



New Jersey Board of Public Utilities



2007 Annual Report

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President's Message

Dear Governor Corzine:

Success comes about through hard work, careful planning and dedication. Those are the ingredients that enabled the New Jersey Board of Public Utilities in 2007 to once again extend its considerable record of achievement. This 2007 annual report proudly presents an overview of that record. Each of my fellow Commissioners and the Board's Divisions and Offices contributed to the positive outcomes you will read about here. In keeping with your goal of budgetary discipline, BPU staff completed its work while remaining cognizant always that we must maximize resources.

At the BPU, we have been working on energy and environmental issues since 2002, when my tenure began, and can report significant accomplishments in 2007. The BPU led an inter-agency team that provided policy input and technical expertise to the Governor's Office as it prepared the draft Energy Master Plan. We remained actively involved in the Regional Greenhouse Gas Initiative and other New Jersey efforts to address climate change. We formulated a cross-divisional "E-Team" to advocate for BPU in regional and federal forums.

The least expensive resource is the one not consumed: The BPU worked with stakeholders throughout 2007 to help them use energy and water resources wisely. The agency helped 50,000 individuals, businesses and local governments save energy, reduce expenditures for energy, and protect our State's environment. We became a partner with U.S. Environmental Protection Association in its water conservation program, WaterSense, and worked with our water utilities on water conservation. Thousands of low-income households were better able to cope with energy costs through our Universal Service Fund and other assistance programs.

In 2007, we enhanced homeland security, inspected hundreds of natural gas pipelines, and were among the first states to implement the nation "811 'One Call' Call Before You Dig" system. Our work on complaint resolution, advocacy, and utility oversight contributed to millions of dollars in savings for ratepayers. In telecommunications, our work encouraged competition, and at the federal and regional level, we advocated strongly for New Jersey's interests. We improved practices in financial oversight, and we conducted management audits of utilities.

In 2008 once again we have all of the ingredients for success. I am confident that the BPU will continue its record of accomplishment.

Sincerely,



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*

As President of the New Jersey Board of Public Utilities (NJBP), Jeanne M. Fox is a member of the Governor's Cabinet. She was appointed on Jan. 15, 2002.

Ms. Fox is on the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC) and is a member of several of its committees, including Energy Resources and the Environment and Critical Infrastructure. She chairs the National Council on Electricity Policy, National Conference of State Legislatures, National Association of Regulatory Utility Commissions, National Association of State Energy Officials, the Dept. of Energy and the Environmental Protection Agency (EPA). As President of the Mid-Atlantic Conference of Regulatory Utilities Commissioners (MACRUC), she is on the National Academy of Science Panel on Public Participation in Environmental Assessment and Decision Making, the National Leadership Group on Energy Efficiency; Harvard Electricity Policy Group; Consumer Energy Council of America's Public Policy Initiative Fuels and Technologies Forum; and the Advisory Council to the Board of Direc-

tors of the Electric Power Research Institute.

Under President Fox's leadership, NJBP has led the nation both in energy efficiency and clean energy policy. Accolades President Fox and NJBP have received include the Golden Meter Award for Best Statewide Net Metering Program in the U.S., Network for New Energy Choices, the Sierra Club's Outstanding Achievement Award, the Solar Energy Industries Association's Solar Champion 2005, the NJ Clean Communities Appreciation Award, AARP's Leadership on Utility Consumer Issues Award, the National Solar Industry Association's Award for Outstanding Leadership in Policy Development for Clean Energy, and New Jersey Environmental Lobby's Environmentalist of the Year 2001.

Ms. Fox was Regional Administrator of the U.S. EPA and Commissioner and Deputy Commissioner of the NJ Dept. of Environmental Protection and Energy. Ms. Fox received a Bachelor's Degree from Douglass College, Rutgers and a Juris Doctor from the Rutgers University School of Law.



BPU Commissioners

- 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 was first appointed to the Board of Public Utilities 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 was President of the Mid-Atlantic Conference of Regulatory Utilities Commissioners (MACRUC) and is a member of the National Association of Regulatory Utility Commissioners (NARUC). He currently serves as NARUC's 2nd Vice President and on its Executive Committee. He chaired committees on international relations, water and climate change. He is on 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 at Rutgers, the State University. Commissioner Butler received a BA from Villanova University in 1968 and a MA 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 sworn in on Oct. 3, 2001. She served as Acting President and then President from July 16, 2001, to Jan. 15, 2002.

Commissioner Hughes was 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 included: committees on consumer affairs and international relations, Washington Action Program and Broadband-over-Power-Lines Task Force. She chaired the Federal Legislative Task Force on E911 and the Mid-Atlantic Conference of Regulatory Utilities Commissioners' Telecommunications Committee. As Gov. DiFrancesco's Chief of Manage-

ment and Policy, she was responsible for policy in 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 and was named the Governor's designee on the NJ Commerce and Economic Growth Commission Board of Directors. Commissioner Hughes' 33 years of public service were largely devoted to the NJ Department of Labor, where her management positions included Deputy Commissioner. Commissioner Hughes earned her BS. from East Stroudsburg University and her MCRP from Rutgers, the State University.

**In July, Commissioner Hughes retired. Governor Corzine appointed Nicholas Asselta to fill the post.*



BPU Commissioners

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 - Christine V. Bator
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Meet the Commissioners

Joseph L. Fiordaliso *Commissioner*

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

Commissioner Fiordaliso was Director of Government Relations for the Saint Barnabas Health Care System, the largest healthcare provider in New Jersey. From 1967 to 1986, he was an educator at Vailsburg H. S. and Bloomfield H. S. He was 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 ap-

pointed by the Essex County Executive Director of Planning and Economic Development. He has worked with the NJ Democratic State Committee and as District Director for Senate President Richard Codey.

Commissioner Fiordaliso was Deputy Chief of Staff in Governor Codey's Administration in 2004. He was named "Citizen of the Year" by the Livingston Chapter of Unico National in 2003. In 2005, he was nominated to be a Commissioner on the NJ BPU. In April 2006, he was appointed to the NARUC Committee on Critical Infrastructure and the Committee on Electricity. 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 was confirmed as a Commissioner of the NJBPU on Jan. 9, 2006. She has bachelor's degree in economics from Seton Hall University, a juris doctor from Seton Hall Law School and an LL.M in Corporate Law from New York University. She is admitted to the New Jersey and New York bars. Commissioner Bator is a member of the National Association of Regulatory Utility Commissioners (NARUC), the NARUC Gas, Critical Infrastructure and International Committees. She is on the advisory board of the Gas Technology Institute. An adjunct professor of energy, economics and the environment at Rutgers Law School, Commissioner Bator is a director of the New Jersey Institute for Continuing Legal Education. From 1982 to 2006 Commissioner Bator practiced specializing in regulatory, corporate, corporate governance and finance. She is also a rule

1:40 mediator and an arbitrator for the American Health Lawyers Alternative Dispute Resolution Service. From 1976 -1982 she was Director of the Office of Legal Affairs for the NJ Commissioner of Health.

As a commissioner of the New Jersey Highway Authority in 1995, she chaired its Finance and Operations Committees and was on the Audit Committee. She was instrumental in creating the Authority's first Sarbanes Oxley Audit Committee Charter. She was a trustee of the NJ Bar Association, a chair of the New Jersey Bar Banking Law Section, and was on the New Jersey Bar committees on Business Courts. She was on the transition team for the Department of Banking and Insurance in 1993. The Commissioner has written and lectures on topics including corporate fraud, utility mergers and other topics.



BPU Commissioners

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 - Christine V. Bator
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Major Accomplishments

In 2007, the Board of Public Utilities Ensured Safe, Adequate and Proper Utility and Regulated Service and Worked to Maintain Competition in Evolving Markets.

○ Provided technical expertise for the Governor's draft Energy Master Plan and his greenhouse gas reduction plan.

○ Helped more than 50,000 residents, businesses and municipalities save energy, thereby cutting energy costs and protecting environment.

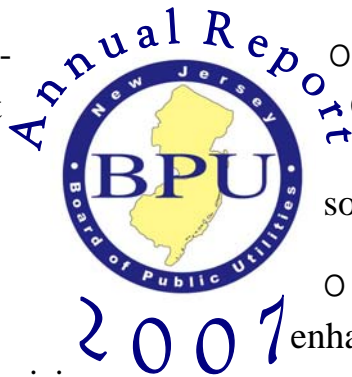
○ Saved ratepayers millions of dollars through advocacy, complaint resolution, monitoring of utilities and conservation incentives.

○ Strengthened protection of New Jersey's critical infrastructure.

○ Awarded millions in grants for security of natural gas & water supplies.

○ Enhanced competition in the telecommunications and energy markets.

○ Conducted hundreds of pipeline safety inspections.



○ Implemented national 811 One Call: Call Before You Dig hotline, one of first states to do so.

○ Streamlined telephone rules to enhance competition.

○ Educated business community on best energy purchasing practices.

○ Advocated for New Jersey ratepayers before federal regulators and before PJM, the operator of the regional electric grid.

○ Implemented/enacted strategies to help New Jersey conserve water.

○ Conducted overview audits to ensure proper management and financial practices of utilities.

Major Accomplishments

In 2007, President Fox, the BPU Office of Policy and Planning and staff from several divisions worked with the Governor's Office as it prepared a draft of the Energy Master Plan. BPU supervised the process of computer modeling that helped formulate the EMP draft.

Data on energy consumption, pricing, demographics, environmental factors, and supply and demand information were among inputs. BPU worked with other State agencies and Rutgers University on this analysis. BPU recommended strategies that would enable the state to meet its energy policy goals for energy generation, renewable energy, and energy efficiency. BPU managed communications for the process, keeping stakeholders informed about developments via the EMP website and listserv. The staff also facilitated exter-

Energy Efficiency, Greenhouse Gas Reduction and Renewable Energy

nal working groups and stakeholder meetings all aimed at giving an opportunity for input from groups that included the utilities, environmental groups, energy retailers, large energy users and many more. BPU oversaw the process by which stakeholders could submit proposed strategies for consideration as part of the developing EMP; in all more than 80 strategies were submitted and posted on the EMP website.

Goals of Draft Energy Master Plan

By 2020, New Jersey will:

- Reduce its energy use by 20-percent of the projected energy growth;
- Generate 20-percent of its electricity from Class One renewable sources such as wind, solar, biomass, and geothermal (including a 2-percent set aside for solar & 2½% from garbage-to-energy); and
- Reduce the amount of greenhouse gas emissions back to 1990 levels by 2020.

Major Accomplishments

In 2007, the BPU Clean Energy Program (CEP) helped more than 50,000 residents, businesses and municipalities save energy, reduce their energy costs and help protect the environment by installing energy efficient and renewable energy technologies. CEP expended \$180.5 million to provide New Jersey residents, municipalities and businesses with incentives to install equipment that generated 242,270 MWh of annual electricity savings, 931,746 Dtherms of natural gas savings, 224,281 MWh of electricity generated from clean, renewable sources of energy, and 102,125 MWh of distributed generation from combined heat and power systems. The amount of electricity saved is enough to provide the annual requirements of approximately 46,000 homes in New Jersey.

2007 Clean Energy Program customers will save an estimated \$66 million dollars a year in electricity and gas costs and \$743 million dollars over the lifetime of the measures installed.

A new solar incentive program was launched to transition away from a rebate-dependent model to a model that relies upon Solar Renewable Energy Certificates, a type of clean energy production credit, to help finance solar projects. All solar project owners will have a greater opportunity to recoup their initial investment in solar through the sale of Solar Renewable Energy Certificates (SRECs).

Energy Efficiency, Greenhouse Gas Reduction and Renewable Energy

In 2007, some 832 customers received rebates and incentives to install solar photovoltaic electric systems on their home, school or business which resulted in the installation of an additional 20 MW of clean, emission free solar capacity in New Jersey. To date, BPU has installed over 2,712 solar systems representing over 47 MW of solar capacity.

A new comprehensive residential energy savings program was launched called Home Performance for Energy Star to help residents adopt a 'whole house' approach to energy savings. HPES provides comprehensive home energy assessments and identifies energy saving opportunities for the whole house for heating, cooling, insulation, appliances and lighting. HPES can help residents reduce energy use by up to 30%. HPES will also help customers apply for incentives to offset the costs of installed measures such as The Board received the results of a study it commissioned to assess

Continued

Major Accomplishments

high-efficiency heating and cooling systems.

In 2007 15,840 residential customers received rebates for the purchase of high-efficiency heating and cooling equipment. An additional 8,484 low-income homes received energy efficiency improvements at no cost to the customer thus ensuring continued savings and greater affordability. (*Comfort Partners—for more see p. 25.*)

6,180 new homes were certified to New Jersey Energy Star Home standards representing over 20 percent of all new homes in New Jersey – one of the largest market shares in the country for EnergyStar Homes.

13,473 customers participated in the CleanPower Choice Program which offers electric utility customers the option to pay a few dollars extra per month on their electric bill for the purchase of clean, renewable sources of electricity.

Rebates were paid for 1,297 commercial energy efficiency projects helping businesses reduce their energy costs while improving profitability.

1,978 trees were planted through the Cool Cities program managed by the NJ Department of Environmental Pro-

Energy Efficiency, Greenhouse Gas Reduction and Renewable Energy

tection. Shade from these trees will reduce cooling loads in cities by reducing the “heat island” effect.

The BPU Office of Clean Energy received funding from the U.S. Department of Energy as part of the Wind Powering America Initiative to organize and facilitate a statewide Small Wind Working Group for New Jersey. The SWWG drafted a model ordinance that supports wind in municipalities. It was subsequently adopted by Ocean Gate. The Board also issued a solicitation for bids on up to \$19 million to develop New Jersey’s wind potential. Bids are expected in early 2008.

20 Clean Power Community Partners pledged support to help reduce energy use and use more renewable energy by participating in statewide campaigns to increase the number of participating residents and businesses.

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Major Accomplishments

The Board received the results of a study it commissioned to assess the potential for biomass in New Jersey. The study concluded that biomass has promise to help New Jersey diversify its energy sources.

Conservation Incentive Program. The Board had approved incentive programs that included the Conservation Incentive Program (CIP) by which utilities were allowed to offset the cost of gas by through sharing revenues from off-system sales, capacity release and storage service savings. The additional gas supply capacity cost savings were passed through to consumers. New Jersey Natural Gas (NJNG) reduced its BGSS gas supply demand costs by \$9.75 million. Similarly, South Jersey Gas (SJG) reduced its BGSS demand (and storage related) costs by \$7.1 million. The CIP agreement required these reductions before any adjustments to reflect the effects of reduced usage by the companies could be made. The BGSS filings made by the companies for the 2007-2008 BGSS year included CIP related gas supply demand cost reductions of \$10.6 million for NJNG

Conservation, Efficiency, Greenhouse Gas Reduction and Renewable Energy

and \$9.1 million for SJG. NJNG's CIP filings reflected proposed recoveries of non-weather related revenue reductions of \$7.4 million while SJG's non-weather related CIP recoveries were limited to \$9.1 million. The filings are in effect on a provisional basis subject to final Board approval. Based on the Companies' filings, net savings to BGSS customers are estimated over the first two years of the program to be \$12.6 million for NJNG and \$7.1 million for SJG. The CIP filings also reflected significant reductions in use per customer for NJNG and SJG.

Major Accomplishments

In 2007, BPU continued to be deeply involved in New Jersey's efforts to address climate change.

This agency has been an integral part of the Regional Greenhouse Gas Initiative (RGGI) in 2007 and since its inception several years ago. This leadership has helped shape RGGI as the visionary initiative it is and has added to the momentum for a national emissions reduction program and greater U.S. involvement in international efforts to combat global warming. The BPU has also worked with DEP and the Department of Transportation to evaluate methods to meet and exceed 2020 emissions target reductions pursuant to the Global Warming Response Act, another major greenhouse gas policy initiative signed by the Governor in July 2007.

Major Role in NJ Efforts to Address Climate Change

RGGI is a strategic regional effort to reduce greenhouse gas emissions. New Jersey has been actively engaged in this unique 10-state program which is still under development. RGGI is creating a market-based approach to controlling emissions through a regional cap-and-trade program. As this annual report is published, it is anticipated that the first auction of emissions credits, estimated at approximately 188 million short tons of CO₂ for the RGGI region, will take place in September, 2008.

In 2007 the Board granted three exemptions to the main extension rules. These rules are designed to promote smart growth by ending ratepayer subsidization of extensions of service in areas of the State not designated for growth. The Board granted exemptions to these rules to a farmer in Chesterfield Township participating in an innovative transfer of development rights program; a energy efficient housing development on the grounds of Ft. Dix; and to a low-income farm family in South Jersey.

Smart Growth

The BPU also plays a significant role in various interagency working groups. This includes the Smart Growth Policy Council which meets monthly to discuss and coordinate policies to promote smart growth. Policy & Planning Staff also serve on the Brownfields Redevelopment Interagency Team and the Development Opportunities Interagency Team.

Major Accomplishments

More than 25,000 Complaints Handled by Customer Service Representatives.

Through its Division of Customer Assistance, the BPU saved consumers of New Jersey more than \$1 million by managing more than 25,000 utility customer complaints.

Millions in Consumer Savings. New Jersey cable television customers received bill credits, reduced rates and rate caps that saved customers over \$ 7.7 million in 2007 increasing the grand total to \$383 million that customers would have otherwise paid to cable companies since the cable industry was re-regulated over a decade ago.

Cable TV Complaints Handled.

OCTV staff handled 7,319 verbal complaints, 6,560 written complaints, 1381 email complaints and 15 in-person consultations during 2007.

Penalty Collections. As a result of the BPU's proactive cable regulatory compliance program, several major enforcement matters were brought to conclusion this year resulting in the highest ever collection of approximately \$863,000 in penalty monies as well as an additional \$144,000 in consumer refunds and a broad based agreement with the major industry players for remedial action aimed at on-going compliance. An additional \$163,000 in service credits or consumer refunds were realized in 2007 through the consumer assistance efforts of our investigative staff.

Consumers and Businesses

Regulations to Monitor Cable Service.

In 2007 the Board amended its rules to add two new subchapters creating a framework for implementation and administration of the system-wide franchise law (P.L. 2006, c.83), to improve cable company tracking of customer deposits, to require complaint statistics be maintained for three years, to allow customers who call during a qualified outage to obtain credit based on that call, to require direct notice of proposed office closings to the affected municipality, to clarify billing itemization, and to require companies to indicate the time remaining on a promotional rate on the customer bill.

Streamlined Water Rate Cases. The Division of Water and Wastewater streamlined the rate case process by relying more on electronic exchange of information. This made the process speedier and more efficient. Bearing time constraints, travel costs and environmental concerns related to gas usage in mind, the Division relied more on telephone conferences. The Water Division increased use of pre-filing data requirements and continued to rely on the less costly method of alternate dispute resolution.

Major Accomplishments

Telecommunications Jobs Retention.

During 2007 locally franchised cable companies brought the total of customer call centers in the New Jersey to 11, adding a total of 1,752 new hires in the state.

Television Service Competition. Since Verizon received authorization from the Board in December 2006 to provide cable service in 316 municipalities, it has expanded the list to 348 with service active in all or part of 261. Availability of service to 60% of households in some 83 municipalities is now triggering additional franchise fee revenues to those municipalities. Providers are now competing on price by bundling "triple play" packages which include video, high speed Internet, and voice phone services. Where a customer already has one or two services, companies have begun offering inducements to capture the third service.

Increasing Competition in New Jersey's Telephone Market. In June, 2007 the Board determined that all competitive local exchange carrier ("CLEC") retail services are competitive in New Jersey, but not incumbent local exchange carrier ("ILEC") services. CLECs are companies that entered the market since 1996 and who compete with the 3 ILECs to provide telephone services

Competition and Markets

to consumers in New Jersey. The CLECs include companies such as AT&T, IDT, and Cavalier.

The Board's decision in June 2007 was a measured step toward allowing competing carriers in New Jersey more pricing flexibility in order to more effectively compete in the market. The Board decided to allow CLECs flexibility since they in all cases compete against an ILEC, but reserved judgment on the competitive alternatives to ILEC services. The Board is now conducting a full investigation to determine whether ILEC services are competitive.

Streamlining Telephone Rules Due to Increasing Competition in the Telephone Market. The Board proposed significant streamlining of the telecommunications rules in June, 2007. It received and responded to more than 125 comments from interested parties. The Board concurred in whole or in part with about one-third of the comments and made modifications to each subchapter of the rule which reduces or eliminates more than two dozen requirements previously proposed. The Board also re-proposed Some subchapters of the rules in light of the comments and those modifications were reflected

Continued

Major Accomplishments

in a new proposal. The modified regulations, as amended, remain necessary in the evolving telecommunications marketplace.

Activation of N-1-1 Access

Codes. In 2007, the Board authorized or activated three abbreviated access codes. The state Office of Information Technology (“OIT”) was appointed by Board Order in May of 2007 as the sole administrator of the 3-1-1 dialing code in New Jersey. OIT is expected to use 3-1-1 to replace many existing state call center programs which should significantly reduce the expense of operating such call centers.

5-1-1 enables callers to obtain free travel information and offers statewide updates on traffic and road conditions for those traveling New Jersey’s highways. This system was introduced to the public in the fall of 2007. The public can access this code either from their home or mobile phone.

The 8-1-1 Call before You Dig One Call Program. The 811 “Call Before You Dig” program (“One Call”) approved by a Board Order in February of 2007 and implemented promptly in March 2007 allows the caller to reach the State’s “Call Before You Dig”

Competition and Markets

program (One Call) prior to any work which will involve excavating or demolition. This gives advance notice to the utility so that they can mark its underground facilities prior to the commencement of any work.

BPU’s Efforts to Extend by Several Years the Exhaust Date of New Jersey’s Telephone Area Codes.

Staff’s collaboration with the industry has resulted in the cumulative return of 8,159 thousands-blocks of telephone numbers (i.e. 8,159,000) to available supplies. The most significant impact of this effort has been its effect on the projected exhaust of the 609, 908 and 856 area codes. At the start of 2007: the exhaust of 609 was projected to exhaust in 2009, at the end of 2007, the projection is 2012; 908 was projected to exhaust in 2010, it is now 2015; and, 856 was projected to exhaust in 2013, it is now 2018. In effect, during 2007 the lives were extended three years for 609; five years for 908; and, five years for 856.

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Major Accomplishments

Outreach and Advocacy to Help Commercial Ratepayers.

The Office of Business Energy

Ombudsperson (OBEW) helped facilitate the planning and development of several major energy projects in the state by bringing parties together to discuss design, technology, site selection, permitting and financing options. These projects included combined cooling heat and power systems for new or expanding medical facilities in Camden and Princeton, and the projected growth of the casino hotel industry in Atlantic City. Other projects involved the development or expansion of ethanol facilities and the use of bio-diesel in distributed generation.

As part of its outreach effort, the OBEW educated New Jersey's business community on energy policy issues, and promoted energy efficiency and renewable energy programs at numerous business meetings, seminars, trade shows and conferences. This effort was highlighted by the publication of the state's first guide to energy supply shopping for commercial and industrial customers. The guide is a "how to" manual for businesses that may be able to

Competition and Markets

save money by comparing offers from third party energy suppliers.

Seventh Consecutive BGS Auction. The BPU continued its nationally recognized Basic Generation Auction Process for electric power which resulted in lower overall increases in power costs for the ratepayers of New Jersey as compared to the cost increases for the ratepayers in surrounding states.

BGSS Filings. Rates for customers of three of New Jersey's four gas utilities were reduced after the utilities filed for and the Board approved decreases in their BGSS rates for the 2007-2008. The fourth utility, PSE&G, had originally requested an increase of 2 percent but, in a later stipulation approved by the Board, agreed not to increase its BGSS rate, thus holding the line on these rates

Fiscal Analysis That Protects The Public Interest. The Office of the Economist (OE) opened the door to returning American Water Works Company (AWW) to the status of a publicly traded company and managed to keep it headquartered in New Jersey. The OE worked closely

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Major Accomplishments

with representatives of AWW and RWE Aktiengesellschaft to create unique requirements for the allocation of IPO shares. After reviewing recommendations from the OE, the Board on June 18 voted to allow RWE to fully divest itself of ownership of AWW through one or more public offerings of AWW common stock. The new company will be the largest publicly held water utility based in the United States. UWNJ and Gas de France (PDF) asked Board approval for a merger of PDF and Suez, corporate parent of UWNJ. As this report was being published, the divestiture had not yet been completed due to unsettled conditions in the financial markets.

Under tight time constraints, the OE conducted similar analyses for proposals to privatize Cablevision Systems, which has almost 990,000 subscribers in New Jersey, and for the sale of East Oakwood Sewerage Associates, Inc. in Mount Olive. As of July, 2007 the utility had 34 residential customers in Millbrook Estates, which were billed quarterly. The utility also served the 1224 apartments comprising Oakwood Village Apartments. The apartment dwellers

Competition and Markets

were not billed by the utility. The utility billed the owner of the apartment complex as its customer. This transaction was part of a much larger transaction under which AIG Global Real Estate Investments agreed to purchase 86 garden apartments, high rise complexes in New Jersey. The new owner has the financial integrity to assure proper management of the properties which will benefit New Jersey.

New Rules Address Competition and Oversight in a Changing Energy Marketplace. Acting on a recommendation from the Audits Division, the approved for final publication in the New Jersey Register, rules addressing energy licensing and registration for electric, gas, Clean Power marketers, energy agents, energy consultants and private aggregators. In addition to streamlining the original rules, the new rules set forth standards for Clean Power Marketers which did not exist at the time the original rules were established. _____

Major Accomplishments

Participation and Advocacy with the Federal Energy Regulatory Commission. The Federal Energy Regulatory Commission (FERC) has rate and certificate authority over all electric sales for resale and the transportation of electricity and natural gas in interstate commerce, making participation in FERC proceedings very important for New Jersey's future economy. Virtually all of the gas and electricity used by 606,000 customers. The State is transported in interstate commerce. FERC determines how the costs of electric transmission projects will be allocated to individual electric utilities. There has been a significant increase in the construction of, and planned for construction of high voltage transmission lines to bring power in from out of state and provide for continued reliability of electric supplies. The Board actively participated in a proceeding before FERC to determine the method by which the costs of certain of these projects would be assigned. FERC approved an assignment method supported by the Board that allocated the costs for high voltage facilities on a regional basis as opposed to a direct assignment or a so-called beneficiary pays assignment method. The regional method of cost assignment resulted in significant cost saving to New Jersey Transmission entities. Those savings will be reflected in retail rates. The regional allocation method chosen by

FERC is estimated to save New Jersey

customers over \$50 million in investment costs or about \$10 million per year in avoided rate increases.

BPU's Comments to the FCC Have Potentially Saved New Jersey Rate Payers Millions. The Board, in conjunction with several other states in the mid-Atlantic region (MACRUC), have individually and as a group, submitted several sets of comments to the FCC on two important topics: **1) The Federal Universal Service Fund; and 2) Intercarrier Compensation.** Because New Jersey and several other MACRUC states pay far more into the federal USF than we receive, we have been advocating major changes to the program. Most recently, we implored the FCC to place a cap on the fund because it has grown exponentially in the last several years. In addition, the MACRUC comments were a key element in derailing an intercarrier compensation plan that could have cost New Jersey rate payers hundreds of millions of dollars.

Gas Hedging Audit. The gas hedging audit in progress in 2007 and continuing in 2008 is meant to build on the successful hedging programs

Advocacy

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Major Accomplishments

instituted by the gas utilities pursuant to various Board orders. The Board directed its staff to review the gas utilities' hedging programs subsequent to the gas price spikes following Hurricanes Katrina/Rita in the fall of 2005. The hedging auditing firm is reviewing each utility's hedging program to determine if enhancements would be beneficial.

Oversight Role in Utility Matters.

In addition to the Board's actions on rate requests and other matters related to those utilities under its jurisdiction Board must carry out another important aspect of its mission --- working to ensure that management, operational and financial utility matters are conducted properly. This is where the Board's Division of Audits plays an important role through its ability to inspect and examine all books and records of utilities under the Board's jurisdiction and to perform or oversee the performance of management, operational, competitive service and focused audits as directed by the Board. During 2007, the work of the Audits Division put \$1.0 million back into the hands of New Jersey ratepayers when the staff of the Division finalized an agree-

ing, accounting and reporting issues

with New Jersey Natural Gas Company as a result of an audit of the company's Basic Gas Supply Service (BGSS) clause. The Audits Division also continued to monitor the implementation of: 135 recommendations resulting from a management and competitive service audit of South Jersey Gas Company; 31 recommendations resulting from a management audit and a competitive service audit of Atlantic City Electric Company; 13 recommendations resulting from a management and competitive service audit of Jersey Central Power and Light Company; and 24 recommendations resulting from a management and competitive service audit of Public Service Electric and Gas Company.

Streamlining the Audit Process. In December of 2007, the Board approved a bid solicitation for a management and competitive service audit of Atlantic City Electric Company from the recently established pool of management consultants selected by the Department of Treasury and the

Advocacy

Continued

Major Accomplishments

Board. By utilizing this pool of consultants, which consists of PMC Consulting, Inc., Schumacher & Co., Inc., Liberty Consulting Group, North star Consulting Group and Overland Consulting, the Board expects the procurement process for selected auditing services to be shortened significantly during the term of the three-year con-

tract with these consultants. This will enhance the Audit Division's ability to support the BPU mission to ensure that utility services are provided properly at reasonable rates.

Advocacy

Major Accomplishments

Mergers and acquisitions are complex, multi-year transactions, and the OE typically follows proposals for sales and petitions to the Board from the time the proposals and filings are submitted to the resolution of the matter. The OE has actively participated in a petition filed by United Water of New Jersey (UWNJ) and Gas de France (PDF) asking Board approval for a merger of PDF and Suez, corporate parent of UWNJ. Under the proposal, Suez would be merged into PDF with PDF as the surviving entity, and Urn's regulated New Jersey subsidiaries would become wholly owned subsidiaries of PDF.

Mergers and Acquisitions

The OE has assumed a major advisory role in the fulfillment of a proposal involving New Jersey American Water and the City of Trenton that would enable NJAW to purchase for \$100 million the city's water system in Ewing, Hamilton, Hopewell and Lawrence townships. This would add 39,000 customers to the NJAW customer base, bringing the total to 660,000 customers.

Major Accomplishments

Relief to Thousands of New Jersey Residents. The BPU Universal Service Fund (USF) provides financial assistance to low-income New Jerseyans to help make their energy more affordable. In October of 2007, the Board approved a program budget for 2007-2008 totaling \$174.4M, providing benefits to about 100,000 households.

USF program highlights include:

Fresh Start. Arrearage forgiveness to first-time USF enrollees who enter with an overdue balance of \$60 or more. Participants have 15 months to earn forgiveness for all pre-USF program arrearages. The USF budget allocates \$10.8M in funding for this purpose.

Enrollment. The Board has worked with the Department of Community Affairs, the USF Program Administrator to make enrollment as easy as possible. Applicants can now use the joint USF/LIHEAP application to apply for USF and the Low-Income Home Energy Assistance Program (LIHEAP). Participants in the Food Stamps program are automatically screened for USF benefits. Also in October, the Board extended the new recertification process which has been successful in enabling quicker and more efficient renewal for USF clients.

Customer Service. For the 2007-2008

Help for Low-income Residents

program year, the Board contributed to funding for a state-of-the-art interactive, voice-response telephone system for the USF and LIHEAP hotlines. This new technology is meant to streamline and reduce the time it takes for the average call at the Call Center, which handles more than 3,500 calls each week. The new phone system also has reporting capabilities to enhance services and productivity.

Comfort Partners: In 2007, 7,705 households were served by this program, which provides installation of energy efficiency measures and customer energy education to low-income households. Electric and gas customers with high usage and income at or below 175% of the Federal Poverty Level are eligible. Households that receive USF benefits are targeted for outreach, and as a result approximately 71% of Comfort Partners households have also been USF recipients, helping USF customers become more energy efficient. Overall, Comfort Partners helps them become less dependent on or possibly not even in need of USF assistance, and it helps New Jersey achieve its energy efficiency goals

Major Accomplishments

Strengthened Protection of New Jersey's Critical Infrastructure.

The BPU, through its Division of Reliability and Security, has continued to align itself with the objectives of the National Infrastructure Protection Plan (NIPP) and the State's Homeland Security mission by building ongoing security partnerships with Utility industry working groups from the Domestic Security Preparedness Task Force (DSPTF) as well as other State partners. We have developed Critical Infrastructure Protection Programs, developed long term risk reduction programs, and continue to evolve each Sector's Security Best Practices through site inspections and assessments in conjunction with the Office of Homeland Security and Preparedness. Additionally, the BPU Division of Reliability and Security completed a comprehensive Continuity of Government Plan to conform to lessons learned from Pandemic Flu planning. These lessons have also been shared with the various DSPTF Utility industry working groups to enhance preparedness across New Jersey's Critical Utility Infrastructure field.

Full Partnership Presence at State's Emergency Management Command Center. The BPU Division of Reliability and Security now has a seat in the State's newly constructed State Emergency Operations Center & Regional Operations and

Safety and Security

Intelligence Center located at State Police Headquarters in West Trenton. The ROIC is the home for the New Jersey Office of Emergency Management and the State Emergency Operations Center (SEOC). It serves as the command center for all state-led emergency response obligations, such as natural disasters, weather events, chemical or nuclear emergencies, or terror alerts. The Division was approached in 2007 and asked to maintain a full time partnership presence at the ROIC given the importance of critical energy, water, and telecommunications systems and the state's dependency on these lifeline services. The Agency's full integration into the State's homeland security mission strengthens the 'all hazards' preparedness of the utility sectors and ensures a coordinated response to small incidents, major storms, or events such as the northeast blackout of 2003.

Federal Grants Enhance NJ Homeland Security. The BPU has received a total of \$1.35 million in Homeland Security funding for the development of strategy and planning activities related to interdependencies of essential services and utility infrastructure, as well as strengthening security measures and

Continued

Major Accomplishments

enhancing emergency response and recovery. In 2007, Division Staff finalized the distribution of \$250,000 for Target Hardening of Critical Natural Gas facilities and Liquid Natural Gas (LNG) sites. Additionally, staff managed a grant of \$150,000 for the Water Security Task Force's ongoing Rapid Toxicity Testing Program to establish the capability to respond to any suspected water distribution system contamination.

425 Pipeline Safety Inspections.

The Division's Pipeline Safety unit continued to work with USDOT Pipeline and Hazardous Materials Safety Administration (PHMSA) and received an Excellent Pipeline Safety program performance rating. In addition, the unit received a \$25,000 grant for a dedicated project for One Call program improvements. We continued to reduce risks posed by natural gas pipelines across the State by conducting over 425 pipeline safety inspections in 2007, as well as all Integrity Management Program (IMP) inspections for high consequence transmission pipelines, and implementing programs which require remedial measures and/or accelerate the replacement of aging and problematic cast iron gas mains. The unit also continued the implementation of the new Gas Meter/Service Line Protection Rule.

Safety and Security

Investigation of Gas Explosion that Results in Enhanced Safety Practices for Fire and Natural Gas Utilities.

The BPU Division of Reliability and Security worked with the National Transportation Safety Board in concluding an investigation of a catastrophic gas explosion in Bergenfield which resulted in three fatalities and multiple injuries. Conclusion of our investigation resulted in several initiatives designed to enhance safety related to fire and gas companies' first responses during gas leaks.

Early Implementation of National One Call System

Through the BPU's efforts, New Jersey has become one of the first states to align with the new national implementation of the 8-1-1 dialing number for the One Call, Call-Before-You-Dig hotline. All telecommunications carriers were required to implement the 8-1-1 dialing code in addition to the current 1-800-272-1000 hotline in the beginning of 2007. Additionally, the Division continues to work with the Common Ground Alliance (CGA) to enhance best practices for underground damage prevention in addition to promoting

Continued

Major Accomplishments

collaboration and cooperation with industry stakeholders and expansion of One Call outreach and education programs. BPU also re-adopted One Call Rules which have strengthened safety issues for the State of New Jersey and have led to greater cooperation from contractors and excavators.

Vegetation Management. Since many electrical outages are caused by tree limbs that had not been properly trimmed, the Board directed its staff to review expiring vegetation management standards and specified the review should address environmental and aesthetic concerns, continue to comply with federal law and ensure reliability. New proposed rules that resulted were the subject of an extensive stakeholder process and subject to public comment and adoption of the rules is expected in 2008.

Preserving Water Supplies. The Board directed the water utilities to undertake water conservation studies, and the BPU Water Division began in 2007 to incorporate the results of these studies by identifying and evaluating initiatives, programs, best practices and efforts to improve the efficiency of potable water use; reducing unaccounted for water levels in accordance with the BPU's Strategic Plan benchmarks; developing recommendations for future water conservation actions designed to reduce consumption, such as water reuse opportunities, odd/even watering, educational initiatives, rate design alternatives (seasonal

Safety and Security

rate differentials; inclining block rates, commercial/residential rate differentials, indoor/outdoor usage rates), landscaping programs; and use of "gray" water for landscaping and exploring the use of smart growth and strategic planning initiatives (proper growth and planning strategies). Likewise the staff began using the results of Board-ordered long-term planning studies done by the water utilities for use in conservation initiatives, water reuse opportunities, best practices and security measures.

BPU is now a promotional partner of WaterSense, a U.S. EPA program (similar to EnergyStar) whose mission is to protect our nation's future water supply by promoting and enhancing the market for water-efficient products and services. EPA-accredited WaterSense labeled products of equivalent or superior performance. They are about 20-percent more efficient than comparable products. They save water, money and electricity.

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. Additionally, the Office manages all benefits activities, including health, dental, vision and prescription plans for employees. The Americans with Disabilities Act Coordinator is also located within the Office of Human Resources. The Unit also assists management in Performance Assessment Review activity.

The Employee Relations Unit oversees counseling, labor relations, incentive programs, security issues, civil service regulations and contractual matters.

The Office Services Unit provides facility support to the BPU. Responsibilities include print shop operation, mailroom, message and courier service, office supplies and stock room. The Unit also manages the BPU 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 and is responsible for matters

related to the State of New Jersey Policy Prohibiting Discrimination, Harassment and Hostile Environments in the Workplace; investigates allegations of discrimination; and develops and implements the annual Workforce Plan.

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

The Training Unit coordinates all training initiatives, which include training sites and equipment, negotiating contracts, and administering the tuition reimbursement program and employee awards efforts.

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Division Functions

Division of Audits

Dennis Moran, *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 included 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.

The Bureau assists other agencies in investigations of public utilities and other regulated entities. The Bureau maintains and reviews annual reports filed by all New Jersey public utilities; manages the Board's Annual Assessment program, and is responsible for the licensing of third-party energy suppliers, energy agents and private aggregators and for issuing authority for Competitive Local Exchange Car-

riers (CLECs) for inter-exchange telecommunications services. .

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 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, both Bureaus participate in competitive service compliance reviews. These are performed by an independent consulting firm under the supervision of Board Staff.

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Division Functions

Division of Customer Assistance

Eric Hartsfield, *Director*

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. The unit issues an informal decision. The Bureau is also responsible for tracking the number of complaints received 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 Commissions' 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 in addition to evolutionary facets of deregulation and retail competition. With changes in the law, the Division's responsibilities have increased as it fosters electric and natural gas retail competition in New Jersey.

The Bureau of Revenue Requirements performs traditional rate-related functions, determining revenue requirements, setting rates and addressing tax and financing issues, encompassing base rate cases, adjustment clauses and depreciation matters. Since deregulation, these functions are changing and can include areas such as societal benefits charges and market transition costs.

The Bureau of Rates and Tariffs comprises 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 also addresses 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's Bureaus:

Bureau of Emergency Management

handles emergency response matters for water, sewer, electric and gas utilities. It is tasked with oversight of each utility industry sector's security obligations according to law. The Division remains integrated into the Office of Emergency Management and the Office of Homeland Security and Preparedness. The BPU is a member of and President Fox is an active participant in the OHSP Domestic Security Preparedness Task Force (DSPTF), which continues to achieve security objectives. Bureau Staff participates fully in the Task Force Planning Group, the Weapons of Mass Destruction (WMD) Advisory Committee, and other planning groups. Staff works with utility companies to refine utility security best practices that include detection, preparation, prevention, response, mitigation and recovery. Staff participates in exercises and training programs on preparedness and reliability.

The Bureau of Pipeline Safety (BPS)

administers a safety and enforcement program for natural gas pipeline systems within the State. 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 intra-state gas pipeline systems. 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 of Meter Tests and One Call administers the Underground Facility Protection Act (One Call Law), a safety and enforcement program. 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 are directed toward public outreach and education, which include an Excavator Handbook for Damage Prevention.

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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. It is comprised of the bureaus of Market Structure and Engineering and Rates.

The Bureau of Market Structure implements and oversees local competition issues. It evaluates and implements plans for alternative regulation and handles utility applications for mergers, divestitures, transfers of control and acquisitions. The Bureau reviews carrier-to-carrier arrangements and interconnection agreements for facilities-based, resale and wireless carriers. It conducts inter-carrier 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 facilities deployment of telephone companies and ensures that the companies provide reliable, safe and high-quality service at reasonable rates, terms and conditions. The Bureau analyzes and recommends the following areas: accelerated network deployment, to schools and libraries; retail service quality standards; operations support systems; property sales; exchange boundary revisions; competitive services monitoring; investigation into the 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 Functions

Division of Water

Maria Moran, *Director*

The Division of Water is responsible 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. The Division evaluates financial implications and impacts of health and environmental regulations on rates, and the economic viability of the investor-owned water and wastewater utilities under BPU's jurisdiction. The Division regularly deals with: water and wastewater rates; assessing water and wastewater infrastructure needs and operating costs; assuring safe, 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 exists now in significantly changing markets, which require a strategic

regulatory response under law. A significant number of the State's municipal water systems are being privatized by subsidiaries of water purveyors regulated by the Board. The Division's role is to ensure that these privatized efforts result in fair and equitable rates for the privatized municipal systems. Also, given 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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Office Functions

Office of the Chief of Staff

Noreen Giblin, *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

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 rate 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 PUHCA 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.

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Office 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 Functions

Office of Clean Energy

Mike Winka, *Director*

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.

The NJBPU Clean Energy Program 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

NJ ENERGY STAR®
Homes

NJ ENERGY STAR®

NJComfort Partners

Home Energy Analysis

COOLAdvantage/
WARMAdvantage

Commercial Clean Energy Programs

New Jersey SmartStart Buildings®

Combined Heat and Power (CHP)

Renewable Energy Programs

Customer On-Site Renewable Energy
(CORE) Rebate

Solar Renewable Energy Certificate
(SREC)

CleanPower ChoiceSM

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 Functions

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 also coordinates the Board's participation with various consumer groups, neighborhood associations and private and public organizations to help educate the public about saving energy and other matters related to their utilities. The Office is 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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New Jersey Board of Public Utilities



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

On the Web

www.nj.gov/bpu

www.njcleanenergy.com

www.call811.com