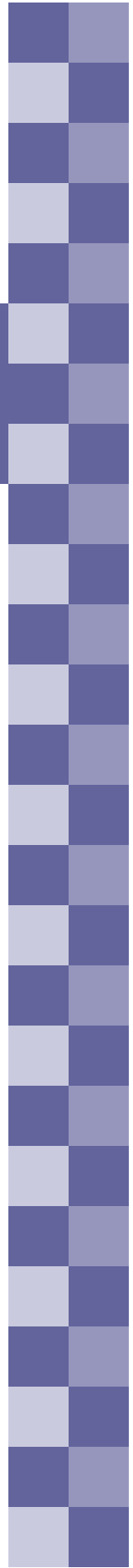
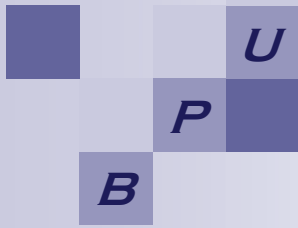


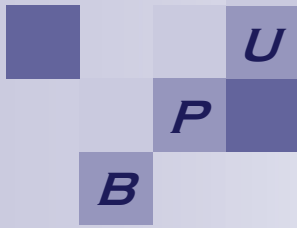
**NEW JERSEY BOARD OF PUBLIC UTILITIES**  
**ANNUAL REPORT 2003**





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## PRESIDENT'S MESSAGE

To: Governor James E. McGreevey,

Rising fuel costs, the impact of electric deregulation and national events such as the Northeast Blackout of August 14<sup>th</sup> have reminded us more than ever of the importance of the energy industry in American society.

Rising prices are particularly harmful to seniors and low-income households. Thus, in 2003, we improved our Universal Service Fund by launching automatic enrollment and furthering our goal of creating a direct enrollment option. In another program for low income residents—Lifeline—we have made significant improvements, including expanding eligibility for seniors.

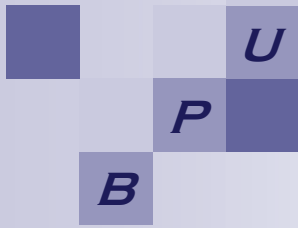
We continued to build our Clean Energy Program in 2003, providing rebates for high-efficiency equipment, encouraging construction to ENERGY STAR standards and helping residents and businesses pursue opportunities for energy efficiency and renewable energy.

We do not want to see a repeat of the Blackout of 2003, which affected 50 million people from Detroit to New York State. We have worked with our partners in the region to improve reliability and load management, and we have urged policymakers to consider improvements on a Federal basis. We are also working with States in the Northeast to develop the landmark Regional Greenhouse Gas Initiative, a regional plan to reduce carbon dioxide emissions and counter the potentially catastrophic effects of global warming.

In 2004, the Board of Public Utilities will further strengthen our commitment to ensuring safe, adequate and affordable utility and regulated service for all New Jerseyans.

Sincerely,

Jeanne M. Fox  
President



## MEET THE COMMISSIONERS

### **JEANNE M. FOX PRESIDENT**

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Jeanne M. Fox is President of the New Jersey Board of Public Utilities and serves as a member of the Governor's Cabinet. Governor James McGreevey appointed her to the BPU on January 15, 2002. The BPU has jurisdiction over the rates and facilities of telephone, electric, gas, water and wastewater and cable television companies and works to ensure that consumers have access to safe, reliable and efficient services at reasonable costs.

President Fox is actively involved in the National Association of Regulatory Utility Commissioners (NARUC) as a member of the Ad Hoc Committee on Critical Infrastructure and the Committee on Energy Resources and the Environment. She was appointed Chair of the National Council on Electricity Policy in July 2003.

President Fox is a former Regional Administrator of the United States Environmental Protection Agency (EPA) and Deputy Commissioner of the New Jersey Department of Environmental Protection (DEP).

President Fox has been recognized as one of New Jersey's 25 Women of Influence. She has also been a Visiting Distinguished Lecturer at the Bloustein School at Rutgers, the State University of New Jersey, and the Woodrow Wilson School at Princeton University. She serves on numerous boards, including the Girl Scout Council of Delaware-Raritan Inc. and the Bipartisan Coalition for Women's Appointments.

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

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## MEET THE COMMISSIONERS

### **FREDERICK F. BUTLER COMMISSIONER**



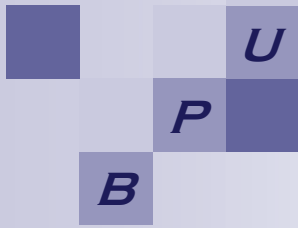
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Frederick F. Butler was sworn in as a member of the New Jersey Board of Public Utilities on March 22, 1999.

His previous work experience includes: Executive Director of the New Jersey General Assembly Democratic office; Deputy Director of the New Jersey 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.

Commissioner Butler currently serves on the Advisory Committee of Michigan State University's Institute of Public Utilities and on the Advisory Council of New Mexico State University's Center for Public Utilities. He is a former President of the Mid Atlantic Conference of Regulatory Utility Commissioners (MACRUC) and Chairman of the National Association of Regulatory Utility Commissioners' (NARUC) International Relations Committee. He also serves as a member of NARUC's Executive Committee, Committee on Water and Ad Hoc Committee on Climate Change.

Commissioner Butler was born in Jersey City on July 7, 1946. He received a Bachelor's degree in Modern Languages and Political Science from Villanova University in 1968 and earned a Master's degree in International Relations from Johns Hopkins University's School of Advanced International Studies in 1973.



## MEET THE COMMISSIONERS

### **CAROL J. MURPHY COMMISSIONER**



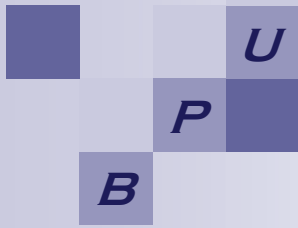
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Carol J. Murphy was appointed to the New Jersey Board of Public Utilities in February 2001 and served as Acting President until July 2001.

Commissioner Murphy is Chairman of the National Regulatory Research Institute's (NRRI) Board of Directors, having served on the board since 2001. She is a member of the National Association of Regulatory Utility Commissioners (NARUC), where she has served on the Electricity Committee, the Subcommittee on Nuclear Issues—Waste Disposal and the Subcommittee on Clean Coal. Ms. Murphy is also Chairman of the By-laws Committee of the Middle Atlantic Conference of Regulatory Utility Commissioners (MACRUC).

Commissioner Murphy served in the New Jersey General Assembly from September 1993 to February 2001. She was a member of numerous Assembly committees—including the prestigious Appropriations Committee—and she chaired the Assembly Telecommunications and Utilities Committee from its inception in January 2000 until leaving the Assembly in February 2001. Mrs. Murphy served as Assistant Majority Leader from 1996 to 1998 and later became the first woman elected to the prominent position of Conference Leader of the Assembly Republican Majority, a position in which she served from 1998 through 1999.

Commissioner Murphy was elected to the Morris County Board of Chosen Freeholders in 1984 and served until her election to the State Legislature in 1993. She was the Freeholder Director in 1987.



## MEET THE COMMISSIONERS

### **CONNIE O. HUGHES COMMISSIONER**



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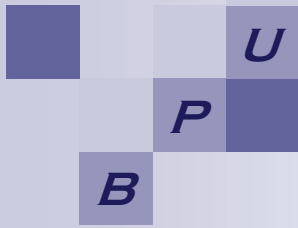
Connie O. Hughes was appointed by Acting Governor Donald T. DiFrancesco to the New Jersey Board of Public Utilities on July 16, 2001. She was confirmed by the State Senate and sworn into office on October 3, 2001. She served as Acting President and then President from July 16, 2001, to January 15, 2002.

Commissioner Hughes is the Chairperson of the National Association of Regulatory Utility Commissioners' (NARUC) Ad Hoc Committee on Critical Infrastructure and the Middle Atlantic Conference of Regulatory Utility Commissioners' (MACRUC) Telecommunications Committee. Commissioner Hughes is also a member of the NARUC Telecommunications and International Committees and the NARUC Triennial Review Implementation Project Task Force, and she is the NARUC designee to the Department of Transportation's ES911 Wireless Task Force.

During the term of Acting Governor DiFrancesco, she was appointed as his Chief of Management and Policy responsible for policy development and implementation throughout all executive branch agencies.

Commissioner Hughes' 25 years of public service were largely devoted to the State's Department of Labor, where she served in various management positions, including Deputy Commissioner.

Commissioner Hughes received her B.S. from East Stroudsburg University and her Master of City and Regional Planning (MCRP) from Rutgers.



## MEET THE COMMISSIONERS

### **JACK ALTER COMMISSIONER**



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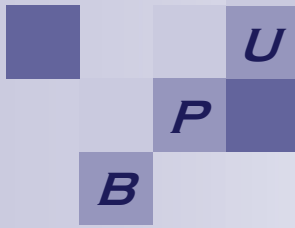
Jack Alter was appointed Acting Commissioner of the New Jersey Board of Public Utilities by Governor James McGreevey, effective October 7, 2002. The State Senate confirmed Mr. Alter's permanent appointment on October 31, 2002.

For the past 12 years, Commissioner Alter has served as Mayor of Fort Lee. He also served as a member of the Fort Lee Council and Planning Board and as a Bergen County Freeholder from January 2001 to October 2002.

Commissioner Alter's years of public service follow a successful business career, which spanned three decades. In 1964, he established his own business in insurance and investment sales, which was located in Greenwich, CT; Newark, NJ; and later in Lyndhurst and Roseland, NJ. The firm, a sole proprietorship until 1984, was identified as Jack Alter & Associates. A partnership merger later increased the size and name of the firm to Alter & Godfrey, Inc.

Commissioner Alter was a speaker and teacher with many insurance industry groups. He also served as president of the General Agents & Managers Association of Northern New Jersey from 1976 to 1977.

Commissioner Alter is a United States Army Veteran, having entered military service at the age of 18. He served in the United States Army Counterintelligence Corps. His tour of duty ended in 1947.



## MAJOR ACCOMPLISHMENTS

### RESTRUCTURING OF THE UNIVERSAL SERVICE FUND

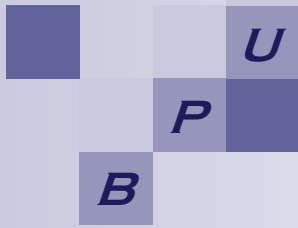
On February 9, 1999, former Governor Whitman signed into law the Electric Discount Energy Competition Act (EDECA). The legislation's primary purpose was to deregulate the utility industry and allow residential customers to choose their own electric and/or gas supplier apart from their utility supplier. As part of the EDECA legislation, the BPU was authorized to establish the Universal Service Fund (USF).

The USF is a ratepayer-funded energy assistance program that provides credits on the bills of low-income customers, ensuring that they no longer have to pay more than six percent of their income on energy. In February 2000, the BPU initiated the process for establishing the USF, which was intended to address the crisis of unaffordable utility bills with which thousands of New Jersey working families are faced. Meetings were conducted and public hearings held to solicit comments regarding the EDECA requirements, existing energy assistance social programs for New Jersey residents and USF programs nationally. In November 2001, the BPU ordered the establishment of an interim USF program to serve nearly 100,000 low-income families by means of a one-time fixed credit. On April 30, 2003, the Board developed a permanent recommendation.

Today, families at or below 175 percent of the Federal Poverty Level (FPL) are eligible for the program, which provides monthly credits to their utility bills. The USF is already making bills affordable for over 125,000 households across the State. Prior to the program, over half of USF customers were being billed more than 10 percent of their income for energy costs. Today, these customers have affordable bills. As a result, they are paying their bills at a much higher rate than before the USF, which greatly reduces the uncollectible bill costs for which all other utility customers eventually pay. AARP has referred to the USF as the best program of its kind in the nation.

USF is being implemented in two phases:

- In October 2003, the BPU began the automatic enrollment phase, in which the Office of Information Technology reviewed existing State databases for the Low Income Home Energy Assistance Program (LIHEAP) and Lifeline energy assistance programs and automatically enrolled anyone found eligible for the USF. Roughly 115,000 households were enrolled through automatic enrollment.
- The second phase is the direct enrollment phase, in which customers can fill out one application and apply directly for LIHEAP and the USF at the same time. The



## MAJOR ACCOMPLISHMENTS

new direct enrollment process is scheduled to begin November 2004.

The USF is funded through the Societal Benefit Charge, which is assessed to every gas and electric utility ratepayer. It currently provides benefits at an annual rate of \$115 million. The impact of rising fuel costs and other national events require that the program be reviewed for its demand and effectiveness. This review is currently underway and will be completed by December 2005, at which time recommendations may be made to change the program.

### IMPROVEMENTS TO THE LIFELINE PROGRAM

In April, the BPU implemented improvements to its telephone Lifeline program, which assists seniors and low-income residents at or below 150 percent of the Federal Poverty Level (FPL) with their telephone bills. These changes included

- Increasing the maximum credit almost 40 percent (to over \$13/month);
- Expanding eligibility for seniors; and
- Adding automatic enrollment.

To be eligible for automatic enrollment for the Verizon NJ (VNJ) Lifeline program, a customer must (1) receive benefits from one or more of eight existing public assistance programs; or (2) be 65 or older with an annual income at or below 150 percent of the FPL. Depending on the type of service chosen—flat rate, moderate use or low use—and the rate area, the monthly rate for a VNJ Lifeline customer ranges from \$0 to \$2.19.

The automatic enrollment process has almost tripled total enrollment from 41,000 to 107,000. To date, other enhancements have increased enrollment to about 135,000.

These expanded benefits, which could assist up to 400,000 New Jersey residents, will be paid for without State funds: roughly 75 percent of the \$13.50 monthly benefit is Federally funded, and Verizon has agreed to provide the other 25 percent.

### CLEAN ENERGY PROGRAM

2003 was a year of significant achievements for New Jersey's Clean Energy Program, with programs lowering customers' energy usage and increasing the amount of electricity generated in New Jersey using clean, renewable sources. Among the year's many highlights were the following:

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## MAJOR ACCOMPLISHMENTS

- Over 24,000 customers received rebates for the purchase of high efficiency heating and cooling equipment, which will save over 219,000 MWh of electricity and two million Dtherms of natural gas over the life of the equipment.
- Almost 5,000 new homes were built to ENERGY STAR Home standards that will save over 95,000 MWh and 2.7 million Dtherms over the life of the measures.
- Over 1,000,000 high efficiency compact fluorescent bulbs were purchased by New Jersey residents, which will result in over 440,000 MWh of lifetime savings.
- Over 6,000 low-income homes received energy efficiency improvements—at no cost to the customer—that will save over 106,000 MWh and 1.3 million Dtherms over the life of the measures installed.
- Over 6,000 businesses participated in programs to lower their energy costs and installed measures. Over 2.9 million MWh and 1.5 million Dtherms will be saved through these measures.
- 58 renewable energy systems received rebates in 2003—90 systems were installed in 2003 with 32 systems rebated in 2004—and will generate 110,000 MWh of clean, emission-free electricity over their useful lives.

2003 was also a year of significant changes to the administrative structure of the Clean Energy Program. The BPU created the Clean Energy Council (CEC), which was tasked with providing advice and recommendations with regard to the administrative structure of the programs to be implemented. The BPU transferred responsibility for administration of the programs from the State's electric and gas utilities to the BPU's Office of Clean Energy (OCE).

The Clean Energy Program continued to build on the successes achieved in the first two years of the program. Two programs—the Residential Heating, Ventilation and Air Conditioning (HVAC) and the New Jersey ENERGY STAR Homes Program—have received national recognition. The success of these programs is also a benefit to New Jersey's environment, which benefits from a reduction in pollution, and to the State's economy, which is strengthened when people and businesses lower their energy costs and increase their buying power.

Please see the Clean Energy Program's *2003 Annual Report* for additional updates.

### **ADDITIONAL CUSTOMER RIGHTS REGULATIONS FOR CABLE SUBSCRIBERS**

New Jersey already had the strongest overall package of cable regulations and rate scrutiny of any State in the nation. Still, in October, additional customer rights regulations were adopted by

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## MAJOR ACCOMPLISHMENTS

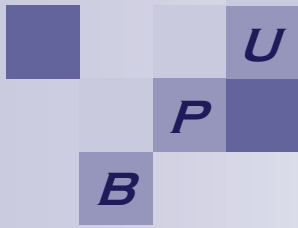
the BPU to better serve the 2.5 million cable subscribers in the Garden State.

- **Bill Itemization** — Cable companies are now required to either itemize on the bill or provide a bi-monthly bill insert detailing all services and rates offered to the individual customer.
- **Service Call Scheduling** — Customers who phone in for service are given an appointment in either the AM or PM. These ambiguous appointment windows can last as long as eight hours. The BPU's new regulations reduced the time a customer must wait to a four-hour block, which is a significant improvement for New Jersey customers.
- **Customer Service** — The strengthened regulations go a long way to ensure that consumers who need assistance from their cable companies are not wasting their time waiting on the phone for customer assistance. A new rule requires that a customer be able to reach a cable company's customer service representative within 30 seconds of the initiation of the phone call.
- **Outage Credit** — Currently, consumers can only receive a credit if the duration of an outage is six hours or more. The new regulation allows consumers to receive credits for outages that last three hours or more.
- **Disconnect Notice** — This regulation ensures that customers have adequate notification and protection from a potential shut off. If a customer has received a shut-off notice and shut-off has not occurred within 30 days, the company must re-notify said customer.

### MANAGED THE NORTHEAST BLACKOUT OF AUGUST 14<sup>TH</sup>

On August 14, 2003, the power went out on 50 million people from Detroit to New York—with one million affected persons in New Jersey. The in-State utilities and the BPU successfully minimized the impact of the outage and later called for Federal investment in "Smart Grid" digital technology to update our archaic system, which is still pending. More importantly, the Board worked with utilities to significantly improve their reliability and urged for a renewed emphasis on load management as a priority for utilities, generators, energy managers and all energy users in general.

President Fox was a member of the Joint US-Canada Task Force, which was charged with overseeing the investigation of the catastrophe.



## MAJOR ACCOMPLISHMENTS

### **NEW JERSEY VOICES INITIAL COMMITMENT TO RGGI**

The Governors of nine Northeast U.S. States—Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont—have agreed to work together to develop the Regional Greenhouse Gas Initiative (RGGI), a regional plan to reduce the carbon dioxide (CO<sub>2</sub>) emissions that contribute to global warming.

In August, representatives from the BPU and the New Jersey Department of Environmental Protection (DEP) met with their equivalent agency heads from the other eight participating States. This group, called the “RGGI Staff Working Group,” drafted an action plan that lays out the process to develop a multi-State cap-and-trade program covering emissions from power plants. The following month, BPU President Fox joined the participating States’ environmental commissioners and many of the energy regulatory agency chief executives in endorsing the action plan.

### **SUCCESSFULLY MANAGED RATE EFFECTS OF DEREGULATION**

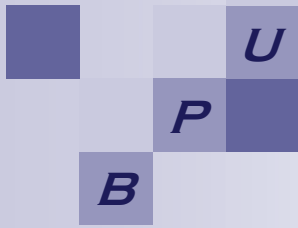
In 1999, legislation forced utilities to divest from supplying energy but also capped utility rates for a period of four years, which ultimately resulted in ratepayers being responsible for deferred balances and interest accrued. This year, the Board authorized securitization of those costs, which spread out the repayment to the utilities over a 10-year period. This prevented severe rate shock for customers and yielded the best of a difficult situation.

### **HELPING BUSINESSES REDUCE ENERGY COSTS**

Since 2002, the BPU has been working with ratepayers and businesses to reduce energy bills. In 2003, the Board established a \$60 million financing program for businesses with the help of the New Jersey Economic Development Authority (EDA). The BPU continues to host annual business/energy conferences that highlight the availability of new technologies and financial incentives. In addition, the Board is preparing to hire a business ombudsperson to help businesses manage their energy usage and take advantage of available energy programs.

### **NUI/ELIZABETHTOWN GAS AUDIT & INVESTIGATION**

In 2003, the BPU conducted a year-long investigation and audit that resulted in the proposed—and eventual—sale of NUI to Atlanta Gas and Light. The settlement was one of the largest in BPU history: the Board’s participation helped to return \$28 million in reimbursements to New Jersey customers and \$2 million in penalty monies to the State.



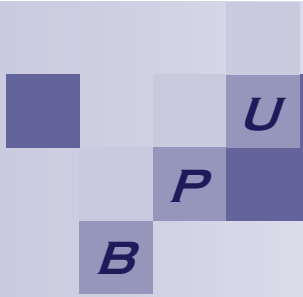
## MAJOR ACCOMPLISHMENTS

### **IMPLEMENTED UTILITY SECURITY BEST PRACTICES**

The BPU is responsible for Homeland Security Best Practices of the critical electric, natural gas, water and telecommunications sectors. The Board was the first State agency to develop and complete the Best Practices Documents and record their application. This plan has been presented as a national model; as such, the BPU has provided training to other State utility commissions. President Fox and select Board Staff have actively participated as members of the New Jersey Domestic Security Preparedness Task Force.

### **HELPED SECURE STATEWIDE TRANSMISSION OF NJN**

In 2003, President Jeanne Fox and the Office of Cable Television (OCTV) coordinated with Attorney General Peter Harvey and the cable industry in developing a Memorandum of Understanding with New Jersey Network (NJV) and cable operators, co-locating NJN on either of two cable channels as of January 2004. This more uniform placement will consolidate the transmission of statewide emergency alerts and child abduction notifications.



## DIVISION AND OFFICE FUNCTIONS

### DIVISION OF ADMINISTRATION

**Chicqueta Britton-Nutt**, *Director*

*T:* (973) 648-2287

*F:* (973) 877-1168

The Division of Administration is comprised of five units that provide services for BPU staff.

*The Office of Human Resources* is responsible for human resource management, which includes: processing all 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 Employee Relations Unit* oversees counseling, labor relations, employee incentive programs and security issues. The Unit also assists management in PAR activity, administers civil service regulations 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 and inter-office moves.

*The Equal Employment Opportunity and Affirmative Action Program (EEO/AA)* is administered by the EEO/AA Officer, who reports to the Division Director.

*Nursing Services* provides first aid and immediate medical care for BPU employees.

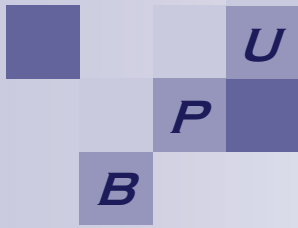
### DIVISION OF AUDITS

**Walter Szymanski**, *Director*

*T:* (973) 648-4622

*F:* (973) 648-2848

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 that report to the Director.



## DIVISION AND OFFICE FUNCTIONS

***Bureau of Financial Audits*** — Pursuant to N.J.S.A. 48:2-16.1 and 48:2-16.2, 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, energy efficiency and renewable energy programs, as well as audits of other regulated entities subject to the Board's jurisdiction such as New Jersey One Call.

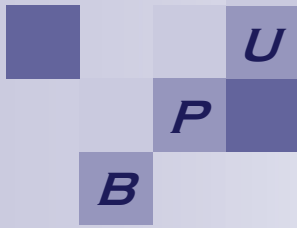
As needed, the Bureau provides assistance to other State agencies such as the Division of Criminal Justice and the Department of Environmental Protection, as well as other Federal and local law enforcement agencies, in investigations relating to public utilities and other regulated entities subject to the Board's jurisdiction.

In addition to its audit responsibilities, the Bureau 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 pursuant to P.L. 1968, c. 173 (C.48:2-59), 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 telecommunications Competitive Local Exchange Carriers (CLECs) to provide interexchange telecommunications services within the State.

***Bureau of Audits of Management Audits*** — Pursuant to statute (N.J.S.A. 48:2-16.4), the Bureau of Management Audits reviews the operations and management of energy utilities during a specific time frame with the goal of seeking efficiency and accountability of actions in order to assure safe, adequate and proper service. The management audit goal of efficiency reflects endeavors to improve the future operations and management of the utility. The management audit 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 (EDECA), both Bureaus participate in the performance of competitive service compliance reviews for the electric and gas utilities every two years. These reviews are to be performed by an independent consulting firm under the direct supervision of staff.



## DIVISION AND OFFICE FUNCTIONS

### DIVISION OF CUSTOMER ASSISTANCE

**Kent Papsun, Director**

T: (973) 648-4436

F: (973) 648-2836

The Division of Customer Assistance consists of the Bureau of Customer Relations, the Research and Planning Unit and the Bureau of Investigations.

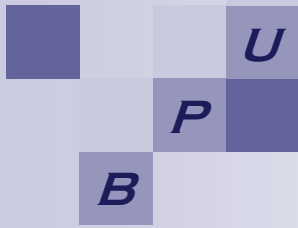
*The Bureau of Customer Relations* mediates disputes between utilities and customers over such matters as service complaints, high bills, payment arrangements, and discontinuance of service, deposit requests and incorrect rates.

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, as well as 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, and the Division, in turn, recommends corrective action to the BPU Commissioners if necessary.

*The Research and Planning Unit* is responsible for research and planning functions within the Division. It provides support to the Division Director in conducting special projects, surveys and studies. Staff also 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 requires the State to "opt-in" to the Federal Communications Commissions' State Referral Program and therefore handles all New Jersey slamming complaints that were previously referred to the FCC. Some of these complaints are handled in conjunction with the Division of Consumer Affairs to identify the chronic abusers. The Bureau of Investigations also handles other investigations as assigned.



## DIVISION AND OFFICE FUNCTIONS

### DIVISION OF ENERGY

**Nusha Wyner**, *Director*

T: (973) 648-3621

F: (973) 648-2467

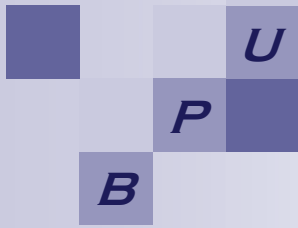
The Division of Energy is responsible for traditional regulatory responsibilities associated with the natural gas and electric industries, in addition to the evolutionary facets of deregulation and retail competition. With the enactment of the Electric Discount and Energy Competition Act (EDECA), the Division's responsibilities have significantly increased and changed as it fosters full electric and natural gas retail competition in New Jersey.

The Division is comprised of four distinct bureaus. The Division also has three newly created "Issues Manager" positions to provide additional expertise in matters concerning: 1) federal energy initiatives and FERC/PJM interaction; 2) rate design, revenue requirements and market development; and 3) renewable energy technologies.

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



## DIVISION AND OFFICE FUNCTIONS

### DIVISION OF RELIABILITY AND SECURITY

**James Giuliano**, *Director*

*T:* (973) 648-3875

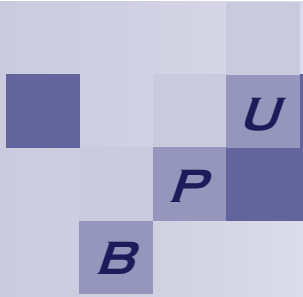
*F:* (973) 648-2242

***The Bureau of Emergency Management*** handles emergency response matters related to water, sewer, electric and gas utilities. Additionally, the Bureau is tasked with oversight of each utility industry sector's security obligations in accordance with the Domestic Security Preparedness Act, the Attorney General's Office, the State Office of Emergency Management and the Office of Counter Terrorism. President Fox is an active participant on the Domestic Security Preparedness Task Force (DSPTF), and Staff works with the associated Infrastructure Advisory Committee (IAC) and other planning groups. Almost all aspects of the government and private sector preparedness, response and recovery depend upon essential utility services, which make crucial the Board's emphasis on reliability and security. Bureau staff has worked with each utility sector to craft best practices, including operational measures linked to each alert level of the Homeland Security Alert System. Staff is also participating in various exercises and training programs to address utility preparedness and reliability. The National Association of Regulatory Utility Commissioners (NARUC) recognized New Jersey's leadership in this area by appointing Commissioner Connie Hughes chair of their Ad Hoc Committee on Critical Infrastructure (on which President Fox also serves).

***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 unit.



## DIVISION AND OFFICE FUNCTIONS

### DIVISION OF TELECOMMUNICATIONS

**Anthony Centrella**, *Director*

T: (973) 648-7865

F: (974) 624-9453

The Division of Telecommunications oversees the performance of the telephone companies under the Board's jurisdiction. The Division is comprised of three Bureaus: 1) Competitive Services and Mergers; 2) Policy and Planning; and 3) Technical Development and Deployment.

*The Bureau of Competitive Services and Mergers* executes the Board's regulatory policies for the implementation of local phone competition. It monitors the overall development of local exchange competition in New Jersey and conducts inter-carrier coordination activities.

*The Bureau of Policy and Planning* develops regulatory practices and rules to ensure the availability of universal telephone services at affordable rates.

*The Bureau of Technical Development and Deployment* examines the facilities deployment of telephone companies and ensures that the companies provide reliable, safe and high-quality service to consumers at reasonable prices, terms and conditions.

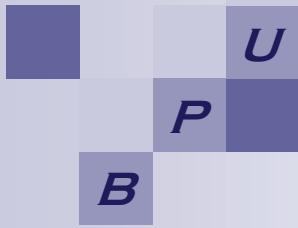
### DIVISION OF WATER AND WASTEWATER

**Michael Gallagher**, *Director*

T: (973) 648-3595

F: (973) 877-1167

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



## DIVISION AND OFFICE FUNCTIONS

The historically quiet water industry regulated by the BPU has been thrust into significantly changing markets requiring 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.

### OFFICE OF CABLE TELEVISION

**Celeste Fasone**, *Director*

T: (973) 648-3272

F: (973) 648-3135

The Office of Cable Television (OCTV) regulates basic cable television rates and other cable services supplied by 38 cable TV systems to over 2.5 million subscribers throughout New Jersey. The OCTV also includes a Bureau of Accounts and a Bureau of Technical Services & Enforcement.

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

*The Bureau of Technical Services & 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.

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

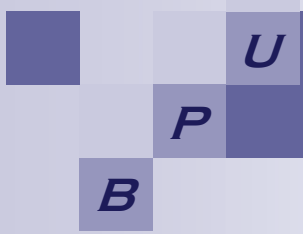
### OFFICE OF THE CHIEF OF STAFF

**Lance R. Miller**, *Chief of Staff*

T: (973) 648-3175

F: (973) 648-4195

The Chief of Staff assists the President of the Board with the day-to-day management of the agency. The



## DIVISION AND OFFICE FUNCTIONS

administrative, planning, financial, communications, legislative and information technology units, along with the Office of Clean Energy, report directly to the Chief of Staff.

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.

### OFFICE OF CLEAN ENERGY

**Michael Winka**, *Manager*

*T:* (609) 777-3312

*F:* (609) 777-3330

The Office of Clean Energy (OCE) has the responsibility of implementing energy efficiency and renewable energy programs, as well as program 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 Clean Energy Program is a statewide program that targets millions of dollars each year toward technologies that save electricity and natural gas and increase the amount of electricity generated from clean, renewable resources. The Program was created as part of the New Jersey Electric Discount and Energy Competition Act (EDECA) with the objective of transforming the energy marketplace in New Jersey for energy efficiency and renewable energy technologies in a deregulated environment.

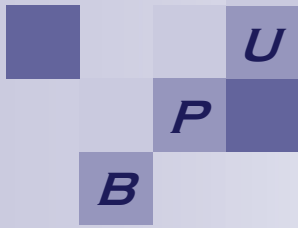
### OFFICE OF COMMUNICATIONS

**Tracy Munford**, *Director*

*T:* (973) 648-2595

*F:* (973) 648-8514

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,



## DIVISION AND OFFICE FUNCTIONS

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.

### OFFICE OF CHIEF COUNSEL

**Suzanne Patnaude**, *Chief Counsel*

T: (973) 648-3858

F: (973) 648-2209

The BPU's in-house legal unit is staffed by New Jersey-licensed attorneys and administrative support employees. Legal Specialists provide regulatory and administrative expertise regarding any matters brought before the Board. Members of the legal staff assist in coordinating requests for legal advice from the Office of the Attorney General; provide guidance as to the nature and substance of the various statutes and regulations covering the responsibilities of the BPU; serve as hearing officers (as required); facilitate settlement discussions conducted by the Board's technical divisions; draft proposed regulations, legislation and amendments in accordance with the policy objectives established by the Board; assist in drafting Board Orders; and provide support as requested by the Office of the Attorney General.

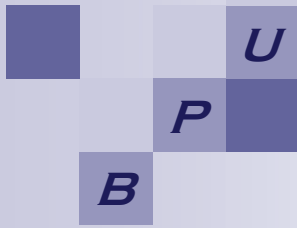
### OFFICE OF THE CHIEF ECONOMIST

**Fred Grygiel**, *Chief Economist*

T: (973) 648-3414

F: (973) 648-4410

The Office of the Chief Economist advises the Board on 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. The Office works with other technical Divisions to evaluate how proposed alternatives to traditional rate-base/rate-of-return regulation could impact ratepayers. It also evaluates a utility's financial structure and ability to fulfill regulatory obligations.



## DIVISION AND OFFICE FUNCTIONS

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 also analyzes issues of regulatory reform, tax policy, utility industry restructuring, stranded assets and expanding competition in previously monopolistic utility sectors.

### OFFICE OF THE EXECUTIVE DIRECTOR

**John Stanziola**, *Executive Director*

*T:* (973) 648-4852

*F:* (973) 648-2409

The Executive Director oversees the activities of the Office of Cable Television and the Divisions of Audits, Energy, Telecommunications, Reliability and Security and Water and Wastewater. 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 serves as a chief policy advisor to the BPU and 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 includes providing testimony at legislative hearings. The Executive Director often acts as a spokesperson for the BPU in responding to press inquiries and in meetings with editorial boards.

The Executive Director is responsible for the overall management of the agency's technical Divisions. In addition to the policy development responsibilities, the Executive Director is responsible for hiring decisions, training and cross training, managing workload and the development of employee enhancement programs.

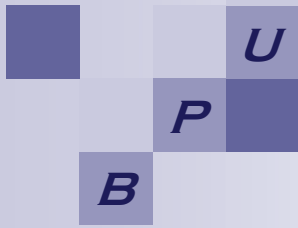
### OFFICE OF INFORMATION TECHNOLOGY

**Wilma Hoggard**, *Director*

*T:* (973) 648-3434

*F:* (973) 648-7968

The Division of Information Technology (IT) provides technical support to each Division of the BPU. Responsibilities include but are not limited to: Word & data processing solutions; data communications;



## DIVISION AND OFFICE FUNCTIONS

database applications; networking solutions; and WEB interfacing applications. This requires analysis of each Division's specific computer hardware and software requirements and any accompanying design, development, procurement and implementation. 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.

IT provides support and assistance to the Board's end-users in the use of computer systems through Help Desk and desktop (PC) support. Appropriate application education is provided to technical staff and end-users. IT also advises senior management on emerging technologies that will enhance their ability to make informed business decisions.

In addition, IT is responsible for the hardware and software integration necessary to promote anytime, anywhere communication. This is facilitated through data sharing between wired, wireless and voice mail systems.

### OFFICE OF THE SECRETARY OF THE BOARD

**Kristi Izzo**, *Secretary*

*T:* (973) 648-3426

*F:* (973) 648-2409

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." In addition to these statutory responsibilities, the Secretary is responsible for managing the Board's biweekly agenda process and serves as the BPU's Records Custodian to ensure compliance with the Open Public Records Act. Finally, 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 following units: Agenda Control, Case Management and Customer Assistance.