

LEGISLATIVE FISCAL ESTIMATE
[Second Reprint]
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 2129
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: MAY 16, 2019

SUMMARY

Synopsis: Directs certain unclaimed electric and gas utility deposits in Unclaimed Utility Deposits Trust Fund and societal charge revenues be paid to Statewide nonprofit energy assistance organizations designated by BPU.

Type of Impact: One-Time Reallocation of Dedicated State Resources and One-Time State Cost Increase.

Agencies Affected: Board of Public Utilities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2021</u>
One-Time Reallocation of Dedicated State Resources	\$2,500,000	\$0
One-Time State Cost Increase	Indeterminate	Indeterminate

- The Office of Legislative Services (OLS) determines that this bill will reallocate \$2.5 million in State resources from dedicated Board of Public Utilities (BPU) accounts funded with revenues from the societal benefits charge (SBC) to a Statewide non-profit energy assistance organization designated by the BPU, exclusively for the payment of expenses to restore electric and gas public utility service or to prevent the termination of service for ratepayers.
- The OLS assumes that, absent this bill, the \$2.5 million would be spent on the purposes of each dedicated account either in FY 2020 or in a subsequent fiscal year. The OLS assumes further that the bill will not alter SBC rates because SBC-funded BPU program accounts are anticipated to carry FY 2020 year-end closing balances greater than \$2.5 million.
- The BPU will also face an indeterminate cost to prepare a report evaluating State utility assistance programs, best practices in other states, and potential improvements to the programs.

BILL DESCRIPTION

This bill requires that unclaimed property deposits from electric and gas public utilities in the Unclaimed Utility Deposits Trust Fund be paid to a Statewide nonprofit energy assistance organization designated by the BPU following an open and competitive application process. Further, the bill provides that in FY 2020, the board is to dedicate \$2.5 million from available balances collected through the SBC to provide grants to help pay the electric and gas public utility bills or utility service restoration costs of households seeking temporary assistance from the Statewide nonprofit energy assistance organization.

Within 18 months after the effective date of the bill, the BPU is to issue a report with recommendations to maximize the availability and efficiency of the programs. This includes best practices from other states in administering utility assistance programs, and recommendations to streamline and more efficiently administer the programs, eliminate barriers to participation, expand access to the programs, and increase outreach and awareness of the programs.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that this bill will reallocate \$2.5 million from dedicated SBC-funded BPU accounts to the non-profit organization designated by the BPU to administer the utility bill assistance grant program. The OLS assumes that, absent this bill, the \$2.5 million would be spent on the purposes of each dedicated SBC-funded account either in FY 2020 or in a subsequent fiscal year. The OLS assumes further that the bill will not alter SBC rates because SBC-funded BPU program accounts are anticipated to carry FY 2020 year-end closing balances greater than \$2.5 million.

The SBC is imposed on all electric and gas utility customers, including State and local government entities. According to the BPU response to an FY 2019 OLS Discussion Point, the SBC raised \$746.3 million in calendar year 2017, of which \$582.3 million was remitted to the BPU with collecting utilities retaining the remaining \$164.0 million for BPU-approved purposes. The BPU allocated the \$582.3 million to the Clean Energy Fund and the Universal Service Fund. The Supplementary Information section of the Governor's FY 2020 Budget, which is available online only, shows no anticipated FY 2020 Universal Service Fund year-end closing balance and an anticipated FY 2020 Clean Energy Fund year-end closing balance of \$236.8 million.

According to the BPU response to an FY 2019 OLS Discussion Point, payments from the Unclaimed Utility Deposits Trust Fund deposits to the Affordable Housing Alliance to administer a utility assistance program between FY 2014 and FY 2018 ranged from \$1.4 million to \$4.6 million. The Supplementary Information section of the Governor's FY 2020 Budget, which is available online only, shows \$9.1 million in anticipated deposits and \$3.1 million in anticipated expenditures each year in FY 2019 and FY 2020, leaving a fund balance of approximately \$9.6 million at the end of FY 2020. The provision of an additional \$2.5 million for FY 2020 would presumably allow for the program to provide assistance to more applicants.

The BPU will also face an indeterminate cost to prepare a report evaluating State utility assistance programs, best practices in other states, and potential improvements to the programs.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Patrick Brennan
Principal Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).