Question #1

For each line item reduction in the department’s or unit's budget, specify the change, if any, in the nature, breadth of level of service or benefit that will be provided, identify and quantify the population that may be affected.

Response:

The following represents the BPU FY 2011 appropriation reduction of $3.9 million:

- Salary and operating appropriation decrease of $3.9 million.

Salary Cost Reductions

The BPU recently eliminated a net of 9 filled positions during the mid-year staff reduction effectively saving $269,000 of salary costs in FY 2010. Approximately $814,000 of salary cost savings will be realized during FY 2011 as a result of these mid-year actions. Our analysis and implementation of mid-year staff reductions revealed duplicative administrative positions and duties that have been efficiently consolidated in order to eliminate any negative impact upon the level of regulatory service(s) provided by the BPU.

A portion of the $3.9 million FY 2011 appropriation decrease will be offset through the elimination of $814,000 of direct salary expenses. Additionally, salary savings of $269,000 realized as a result of the FY 2010 midyear staffing reductions together with the implementation of operating efficiency measures will allow the agency to utilize FY 2010 carry forward fund balances to further alleviate FY 2011 appropriation reductions.

FY 2011 Cost Saving Initiatives

- Rent/Lease cost savings.
- Use of Outside Contractors
Rent/Lease Reductions

The BPU is currently in the process of relocating agency personnel from leased office space in Newark Gateway Center to a facility in Trenton. It is anticipated that the entire movement of personnel will be finalized within the first quarter of FY 2011.

Use of Outside Contractors

Currently, significant financial resources are expended to outside consultants for the administration and oversight of existing BPU program activities. The BPU has initiated a thorough cost analysis regarding the use of outside contractors in order to identify areas of potential cost savings.

The initial result indicates that significant savings can be achieved by eliminating and/or greatly reducing the scope of work currently performed by outside consultants. Administrative and program oversight activities can be accomplished more efficiently and cost effectively through the utilization of existing agency staff in addition to coordination with other state agencies.

Reducing the use of outside consultants for administrative and program oversight will result in additional funds available for viable construction projects and a reduction of costs to the ratepayer.

Question # 2

For each line item reduction in the department’s or unit’s budget, please indicate the number of positions (budgeted, funded and filled or unfilled) that will be eliminated and the number of individuals whose employment will be ended. If appropriate distinguish between staffing actions that may occur before and after January 1, 2011.

Response:

It is anticipated that these staffing actions will be completed by the end of FY 2011. The Memorandum of Agreement with the public employee unions will be honored to the extent that classified employees are involved. For those reductions associated with the elimination of funded vacancies, the savings will accrue throughout Fiscal Year 2011 as separations, retirements, and resignations occur.

Position Impact

<table>
<thead>
<tr>
<th></th>
<th>Unfunding of Vacancies</th>
<th>Filled Positions *</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPU-Staffing Efficiencies</td>
<td>(2)</td>
<td>(12)</td>
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* Some of these positions may no longer have incumbents due to separations.
Question # 3

Please identify any reductions in the department’s or unit’s budget that constitute one-time savings that are not likely to reoccur in Fiscal year 2012.

Response:

The BPU is committed to operating efficiently within the constraints of a reduced FY 2011 appropriation. The agency does not anticipate a need to restore any portion of the $3.9 million reduction during FY 2012.

All implemented cost saving initiatives will continue into future budget years. The BPU FY 2012 Budget Request will remain at the reduced FY 2011 appropriation level.

Question # 4

Please identify each Fiscal year 2010 mid-year reduction that is recommended for continuation in Fiscal year 2011.

Response:

The BPU initiated mid-year staff reductions that effectively removed $269,000 of salary costs charged against the FY 2010 BPU appropriation directly funded by the ratepayers of the state. The FY 2010 mid-year action will generate annualized salary costs savings of approximately $814,000 realized during FY 2011.

Total annualized salary reductions of $814,000 will be fully realized during FY 2011.

Additionally, the agency is aggressively analyzing all federal grants, trust and fee accounts to ensure that filled/budgeted positions are correctly assigned and charged to the proper program salary account. The position reconciliation analysis is expected to generate additional Assessment Appropriation salary cost savings during FY 2011, while also maximizing the use of federal grants, trust and fee fund sources.

As previously noted, the BPU has begun the process of relocating staff currently occupying leased office space in Newark to significantly less expensive space in Trenton. This process is expected to be completed by the first quarter of FY 2011. The net cost savings estimated at approximately $1.4 million annually will be utilized to further offset FY 2011 budget reductions. The annual savings from reduced leasing costs will continue into future fiscal years.
Question # 5

Are any of the appropriations recommended for Fiscal 2011 required to compensate for the effects of Fiscal 2010 reductions? If so, please identify and explain.

Response:

None.

Question # 6

Please list any anticipated increases in fees, fares or co-payments that are reflected in the FY 2011 budget recommendation, including the amount of revenue or cost reduction, and the intended effective date.

Response:

At this time no increases are anticipated.

Question # 7

If additional revenues were to become available during the budget process, which one or two reductions proposed for the department or unit should be top candidates for restoration? Please justify your selections.

Response:

The Governor’s proposed Fiscal year 2011 budget represents the culmination of many tough choices that had to be made in order to balance spending and revenues for next year. The funding proposed for the Board of Public Utilities, while reduced, will allow it to meet its core missions and provide vital services to residents and businesses in the State.

In the event that additional revenues become available during the budget process, the Department would welcome the opportunity to work closely with the Legislature to restore funding for important programs. The Department believes that any such restorations should be considered in the context of programs and spending needs throughout the State budget, not only those administered by the Department. The Department looks forward to consulting with the Legislature to ensure that only the programs of greatest value are restored.
Question #8

Please identify proposed budget reductions which require Federal approvals, waivers or similar actions, and the timetable for seeking and obtaining approvals in order to achieve the projected savings. Please indicate whether approvals/waivers have been previously sought and not obtained, and explain why approvals should be expected in this case. If federal approval is not received, what alternative actions may have to be taken to achieve savings of comparable value? Please also indicate proposed budget reductions that may reduce the receipt of federal funds, and the estimated loss of federal funds that would result from such reductions.

Response:

ARRA funds have no match and the remaining funds in the NJCEP are more than sufficient to meet the 20% SEP match ($140K) so that is not an issue.

With the implementation of EO 14 NJBPU will be submitting a revised ARRA SEP and EECBG plans to the USDOE to fund potential CHP projects. This process could take 2 to 4 months including developing a revised plan, Board approval and submittal to the USDOE for their consideration.

ARRA SEP, EECBG and SEEARP federal funds will not be reduced or lost because of EO 14 budget reductions.

Question #9

Please describe how the department or unit implemented mandatory workforce furloughs in FY 2010, identifying the amount saved and the portion of the workforce exempt from furloughs, and detailing the impact on individuals or firms served by or regulated by the department.

Response:

No Board of Public Utilities employees were exempt from taking implemented mandatory furlough days in FY 2010. All employees covered under a bargaining unit received MOA’s covering details of the furloughs and all non-aligned employees received guideline governing the furloughs from the Civil Service Commission. Division of Administration also sent out further instructions regarding the mandatory furlough guideline that were e-mailed to each BPU employee including request forms.

The total amount saved in FY 2010 through mandatory furloughs is $825,236.32.
**Question # 10**

The Budget in Brief references savings to be achieved both through privatization and “insourcing.” Please identify savings in your budget associated with either of these initiatives. Please provide examples of successes or failures of such initiatives in prior years.

**Response:**

**Use of Outside Contractors: “Insourcing”**

As previously stated in the agency response to OLS question #1 the BPU has initiated a thorough cost analysis regarding the use of outside contractors in order to identify areas of potential cost savings.

The initial result indicates that significant savings can be achieved by eliminating and/or greatly reducing the scope of work currently performed by outside consultants. Administrative and program oversight activities can be accomplished more efficiently and cost effectively through the utilization of existing agency staff (insourcing) in addition to coordination with other state agencies.

Reducing the use of outside consultants for administrative and program oversight will result in additional funds available for viable construction projects and a reduction of costs to the ratepayer.