

Discussion Points (Cont'd)

1. Organized "in but not of" the Department of the Treasury, the Board of Public Utilities (BPU) is a cabinet level regulatory authority with a statutory mandate (R.S.48:2-1 et seq.) to ensure safe, adequate, and proper public utility services such as natural gas, electricity, water, sewer, and telecommunications including cable television.

For FY 2009 and 2010 combined, the Governor's FY 2010 budget incorporates an estimated \$5.183 billion in **federal stimulus funding** provided by the American Recovery and Reinvestment Act (ARRA) of 2009. Of this amount, the State will use \$3.074 billion (\$854 million in FY 2009 and \$2.220 billion in FY 2010) for budget relief to offset revenue shortfalls (Budget-in-Brief, Appendix II, page 12), and \$2.109 billion to fund new or expanded programs or initiatives. The ARRA allocates funds to states both by formula and by competitive awards. The Governor's FY 2010 Budget includes \$107.9 million from ARRA for the Board of Public Utilities (\$36 million in FY 2009 and \$71.9 million in FY 2010 for the Clean Energy Fund and the State Energy Conservation program, as displayed on page C-25 of the Governor's FY 2010 budget).

- **Questions:** Please itemize the federal stimulus funding, other than portions of the \$3.074 billion allocated for budget relief, included in the Board of Public Utilities' budget, by fiscal year and federal program, setting forth program goals and eligible uses together with the amount for state administrative expenses and the amount for allocation to local public and private recipients, respectively. Please identify intended and actual recipients and the process by which the board determines recipients and funding awards. Are there ARRA funds that flow through the BPU for which the State has no discretion? Please also set forth the timetable for obtaining federal approval of funding, obligation and allocation of funding to recipients, and use by recipients. Could any of this funding be used to offset other State appropriations, and if so, what programs and in what amount? What additional positions, if any, have been and will be hired with these funds? If this money is being used for new or expanded activities, will the new or expanded activities be continued in FY 2011? If so, how will they be funded?

BPU RESPONSE:

Note – The BPU has updated its answer with the accurate numbers for federal stimulus funding.

The BPU will be receiving \$73,643,000 in State Energy Program (SEP) funds and \$14,400,700 in Energy Efficiency and Conservation Block Grant (EECBG) funds. The first 10% (\$7,364,300) of the SEP funds are anticipated to be received in FY'09. The remainder of the SEP funds and the EECBG funds are anticipated to be received in FY'10.

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The final uses of these funds have not been determined. An initial application for the SEP funds was submitted on March 23rd that identified the funds would be used for energy efficiency projects, solar and grants for other renewable energy technologies and alternative fuel programs. A comprehensive application that will provide program goals and details of accountability on how the funds will be used will be submitted by the May 12th deadline. The application for the EECBG funds will be submitted by the May 26th deadline and will describe the criteria of how these funds will be used. At least 60% of the EECBG funds need to be made available to municipalities (501) and counties (11) that do not receive direct EECBG funding. None of the funds being received by the BPU are currently being proposed to be used for administrative expenses and no positions will be filled with these positions.

There are not ARRA funds that flow through the BPU for which the State has no discretion.

For SEP funds, 10% of the funding is anticipated soon. The next 40% will be received once the comprehensive application is submitted and approved by DOE. The next 20% will be received once 50% of the first 50% of funding has been obligated. The remaining 30% will be received based on continued progress in obligating funds, complying with reporting requirements and creating jobs. Fifty percent of the EECBG funds will be received once an acceptable application has been submitted to and approved by DOE. The remainder will be received after one or more progress reviews that show funds have been obligated appropriately, compliance with reporting requirements and creation of jobs.

These SEP funds cannot be used to supplant other funding that is already in place. This provision does not appear in the EECBG funding announcement.

The ARRA funds are being used to supplement the existing Clean Energy Program funds. As such, while those programs will continue they will be funded from the Societal Benefits Charge. If the ARRA funds are used to provide funding for persons and businesses that are not served by the electric and gas utilities, funding sources will need to be developed to continue the programs once the stimulus funds are expended.

- **In addition to funding incorporated in the Governor's FY 2010 budget, what specific competitive grant opportunities has the BPU identified that it is eligible to pursue, has applied for, and has been awarded, respectively?**

BPU RESPONSE:

The ARRA competitive grant funding announcements have not been released by DOE. Based on the statute, it is anticipated that competitive grants for smart grid technologies and transmission improvements for renewable energy projects would be opportunities that entities (most likely the electric utilities) would be eligible to pursue. It does not appear that the BPU would be applying for these funds directly.

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- **Will the societal benefits charge be lowered as a result of the \$89.9 million the Clean Energy Fund is anticipated to receive in FY 2009 and FY 2010 combined from ARRA?**

BPU RESPONSE:

As stated above, the SEP funds cannot be used to supplant existing funding, therefore, the societal benefits charge will not be lowered as a result of receiving these funds.