equals the funding levels directed by the Board plus any interest earned. A contract to provide these services was awarded by Treasury to McEnerney, Brady and Company ("MBC"), certified public accountants.

To ensure that all funds are properly accounted for, MBC was required to compile information concerning funding levels and expenses, and reconcile the five-year funding levels and expenses to the New Jersey Comprehensive Financial Systems ("NJCFSS") balance for this account. MBC was not asked to perform an audit because, pursuant to N.J.S.A. 52:24-4, audits of state departments and agencies are performed by the New Jersey State Auditor.

MBC issued its final Funding Reconciliation report for the years 2001 through 2005 in July 2009. In November of 2008, again at the request of the Board, Treasury engaged WSB to prepare a reconciliation report for the years 2006 and 2007. In January 2010, also at the Board's request, Treasury issued a revised contract to WSB that modified the scope of work to include the years 2008 and 2009.

On February 4, 2011, WSB submitted an initial draft of the 2001 through 2009 Funding Reconciliation report to the Board's Office of Clean Energy ("OCE"). This draft included the reconciliation done by MBC for 2001-2005 as well as the reconciliations performed by WSB for the years 2006 through 2009. WSB determined balances for each entity as of December 31, 2009. The Utility balances were adjusted to reflect payments to the New Jersey Clean Energy Trust Fund for the months of November and December 2009 that were made in January or February 2010. On February 7, 2011 the OCE circulated the draft WSB report to Treasury and the Utilities and asked each entity to review and provide comments on the cash balances determined by WSB.

WSB held meetings with several entities about its findings and made revisions to the draft report based on those discussions. On September 22, 2011 a revised draft report was submitted to the OCE. All of the Utilities reviewed the September 22nd draft and have indicated to the OCE that the balances in the revised draft Funding Reconciliation report are accurate. By letter dated January 26, 2012, WSB submitted its final report.

The table below shows the adjusted balance as of December 31, 2009 for each utility (a negative amount is a credit owed to the utility, a positive amount is a balance owed by the utility):

Adjusted NJCEP Funding Balance as of December 31, 2009

Utility	Reconciliation Report Adjusted Balance as of 12/31/09
Atlantic City Electric	\$0.00
Jersey Central Power and Light	\$0.00
Public Service Electric and Gas (Electric)	(\$412,433.00)
Rockland Electric Company	(\$1,077,787.00)
New Jersey Natural Gas	\$270.00
Elizabethtown Gas	\$340,082.00
Public Service Electric and Gas (Gas)	(\$599,982.00)
South Jersey Gas	\$1,709.00
Total	(\$1,748,141.00)

As shown in the table above, for two utilities, Atlantic City Electric Company and Jersey Central Power and Light Company, no adjustment to the amount due to the Fiscal Agent is required.

The adjusted balance shows that three utilities under reported expenses for the period as follows:

- Public Service Electric and Gas (Electric): \$412,433.00
- Public Service Electric and Gas (Gas): \$599,982.00
- Rockland Electric Company: \$1,077,787.00

These utilities are entitled to a credit to the amount due to the fiscal agent in the amount shown above.

The adjusted balance shows that three utilities over reported expenses for the period as follows:

- Elizabethtown Gas: \$340,082.00
- New Jersey Natural Gas: \$270.00
- South Jersey Gas: \$1,709.00

These utilities over reported expenses and are required to make an additional payment to the fiscal agent in the amount shown above.

The WSB Funding Reconciliation report also addressed NJCEP programs managed by state entities. During the period January 1, 2001 through December 31, 2009 certain programs were managed by the New Jersey Department of Community Affairs ("DCA"), the New Jersey Department of Environmental Protection ("DEP") and the New Jersey Economic Development Authority ("EDA"). DCA and DEP were reimbursed for expenses related to Board approved programs based upon invoices submitted to the NJCEP. For EDA, NJCEP funds were forwarded to and held in reserve by EDA for future program expenses. EDA expenses were then charged against the funds held in reserve.

For EDA, the balance calculated by WSB reconciles with the funds held in reserve shown in EDA reports to the Board. For DEP, the adjusted balance shows that DEP incurred expenses in excess of the amount it invoiced the NJCEP. DEP is not entitled to any additional NJCEP funds because the level of funds was capped by the Board approved budget. Therefore, no adjustment to the balance is required for DEP or EDA.

The balance calculated by WSB shows that DCA invoiced and was paid \$237,481 more than the expenses reported to WSB. Staff recommends that the Board authorize Staff to contact DCA for reimbursement to the NJCEP Trust Fund for the amount it was paid in excess of reported expenses.

OCE Recommendation

By Order dated September 30, 2008, Docket No. EO07030203, the Board approved a schedule of monthly payments due to the Fiscal Agent from each utility for the years 2009 through 2012. Staff recommends that the payments to the Fiscal Agent previously approved by the Board in

this Order be adjusted, as discussed below, to reflect the credits or additional payments determined by WSB.

No adjustment to future payments to the fiscal agent is required for Atlantic City Electric Company or Jersey Central Power and Light Company. The adjusted balance as of December 31, 2009 shows that three utilities, Public Service Electric and Gas Company (Electric), Public Service Electric and Gas Company (Gas), and Rockland Electric Company, under reported expenses for this period and are therefore entitled to a credit to the payments made to the Fiscal Agent. Staff recommends that for these utilities, NJCEP expenses reported for the first month following the date of this Order be increased by the amount shown in the table above.

The adjusted balance as of December 31, 2009 shows that three utilities, Elizabethtown Gas Company, New Jersey Natural Gas Company, and South Jersey Gas Company over reported expenses and therefore are required to make an additional payment to the fiscal agent in an amount shown in the table above. Staff recommends that for these utilities, NJCEP expenses reported for the first month following the date of this Order be decreased by the amount shown in the table above.

Based on the above, Staff recommends that the Board accept the Funding Reconciliation report for the period January 1, 2001 through December 31, 2009 prepared by WSB. Further, Staff recommends that the Board authorize Staff to adjust future payments to the Fiscal Agent as set out above. Concerning overpayment to DCA, Staff requests permission to contact DCA for reimbursement of the excess expenses.

DISCUSSION AND FINDINGS

A Funding Reconciliation report was prepared by MBC, and updated by WSB, both certified public accountants. The Funding Reconciliation report reconciled expenses reported by the Utilities for the purpose of calculating payments due to the Fiscal Agent with the expenses recorded in each utility's financial system. The report shows three utilities under reported expenses and three utilities over reported expenses for the period 2001 - 2009, creating the need to adjust payments to the Fiscal Agent.

Each utility has reported to Staff that it agrees with the balances shown in the Funding Reconciliation report. Staff has reviewed the report and recommends that the Board accept the report and direct the Utilities to adjust future payments to the Fiscal Agent to reflect the balances shown in the WSB report.

Therefore, based on the above, the Board has reviewed the Funding Reconciliation report and concurs with Staff's recommendations. The Board **HEREBY ACCEPTS** the Funding Reconciliation report prepared by WSB dated January 26, 2012 and directs Staff to post the report on the NJCEP web site. The Board **HEREBY AUTHORIZES** the OCE to adjust the payments to the Fiscal Agent approved by the Board by Order dated September 30, 2008,

Docket No. EO07030203, as set out above, and to contact DCA for reimbursement of the overpayments described above.¹

DATED: 9/13/12

BOARD OF PUBLIC UTILITIES
BY:

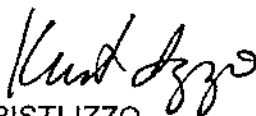

ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER

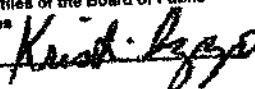

JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
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



¹ By Order dated December 20, 2011, Docket Nos. EO07030203 and EO11100631V, the Board adjusted the 2012 NJCEP budgets to reflect the revised expenses included in WSB's reconciliation report. Therefore, no further adjustments to the NJCEP budget are required.

SERVICE LIST

Ms. Marisa Staten, DAG
Division of Law
Department of Law and Public Safety
124 Halsey Street
Newark, New Jersey, 07101

Mr. Michael Ambrosio
Applied Energy Group
317 George Street, Suite 305
New Brunswick, NJ 08901

Joe Gennello
Honeywell Utility Solutions
5 East Stow Road, Suite E
Marlton, NJ 08053

Diane M. Zukas
TRC Energy Solutions
900 Route 9 North, Suite 404
Woodbridge, NJ 07095

Rachel Boylan
Legal Specialist
State of NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Michael Winka
Director, Office of Clean Energy
State of NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

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

John Mortenson, Esq.
Withum Smith & Brown
One Spring Street
New Brunswick, NJ 08901

jmortenson@withum.com

Mona Mosser
Bureau Chief, Office of Clean Energy
State of NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Allison E. Mitchell
Administrative Analyst, Office of Clean
Energy
State of NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Benjamin S. Hunter
Renewable Energy Program Admin., OCE
State of NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-035