

NEW JERSEY BOARD OF PUBLIC UTILITIES



2006 ANNUAL REPORT



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PRESIDENT'S MESSAGE

Dear Governor Jon Corzine:

2006 was a year of change and growth for the Board of Public Utilities. I am happy to report that New Jersey's proactive policies are leading the nation.

We extended our renewable portfolio standard (RPS) goals to 2020 and increased the required amount of in-state renewable energy. Twenty percent of New Jersey's electricity will now come from renewable sources by 2020—a goal that represents *the nation's largest solar commitment relative to population and electricity consumption*. As part of these heightened efforts, the BPU's Clean Energy Program has witnessed the number of in-state solar installations grow to more than 2,000.

This year the BPU established the Office of the Business Energy Ombudsperson, which will assist businesses in taking best advantage of the programs, initiatives and benefits on offer by the Board.

On October 3, 2006, you officially launched the development of a comprehensive Energy Master Plan (EMP), signaling your commitment to create one of the most aggressive and far-reaching energy plans in the nation. The goal of the plan is to create an affordable, reliable and environmentally sound energy future. The BPU was named the EMP's lead State agency and will collaborate with nine other agencies, including the Governor's Office of Economic Growth.

And we must recognize the months of intense work committed to the PSEG/Exelon merger proceedings. So many individuals came together to focus on the future of energy. Their work and commitment in addressing whether this merger presented positive benefits for the State of New Jersey in terms of competition, rates, reliability of service and impact on employees helped to ensure that New Jersey's ratepayers' interests were protected.

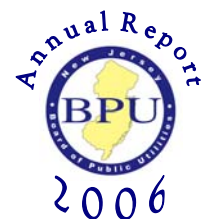
But energy isn't our only focus at the BPU. The State Legislature updated the Cable Television Act, empowering the Board to issue system-wide franchises to cable television providers. The proposed cable service will use ongoing fiber upgrades, already in place, providing phone and high-speed internet service in many communities and offering customers a choice between providers for all three services. On December 15, 2006, the Board awarded the State's first ever system-wide franchise, which will serve 316 municipalities.

We at the BPU look forward to another year of serving the ratepayers of New Jersey.

Sincerely,



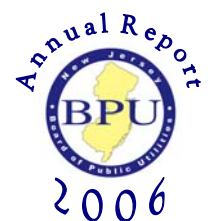
Jeanne M. Fox



MISSION STATEMENT

“We will ensure the provision of safe, adequate and proper utility and regulated service at reasonable rates, while effectively managing the transition from protected monopoly franchise markets to competitive markets for the betterment of ratepayers.

We will make decisions that enhance the quality of life for the citizens of New Jersey and will perform our public duties with integrity, efficiency and responsiveness.”



MEET THE COMMISSIONERS

Jeanne M. Fox *President*

Jeanne M. Fox is President of the NJ Board of Public Utilities and serves as a member of the Governor's Cabinet. Ms. Fox was appointed to the BPU on January 15, 2002.

President Fox is active within the National Association of Regulatory Utility Commissioners (NARUC) as a member of the Board of Directors, the Committee on Energy Resources and the Environment, the Ad Hoc Committee on Critical Infrastructure, the Utility Market Access Partnership and the Board of Directors of the National Regulatory Research Institute (NRRI). She is Chair of the National Council on Electricity Policy, and she serves as 1st Vice-President of the Mid-Atlantic Conference of Regulatory Utilities Commissioners (MARUC).

President Fox's additional commitments include membership to the Harvard Electricity Policy Group and the Advisory Council to the Board of Directors of the Electric Power Research Institute (EPRI). Ms. Fox served as a member of the Electric Grid Working Group of the United States-Canada Joint Task Force on the August 14, 2003, power outage.

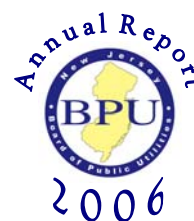
President Fox is a former Regional Administrator of the EPA and Commissioner and Deputy Commissioner of the NJ Department of Environmental Protection and Energy.

President Fox is a Rutgers Trustee Emerita and a Board member of the Associated Alumnae of Douglass College. She also serves on numerous boards including the Bipartisan Coalition for Women's Appointments and the Girl Scout Council of Delaware-Raritan Inc., of which she is Vice-President.

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



- *Jeanne M. Fox*
- *Frederick F. Butler*
- *Connie O. Hughes*
- *Joseph L. Fiordaliso*
- *Christine V. Bator*



MEET THE COMMISSIONERS

Frederick F. Butler *Commissioner*

Frederick F. Butler is a member of the NJ Board of Public Utilities. He was first appointed in 1999 for a four-year term and was re-appointed in 2003 to a full six-year term.

Commissioner Butler currently represents New Jersey on the Board of the Organization of PJM States, Inc. (OPSI). He is a former President of the Mid-Atlantic Conference of Regulatory Utilities Commissioners (MACRUC) and an active member of the National Association of Regulatory Utility Commissioners (NARUC). He currently serves as NARUC's 2nd Vice President and as a member of its Executive Committee. He has served as Chair of the Committees on International Relations and Water and the Ad Hoc Committee on Climate Change. In addition, he serves as a member of the Board of Directors of the National Regulatory Research Institute (NRRI).

Commissioner Butler currently serves on the advisory boards of the Michigan State University Institute of Public Utilities and the New Mexico State University Center for Public Utilities' Advisory Council and the advisory council to the University of Florida's Public Utilities Research Center.

His previous work experience includes: Executive Director of the NJ General Assembly Democratic office, Deputy Director of the NJ 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, the State University.

Commissioner Butler received a Bachelor's degree from Villanova University in 1968 and earned a Master's degree in International Relations from the Johns Hopkins University School of Advanced International Studies (SAIS) in 1973. He participated in the PhD program at Rutgers from 1973 to 1979.



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MEET THE COMMISSIONERS

Connie O. Hughes *Commissioner*

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

Commissioner Hughes is Vice Chair of the National Association of Regulatory Utility Commissioners' (NARUC) Telecommunications Committee and a former Chair of the Committee on Critical Infrastructure. Her additional NARUC commitments include membership to the Committees on Consumer Affairs and International Relations, the Washington Action Program and the Broadband over Power Lines (BPL) Task Force, and she chairs the Federal Legislative Task Force on E911. She is also Chair of the Mid-Atlantic Conference of Regulatory Utilities Commissioners' (MACRUC) Telecommunications Committee.

During Governor DiFrancesco's term, Commissioner Hughes was appointed as his Chief of Management and Policy and was responsible for policy development and implementation throughout all executive branch agencies.

She served as the ex-officio Commissioner of Higher Education. She was a Governor-appointed member of the NJ State Planning Commission, NJ Commission on Science and Technology, NJ Commission on Environmental Education and NJ State Board of Human Services as well as being named the Governor's designee on the NJ Commerce and Economic Growth Commission's Board of Directors.

Commissioner Hughes' 33 years of public service were largely devoted to the NJ Department of Labor. There she served in various management positions including Deputy Commissioner.

Commissioner Hughes received her B.S. from East Stroudsburg University and her MCRP from Rutgers, the State University.



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MEET THE COMMISSIONERS

Joseph L. Fiordaliso *Commissioner*

Born and raised in the Ironbound section of Newark, Joseph L. Fiordaliso received a B.A. in Business Education from Montclair State University and completed graduate and management courses at Montclair State University, Rutgers University and American College.

Commissioner Fiordaliso served as the Director of Government Relations for the Saint Barnabas Health Care System, which is the largest healthcare provider in the State of New Jersey. From 1967 to 1986, he was an educator at Vailsburg High School and Bloomfield High School. He was also an adjunct professor of Accounting at the County College of Morris for 12 years.

In 1988, Commissioner Fiordaliso served on the Livingston Township Council for three terms and as Mayor three times during his tenure. In 1990, he was appointed by the Essex County Executive to serve as the Director of Planning and Economic Development. He has worked extensively with the NJ Democratic State Committee and served as District Director for Senate President Richard Codey.

Commissioner Fiordaliso was named Deputy Chief of Staff in Governor Codey's Administration on November 15, 2004. He was named "Citizen of the Year" by the Livingston Chapter of Unico National in 2003, and, in 2005, he was nominated by Governor Codey and confirmed by the Senate as a Commissioner on the NJ Board of Public Utilities.

In April 2006, he was appointed to the NARUC Committee on Critical Infrastructure as well as the Committee on Electricity. Currently, he serves on the Essex County Democratic Executive Committee and on the Boards of Trustees of both Essex County College & the West Essex YMCA.



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MEET THE COMMISSIONERS

Christine V. Bator *Commissioner*

Christine V. Bator, Esq. commenced her term on the NJ Board of Public Utilities on February 6, 2006.

Commissioner Bator is a member of the National Association of Regulatory Utility Commissioners' (NARUC) Gas and Critical Infrastructure Committees. She also serves on the Gas Technology Institute Advisory Committee.

From 1982 to 2006, Commissioner Bator practiced law, specializing in corporate, commercial, health law and alternative dispute resolution. She has written and lectured on director and officer liability and the Sarbanes-Oxley Act. From 1975 to 1976 she served as clerk to Hon. A. Warren Herrigel in Flemington and subsequently as the Director of the Office of Legal Affairs for the NJ Commissioner of Health from 1976 to 1982.

Commissioner Bator was an unpaid Commissioner of the NJ Highway Authority from 1995 to 2003 where she chaired the Finance Committee and was instrumental in creating the Authority's first Sarbanes-Oxley Audit Committee Charter.

Commissioner Bator has held various leadership positions in the NJ Bar Association, including serving as a trustee, the VP of its Professional Responsibility Committee, director of the NJ Lawyer Newspaper, chair of the Health and Hospital Law Section Fraud & Abuse Committee and chair of the Banking Law Section.

She is currently a director of the NJ Institute for Continuing Legal Education and a member of the Seton Hall University President's Advisory Committee. She is a past President of Executive Women of NJ.

She has a B.A. in Economics from Seton Hall University, where she received the Economics Award; a J.D. from Seton Hall Law School; and an LL.M in Corporate Law from NYU. She is admitted to the New Jersey and New York Bars.



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MAJOR ACCOMPLISHMENTS

- Governor Launches the Energy Master Plan (EMP) Process; BPU Named Lead Agency
- The PSEG/Exelon Merger Proposal
- Issuance of First-Ever System-Wide Cable Franchise in State History
- Creation of the Office of the Business Energy Ombudsperson
- Reliability & Security of the State's Energy Infrastructure
- Retention of Telecommunications Jobs and Consumer Protections
- Clean Energy Program Delivers Energy Savings and Climate Change Solutions
- New Jersey Leadership within the Regional Greenhouse Gas Initiative (RGGI)
- Successful Continuation of the Basic Generation Service (BGS) Auction and Establishment of Pilot "Conservation Incentive Program"
- Provision of Energy Assistance to Over 138,000 Households in Need Through the Universal Service Fund (USF) Program
- Commitment to Prevent Service Disruptions through Vegetation Management
- Water Conservation and Reliability
- Millions of Dollars in Customer Savings



MAJOR ACCOMPLISHMENTS

Governor Launches the Energy Master Plan (EMP) Process; BPU Named Lead Agency

In 2006, Governor Corzine directed State government to combine resources and draft an ambitious plan for reducing New Jersey's energy use through the year 2020. The Governor's Energy Master Plan (EMP) will aim to cut projected growth in energy consumption by 20 percent by 2020 and increase to 22 1/2 percent the amount of our power that comes from renewable sources such as solar, wind and biodiesel. The EMP will promote New Jersey's economic competitiveness, sustain population growth, enhance the State's environmental quality and continue to raise the standard of living through ready access to sources of energy that are environmentally sound, safe, secure, reliable, adequate and affordable.

Governor Corzine tasked BPU President Jeanne Fox with chairing the EMP Committee, which is tentatively expected to submit a draft of the Plan to the Governor by the end of 2007. The other State agencies involved are the Governor's Office of Economic Growth and the Departments of Agriculture, Children and Families, Community Affairs, Environmental Protection (DEP), Health and Senior Services, Human Services, Public Advocate, Transportation (DOT) and the Treasury.

As the EMP's lead agency, the BPU completed preplanning work, making early recommendations about how to conduct the EMP process and doing preliminary research on the current energy landscape. The Governor then officially kicked off the EMP process in October, setting the tone for a process that he pledged would involve significant public input. The BPU organized four meetings around the State, which were attended by more than 100 stakeholders—from consumers and environmentalists, to representatives of electric, gas and other utilities, to elected officials and members of the non-profit community—who offered substantial preliminary comments. The BPU then planned a process by which stakeholders could submit implementation strategies for consideration. More than 50 strategies have been submitted thus far and may be viewed on the EMP's website (www.nj.gov/emp), which the BPU launched to coincide with the Governor's kickoff press conference.

In December, Board staff managed external working groups meetings dedicated to issues such as demand response, energy efficiency, renewable energy, space heating and electric supply and generation. Board staff is also coordinating with DEP, DOT and other EMP agencies on similar efforts on greenhouse gas emissions and transportation. In addition, the BPU is working with the Rutgers University Center for Economic, Environmental and Energy Policy (CEEPP) to prepare input data for computer modeling that will further inform the process.



MAJOR ACCOMPLISHMENTS

The PSEG/Exelon Merger Proposal

The Public Service Enterprise Group (PSEG)/Exelon Corporation merger proposal, announced in December 2004 and filed with the Board in February 2005, would have created the largest electric and gas company and the largest power generator in the country. The combined entity would have had seven million electric customers and two million gas customers in New Jersey, Pennsylvania and Illinois, with assets of \$79 billion and annual revenues of \$27 billion.

The scope of the merger and potential impact on New Jersey ratepayers raised significant financial, technical and policy issues. In recognition of these issues, the Board, in June 2005, adopted a new standard of review for mergers and acquisitions—a positive benefits test—to be used in examining the four statutory criteria: impact on rates, competition, reliability and employees.

The Board also took the rare step of retaining four national consulting firms to assist Board staff in its review. The consultants were charged with conducting reviews of reliability, customer service, nuclear performance, market power, cost/benefit analyses and merger synergies savings.

The extremely complex case involved over 30 interveners and participants, 2,600 discovery requests, testimony from 56 witnesses and 17 days of hearings. Several months of settlement negotiations followed.

Unable to reach a settlement with the involved parties on the key issues of market power and rate impact on customers, Exelon and PSEG abandoned their merger proposal in September 2006.

Issuance of First-Ever System-Wide Cable Franchise in State History

The State's 2006 Cable Television Act empowered the BPU to issue system-wide franchises to cable television providers without the need for approval by individual municipalities. The first application was filed in November of 2006 by Verizon New Jersey. The proposed cable service will use ongoing fiber upgrades, already in place, providing phone and high-speed internet service in many communities, and presenting customers with a choice between providers for all three services.

On December 15, 2006, the Board awarded Verizon NJ with the first-ever system-wide franchise in New Jersey, approving the company's plan to serve 316 municipalities in its existing phone service territory.



MAJOR ACCOMPLISHMENTS

During early 2007 the Board will review existing regulations and proposed rules addressing its new responsibilities, which arose from the 2006 changes in State cable franchise law.

This past year also marked a milestone in competition for local phone service as phone offerings by cable television operators became widespread throughout the State.

And the BPU's Expedited Rate Program, which rewards cable companies with quick resolution of rate cases with little or no increases in the basic rates, has saved the State over \$1.5 million this year in legal costs alone. Comparable savings to the companies that use the expedited procedures should ultimately be passed on to customers.

Creation of the Office of the Business Energy Ombudsperson

The BPU's Office of the Business Energy Ombudsperson—a vital new office of the agency—was created in 2006 through legislative mandate. The Office is tasked with helping businesses take best advantage of the programs and initiatives offered by the BPU. Since its inception, the Office has been actively carrying out its legislative mandate of advising and educating the State's business community on efforts to reduce energy costs through strategic supply purchases, efficiency improvements and clean energy technologies. In addition, the Office has worked closely with the Governor's Office of Economic Growth to provide technical assistance on energy issues relating to business retention, expansion and attraction.

Among other achievements in its first few months of existence, the Office is already

- Developing relationships with key officials from business organizations such as the New Jersey Business and Industry Association, the New Jersey State Chamber of Commerce, the Chemical Industry Council, the National Association of Manufacturers and other industry and trade organizations;
- Finalizing plans to implement Demand Response and Energy Audit programs for CIEP customers;
- Working with the parties involved to find a solution to the energy and environmental issues threatening the operations of Marcal Paper Mills and its 800+ employees;
- Expediting the needed regulatory approvals to allow the construction of an energy efficient 2,000-unit military housing complex at Ft. Dix-McGuire;
- Conducting a comprehensive survey of large commercial and industrial energy users to determine opinions on issues such as hourly pricing and shopping for energy supplies; and
- Engaging in the development of the Governor's Energy Master Plan by providing input on issues affecting commercial and industrial energy users.



MAJOR ACCOMPLISHMENTS

Reliability & Security of the State's Energy Infrastructure

In 2006, Governor Corzine created the new state Office of Homeland Security and Preparedness (OHSP). During the changeover, the BPU's Division of Reliability & Security assisted OHSP on utility security issues to ensure a seamless transition without interruptions or gaps in New Jersey's security posture. BPU Staff continues to actively participate in utility industry working groups linked to the Domestic Security Preparedness Task Force, on which the BPU President sits. Staff closely coordinates with New Jersey's public utility companies to refine utility security best practices, working to effectively fuse together elements of detection, preparation, prevention, response, mitigation and recovery through periodic meetings and continual information-sharing, including lessons learned from such recent events as Hurricanes Rita and Katrina.

After the 1994 Edison gas pipeline explosion, New Jersey enacted its own strict standards for the installation, operation and maintenance of intrastate natural gas transmission lines. In addition, as of December 17, 2004, Federal Pipeline Safety regulations require Integrity Management Programs (IMPs) for all transmission pipelines in high consequence areas. Board staff has now comprehensively inspected the IMPs for all four natural gas utility companies in New Jersey. Initial findings indicate that the programs are effectively enhancing public safety with risk-based management principles. In addition, Board staff participates effectively with its federal partners and has received an excellent program performance rating from the USDOT based upon their audit conducted in 2006.

The BPU, along with the other State Agencies, participated in a Continuity of Operations Plan/Continuity of Government (COOP/COG) Workshop offered through the Office of Grants and Training in the Department of Homeland Security's (DHS) Technical Assistance Division and conducted by consultant IEM. Following the workshop, the BPU engaged in a substantial rewrite of the Agency's existing Plan to conform to a template provided by DHS and to develop areas not previously addressed.

Retention of Telecommunications Jobs and Consumer Protections

As part of the approval of the AT&T/BellSouth merger, the companies committed to retaining key business units in New Jersey. The companies had previously agreed in the 2005 merger proceeding that AT&T/SBC would maintain the New Jersey operations of AT&T Labs, the Global Network Operations Center and the Enterprise Group.

In a separate matter, Verizon New Jersey began its residency of the Verizon Center in Basking Ridge, where it will ultimately locate approximately 3,300 high salary telecommunications jobs. In 2005, Verizon had purchased the former AT&T headquarters complex from Pfizer with plans to consolidate the operations of its major business units at the site.



MAJOR ACCOMPLISHMENTS

The Board approved the spin-off of the local telephone operations of Sprint into a separate enterprise ultimately known as Embarq without any reductions in employment levels in New Jersey. Further, the Board adopted a settlement of the matter, which contained several consumer protection measures. Major provisions included a freeze in rates until 2009 and an expansion of its telephone Lifeline program. The company also agreed to implement a program of discounts to broadband services for schools and libraries in its territory—similar to a Verizon program known as “Access New Jersey”—and implement a program to expedite the deployment of broadband services to remote parts of its territory.

Clean Energy Program Delivers Energy Savings and Climate Change Solutions

For another year, New Jersey has sustained its position as a national leader in adopting clean energy technologies that deliver energy savings and offer real climate change solutions to local residents, businesses and municipalities.

New Jersey’s Clean Energy Program is a statewide program that provides financial incentives and technical assistance to help New Jersey residents, business and communities reduce their energy use, lower costs and protect the environment.

In 2006, the Clean Energy Program provided \$171 million in funds to help Garden State residents and businesses install energy efficient and renewable energy technologies, which produced 126,551 megawatt-hours (MWh) of annual electricity savings, 640,179 decatherms of natural gas savings, and 68,869 MWh of electricity generated from clean, renewable sources of energy. The amount of electricity saved through these measures is enough to provide the annual requirements of approximately 17,500 New Jersey homes.

2006 Program highlights include:

- 26,379 residential customers received rebates for the purchase of **high efficiency heating and cooling equipment** which will reduce their energy usage and costs;
- Rebates were paid for 2,094 **commercial energy efficiency projects** helping businesses reduce their energy costs while improving profitability;
- 1,005 schools, businesses and residents installed **solar photovoltaic or other renewable energy systems** that will generate clean, emission free electricity and reduce energy costs for years to come;
- 5,509 new homes were built and certified to **New Jersey Energy Star Home** standards—a figure which represents over 22 percent of all new homes built in New Jersey;
- Since 2001, New Jersey’s Clean Energy Program have helped **reduced demand on the electric system by 550 MW**, eliminating the need to site, construct and operate one mid-sized power plant; and



MAJOR ACCOMPLISHMENTS

- Customers who participated in 2006 in the Clean Energy Program will **save more than \$25.9 million dollars a year in electricity and gas costs** and \$366 million dollars over the lifetime of the measures installed.

To view the Clean Energy Program's 2006 Annual Report, please visit www.njcleanenergy.com.

New Jersey Leadership within the Regional Greenhouse Gas Initiative (RGGI)

BPU President Fox and DEP Commissioner Lisa Jackson continue active engagement and leadership within the Regional Greenhouse Gas Initiative (RGGI), a coalition of ten Northeastern states dedicated to the reduction of greenhouse gas emissions, which contribute to global warming.

Under the December 2005 Memorandum of Understanding signed by the Governors of the seven original participating states, each state will implement RGGI through its own regulations and/or laws. To assist the states in developing their regulations and/or laws, and to facilitate consistency among the states, a model rule to implement RGGI was published on August 15, 2006. The model regulations would establish a mandatory cap-and-trade program—the first of its kind in U.S. history—to reduce CO₂ emissions from power plants. The unique program relies on a market-based approach to curb power plant emissions while promoting energy efficiency.

Successful Continuation of the Basic Generation Service (BGS) Auction and Establishment of Pilot “Conservation Incentive Program”

The BPU continued its nationally acclaimed Basic Generation Service (BGS) Auction process for electric power, which resulted in lower overall increases to power costs for the electric ratepayers of New Jersey as compared to those cost increases experienced by several surrounding States.

In the spirit of conservation, a pilot program called the “Conservation Incentive Program” was established. The Program provides for the initiation of focused conservation efforts by two of New Jersey's gas utilities—New Jersey Natural Gas Company and South Jersey Gas Company—to attempt to reach a long-term reduction in the use of natural gas. Under the program, each company will be compensated for reduction in gas usage through a surcharge mechanism with such surcharge offset by savings from gas supply cost reductions.



MAJOR ACCOMPLISHMENTS

Provision of Energy Assistance to Over 138,000 Households in Need Through the Universal Service Fund (USF) Program

The Universal Service Fund (USF) program provides critical financial assistance to low-income New Jersey households to help make energy more affordable. In 2006 alone, the Board directed \$156.4 million in energy assistance to over 138,000 New Jersey households in need. Additionally, over \$12 million was awarded in arrearage forgiveness to households who have established payment compliance with their gas and electric companies since enrolling in USF.

The Board has demonstrated an ongoing commitment to improving the operation of the USF program and, towards that end, commissioned a program impact study, which it received in 2006 from Applied Public Policy Research Institute for Study and Evaluation (APPRISE). The study provided an evaluation of the impact the USF program has had on low-income electric and natural gas customers and provided recommendations for the future. Using APPRISE's findings, Board staff has worked to improve the operation and efficiency of the USF program to better serve the needs of New Jersey ratepayers.

In October 2006, the Board officially designated the Department of Community Affairs (DCA) as the USF program administrator. DCA has a wide breadth of experience in administering benefits programs, and this change ensures that the USF program is administered in an efficient, effective manner for the benefit of low-income families.

In addition, the Comfort Partners program, administered by the Clean Energy Program, continues to offer opportunities to improve energy affordability for income eligible households. This objective is accomplished through the direct installation of energy efficiency measures, personalized customer energy education and counseling. The Comfort Partners Program is available to any New Jersey household with significant electric use, having an income at or below 175% of the federal poverty guidelines.

Commitment to Prevent Service Disruptions through Vegetation Management

Vegetation management is a critical component of an electric utility's responsibility to provide safe, reliable and adequate service to their customers. Vegetation that is not properly maintained may come into contact with an energized facility or electric infrastructure, which, in turn, may cause fire, service disruptions and/or safety hazards. The historic blackout of August 14, 2003, remains a chilling example of the consequences of failing to trim and maintain trees or foliage that may come into contact with sagging transmission lines. The '03 blackout left an estimated 50 million people without electric service in significant regions of the Northeastern and Midwestern United States as well as Ontario province in Canada and contributed to estimated losses of nearly \$6 billion.



MAJOR ACCOMPLISHMENTS

Vegetation management regulations have been adopted by the Board to prevent a future occurrence of this type of catastrophic event. While recognizing that periodic vegetation management is necessary to ensure the continued security and reliability of the State's electric infrastructure, the Board is also sensitive to the importance of New Jersey's arboriculture to our communities' character. The rulemaking adopted national standards to assure that the health of trimmed trees was preserved. For areas that required removal of trees within the transmission right-of-way, the rules allowed for native natural non-woody species and grasses to ensure an environmental balance. Provisions were made for communities to work with the utilities to adopt alternative tree trimming schedules to allow for recognition of historic districts or similar beautification corridors.

Water Conservation and Reliability

In 2006, all the major water companies in New Jersey either filed or have made concrete plans to file conservation studies and long-term planning studies in 2007. These studies will aid in the reduction of unaccounted for water, help preserve a natural resource and plan for the future. Moreover, these conservation plans direct utilities to consider various tariff design scenarios such as odd/even water rates; winter/ summer differential rates; and inclining block rates for inside and outside water usage. In addition, utilities are looking at demand side management to educate consumers about the importance of water conservation. For the Long Term Planning process, the Board is interested in determining where customer growth is occurring and whether the utilities are rebuilding the infrastructure in accordance with the State's Smart Growth initiatives. Further, the Board is interested in how utilities are dealing with unaccounted for water issues and the overall reliability of a utility's infrastructure.

A conservation initiative project was commenced for the Optional Industrial Wholesale customers, which are large water volume customers in the service territory of the New Jersey American Water Company. Due to the volume of consumption that these customers use, water reuse—along with other water saving options—are being implemented as a viable option for these large users. Some of the options that these water customers are implementing or have implemented are: the use of air cooled compressors rather than water cooled compressors for the HVAC systems; replacing fixtures with low flow designs recycling; the use of rain sensors to limit lawn and field irrigation; the use of brackish water from creeks and kills for water cooling of equipment; and a study to look at storm water reuse opportunities.

Service reliability is being enhanced through staff monitoring of major utility projects and prudency reviews of capital construction initiatives. The major water companies are taking a proactive role in establishing initiatives for maintenance, service and security.



MAJOR ACCOMPLISHMENTS

Millions of Dollars in Customer Savings

In 2006, the BPU's hardworking staff handled 18,206 verbal complaints, 2346 written complaints, 5589 email complaints and 266 in-person consultations throughout 2006. Through these efforts, BPU staff saved New Jersey consumers more than \$1.1 million. Over the past four years, Board staff has cumulatively saved New Jersey consumers nearly \$4.7 million.

Additionally, New Jersey cable television customers received bill credits, reduced rates and rate caps that saved customers over \$13.5 million in 2006, adding to the grand total of almost \$369 million that customers would otherwise have paid cable companies since industry re-regulation over a decade ago.

Formation of the Federal/Regional Electricity Team

New Jersey's economic competitiveness requires a reliable supply of energy at a reasonable price. Concerns about energy costs are hurting the State's business climate. To address these concerns effectively, New Jersey needs to do more than regulate within its borders; the state must help to shape developments at the federal and regional levels, where significant and historic changes threaten to aggravate the problem. New Jersey needs to work actively and effectively at those levels so that New Jersey customers receive reliable supplies of electricity at reasonable prices.

To that end, the BPU is making use of utilizing existing staff to lead our work in those federal and regional forums without requiring new staff resources. The "E-Team" will work to shape electricity policy at the U.S. Department of Energy, the Federal Energy Regulatory Commission and PJM, with the following goals in mind:

- Bringing the least-cost solutions to the gap between electric supply and demand in New Jersey. The "least-cost" solution reflects not only the price of electricity, but also the costs that air pollution from power plants imposes on the health of New Jerseyans, and other harm to the State's resources associated with the environmental impacts of generating electricity;
- Helping to achieve Governor Corzine's goals of achieving a 20 percent reduction in State energy use by 2020, and producing 20 percent of the State's electricity needs from renewable sources by 2020; and
- In conjunction and coordination with the Governor's energy policy advisers, the team will move Governor Corzine's energy agenda forward on a national level.

The team will also serve as a resource to other agencies in State government with interests affected by electricity policy.



DIVISION FUNCTIONS

Division of Administration

Chicqueta Britton-Nutt, *Director*

The Division of Administration is comprised of six units that provide services to BPU Staff.

The Office of Human Resources is responsible for human resource management, which includes processing 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 ADA Coordinator is also located within the Office of Human Resources. The Unit also assists management in PAR activity.

The Employee Relations Unit oversees counseling, labor relations, employee incentive programs and security issues. Unit Staff administers civil service regulations and contractual matters, including disciplinary actions and grievances, and proposes policies and procedures relating to the workplace.

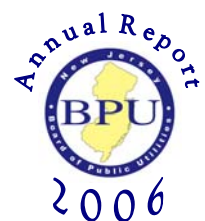
The Office Services Unit provides broad based facility support to the Board. Areas of responsibility include the print shop operation, incoming/outgoing mailroom functions, message and courier service, distribution of office supplies and maintenance of the stock room. The Unit also provides support in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

The Equal Employment Opportunity and Affirmative Action Program ("EEO/AA") is administered by the EEO/AA Officer, who reports to the Division Director. The EEO/AA Officer is responsible for all matters related to the State of New Jersey Policy Prohibiting Discrimination, Harassment and Hostile Environments in the Workplace; investigates all allegations of discrimination, in accordance with the NJAC 4A; and develops and implements the annual Workforce Plan.

Nursing Services provides first aid and immediate medical care for BPU employees. The Staff Nurse arranges for all health-related programs.

The Training Unit coordinates all training initiatives, which include (but are not limited to) arranging for training sites and equipment, negotiating contracts for training services and administering the tuition reimbursement program and all employee awards efforts.

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DIVISION FUNCTIONS

Division of Audits

Walter Szymanski, *Director*

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, which report directly to the Director.

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 and environmental remediation expenditures, 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—and 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 of Financial Audits 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, 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 Competitive Local Exchange Carriers (CLECs) to provide interexchange telecommunications services within the State.

The Bureau of Management Audits reviews the operations and management of energy utilities during a specific timeframe, with the goal of seeking efficiency and accountability of actions in order to assure safe, adequate and proper service. The goal of efficiency reflects endeavors to improve the future operations and management of each utility. Bureau 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 of 1999 (EDECA), both Bureaus participate every two years in the performance of competitive service compliance reviews for the electric and gas utilities. These reviews are to be performed by an independent consulting firm under the direct supervision of Board Staff.

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DIVISION FUNCTIONS

Division of Customer Assistance

Kent Papsun, *Director*

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.

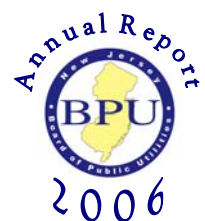
The Bureau's verbal complaint unit is responsible for handling thousands of phone calls annually. These include emergency calls concerning gas leaks, fallen wires and water main breaks, lack-of-service complaints, service delays, appliance repairs, discontinuance of service and payment arrangement mediation.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

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; in turn, the Division recommends necessary corrective action to the Board.

The Research and Planning Unit is responsible for research and planning functions within the Division. It provides analytical and administrative support to the Division Director in conducting special projects, surveys and studies. Staff also processes formal complaints for Board agenda consideration and 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 required the State to "opt-in" to the Federal Communications Commission's State Referral Program; as such, the Bureau handles all New Jersey slamming complaints that were previously referred to the Federal Communications Commission (FCC). The Bureau also imposes fines upon carriers that are found to have violated the slamming regulations. In order to identify chronic abusers, some of these complaints are handled in conjunction with the Division of Consumer Affairs. The Bureau also handles alleged slamming complaints for energy suppliers and other investigations as assigned.

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DIVISION FUNCTIONS

Division of Energy

Nusha Wyner, *Director*

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 as it fosters full electric and natural gas retail competition in New Jersey.

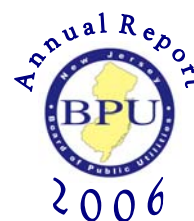
The Division is comprised of three distinct bureaus. The Division also has "Issues Manager" positions to provide additional expertise in matters concerning federal energy initiatives, including interaction with FERC and PJM Interconnection, and rate design, revenue requirements and market development.

The Bureau of Revenue Requirements performs traditional rate-related functions associated with determining revenue requirements, setting rates and addressing tax and financing 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, the 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.

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DIVISION FUNCTIONS

Division of Reliability & Security

James Giuliano, *Director*

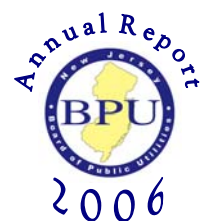
The Division is comprised of three bureaus:

The Bureau of Emergency Management handles emergency response matters related to water, sewer, electric and gas utilities. 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. Therefore, the Bureau is also tasked with oversight of each utility industry sector's security obligations in accordance with the Domestic Security Preparedness Act, the Attorney General's Office and the State Police Office of Emergency Management (OEM). In 2006, Governor Corzine created the Office of Homeland Security and Preparedness (OHSP). The Division of Reliability & Security remains fully integrated into these two main operations for utility preparedness and emergency response: OEM and the OHSP. Operating under the OHSP, the Domestic Security Preparedness Task Force (DSPTF), of which the BPU is a primary member and President Fox is an active participant, continues to achieve numerous security objectives. Bureau Staff maintains full participation in the Task Force Planning Group, the Weapons of Mass Destruction (WMD) Advisory Committee, Infrastructure Advisory Committees (IAC) with each utility sector, as well as other planning groups. Staff closely coordinates with New Jersey's public utility companies to refine utility security best practices, working to effectively fuse together elements of detection, preparation, prevention, response, mitigation and recovery through periodic meetings and continual information-sharing. Staff also participates in various exercises and training programs to address utility preparedness and reliability.

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.

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 Bureau.

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DIVISION FUNCTIONS

Division of Telecommunications

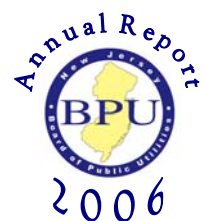
Anthony Centrella, *Director*

The Division of Telecommunications oversees the performance of the telephone companies under the Board's jurisdiction. The Division is comprised of two work groups: The Bureau of Market Structure and the Bureau of Engineering and Rates. It also retains an expert for numbering conservation issues.

The Bureau of Market Structure is responsible for the implementation and oversight of local competition and competitive issues. It evaluates and implements plans for alternative regulation. The Bureau is responsible for utility applications for mergers, divestitures, transfers of control and acquisitions. The Bureau reviews, analyzes and advises on carrier-to-carrier arrangements and interconnection agreements for facilities-based, resale and wireless carriers. It conducts intercarrier coordination activities through arbitration, mediation and administration of performance measurements to resolve issues that arise between competing telephone carriers. The Bureau also monitors telephone assistance programs such as Lifeline and Link-Up and Federal universal service funding issues. It assists the Division of Audits with the annual assessment of financial reporting implementation and certification of carriers. It also assists the Office of the Economist with evaluation of financing petitions.

The Bureau of Engineering and Rates examines the facilities deployment of telephone companies and ensures that the companies provide reliable, safe and high-quality service to consumers at reasonable rates, terms and conditions. More specifically, the Bureau provides analysis and recommendations in the following areas: Accelerated network deployment, including deployment to schools and libraries; retail service quality standards; operations support systems; property sales; exchange boundary revisions; competitive services monitoring; investigation into the root causes of service outages; administration of the telecommunications relay system; initial and revised tariffs for regulated and competitive services; wholesale unbundled network element rates; payphone-related issues; reseller and facilities-based providers' bankruptcies; rulemakings; verbal and written complaints, both simple and complex; and the Bureau interfaces with the numbering conservation expert regarding area code relief, pooling conservation and reclamation of unused numbers.

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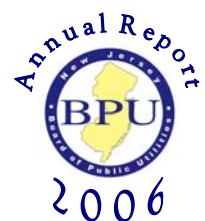
Division of Water

Michael Gallagher, *Director*

The Division of Water bears primary responsibility for ensuring that safe, adequate and reliable water and wastewater service is available at reasonable costs to the customers of New Jersey's 47 investor-owned water companies, 20 sewer companies and 10 municipal water companies. 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 the following issues: Establishing water and wastewater rates; assessment of water and wastewater infrastructure needs and operating costs; assuring a safe and reliable water supply; droughts; smart growth impacts on water and wastewater costs and availability of supply; water reuse; depletion of aquifers; service interruptions; terms and conditions of water and wastewater service and overall management; and conservation initiatives.

The historically quiet water industry regulated by the BPU has been thrust into significantly changing markets, which require 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. Also, given the more stringent water quality limitations being imposed under the Safe Drinking Water Act and the Department of Environmental Protection rules, water and wastewater treatment costs are increasing, which in turn increases the cost of providing service to customers. This is a challenge for the Division since compliance with these rules and regulations is mandatory. The Division must balance these compliance costs with fair and reasonable rates to customers.

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DIVISION FUNCTIONS

Office of Cable Television

Celeste Fasone, *Director*

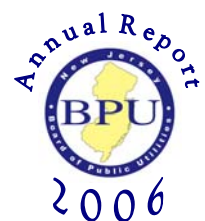
The Office of Cable Television (OCTV) regulates basic cable television rates and other cable services supplied by 39 cable TV systems to over 2.5 million subscribers throughout New Jersey. The OCTV also includes a Bureau of Accounts and a Bureau of Inspection & Enforcement.

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

The Bureau of Inspection & 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.

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

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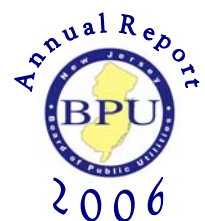
Office of the Chief of Staff

Lance R. Miller, *Chief of Staff*

The Chief of Staff assists the BPU President with the day-to-day management of the agency. The administrative, planning, fiscal, communications, legislative, clean energy and information technology units report directly to the Chief of Staff. In the fall of 2006, the Chief of Staff assumed the role of staff lead to the Energy Master Plan Committee and initiated the planning process that will result in the development of the Energy Master Plan in the fall of 2007.

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.

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OFFICE FUNCTIONS

Office of Chief Counsel

Sam Wolfe, *Chief Counsel*

The Office of the Chief Counsel is staffed by legal specialists and administrative support employees. Legal specialists provide regulatory and administrative expertise regarding matters brought before the Board. They provide support to the Board, to BPU technical staff, and to the Attorney General's office. Examples of this support include drafting regulations, legislation, and Board orders; assisting technical staff in drafting those documents, in accordance with the Board's policy objectives; assisting in discovery and in preparation for trial-type hearings in contested cases and facilitating settlement discussions in those cases; leading or facilitating stakeholder meetings as needed; and serving as hearing officers in public hearings. The legal specialists also provide guidance to the public and to technical staff as to the nature and substance of the various statutes and regulations covering the responsibilities of the BPU. The Chief Counsel also leads the BPU's team working on federal and regional electricity policy issues. The office also includes the BPU's ethics liaison officer, who provides guidance and training to Commissioners and staff regarding ethics issues.

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OFFICE FUNCTIONS

Office of the Chief Economist

Mark Beyer, *Chief Economist*

The Office of the Chief Economist advises the Board on key policy issues and financial matters. It is responsible for analyzing and recommending action on cost-of-capital issues in traditional rates cases, evaluating utility requests to sell securities and assessing utility merger and acquisition proposals. In addition, 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.

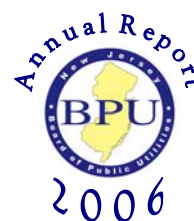
The Office keeps a close watch on all regional and FERC-related energy initiatives that impact New Jersey's utilities, including PU-HCA rules, PJM policies, tax changes, utility industry restructuring, stranded assets, utility securitizations, the BGS auction and efforts to expand competition in previously monopolistic utility sectors.

The Office works in close alliance with the other technical Divisions to evaluate how proposed alternatives to traditional rate-base/rate-of-return regulation could impact ratepayers. Related areas of review include market-based rates for wholesale sales of electric energy and the reliability pricing model. The Office also evaluates a utility's financial structure and ability to fulfill regulatory obligations.

In 2006, New Jersey-based utilities sold \$6.6 billion worth of debt securities. The Office closely reviewed these debt financings for fiscal worthiness and anticipates that 2007 will be another busy year.

The Office has reviewed numerous electric, gas, water and telecommunication mergers over the past few years. It played a significant part in analyzing the PSEG/Exelon merger proposal and proved that it was not beneficial to New Jersey ratepayers. A key advisory role is anticipated for all future mergers.

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OFFICE FUNCTIONS

Office of Clean Energy

Michael Winka, *Manager*

The Office of Clean Energy (OCE) has the responsibility of implementing energy efficiency and renewable energy programs, as well as the programs' 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 Program, created as part of the New Jersey Electric Discount and Energy Competition Act (EDECA), offers a comprehensive suite of programs that makes clean energy technologies affordable and accessible to all New Jerseyans, including residential customers, businesses, schools and local governments:

Residential Energy Efficiency & Assistance Programs

- Home Performance for ENERGY STAR®
- New Jersey ENERGY STAR® Homes
- New Jersey ENERGY STAR®
- New Jersey Comfort Partners
- Home Energy Analysis
- COOLAdvantage and WARMAvantage Programs

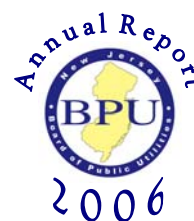
Commercial Clean Energy Programs

- New Jersey SmartStart Buildings® Program
- Combined Heat and Power (CHP) Program

Renewable Energy Programs

- Customer On-Site Renewable Energy (CORE) Rebate Program
- Solar Renewable Energy Certificate (SREC) Program
- CleanPower Choice ProgramSM
- Renewable Energy Project Grants & Financing and Renewable Energy Business Venture Assistance (both offered in partnership with the New Jersey Economic Development Authority)

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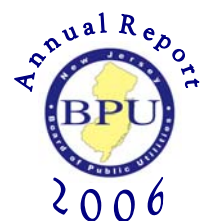
Office of Communications

Janeen Lawlor, *Director*

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 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.

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OFFICE FUNCTIONS

Office of the Executive Director

Victor Fortkiewicz, *Executive Director*

The Executive Director oversees the activities of the Office of Cable Television and the Divisions of Audits, Energy, Telecommunications, Reliability & Security and Water, as well as the Office of the Chief Economist and the newly formed Office of the Business Energy Ombudsperson. 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 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 may include the delivery of formal testimony at legislative hearings. The Executive Director can act as a spokesperson for the BPU in responding to press inquiries and in meetings with editorial boards.

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OFFICE FUNCTIONS

Office of Information Technology

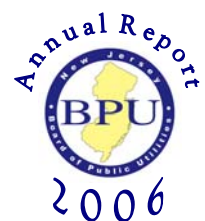
Wilma Hoggard, *Director*

The Office of Information Technology's (IT) responsibility is to keep the Board at the cutting edge of technology. This requires analysis of each Division's specific computer hardware and software requirements and any accompanying design, development, procurement and implementation. IT provides Word & data processing solutions, data communications, database applications, networking solutions and WEB interfacing applications.

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. A Help Desk was formed in order to maintain this goal by providing support and assistance to the Board's end-users in the use of computer systems.

IT is responsible for the hardware and software integration necessary to promote anytime, anywhere communication, which is facilitated through data sharing among wired, wireless and voice mail systems. The BPU is at the forefront in implementing these state-of-art technologies.

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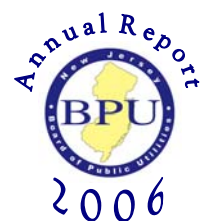
OFFICE FUNCTIONS

Office of the Secretary

Kristi Izzo, *Secretary*

The Secretary of the BPU is responsible for managing the Board's agenda process and serves as the BPU's Records Custodian to ensure compliance with the Open Public Records Act. 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." 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 Bureau of Case Management and the Division of Customer Assistance. The Secretary is also charged with managing the Universal Service Fund, the Board's energy assistance program for low-income households.

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Points of Contact:

Utility Consumer Complaints

1.800.624.0241

Cable Television Complaints

1.800.624.0331

Media Inquiries

973.648.6135

Inquiries from Legislative Offices

973.648.2716

NEW JERSEY BOARD OF PUBLIC UTILITIES

