

State of Idaho
Low-Income Home Energy Assistance Program
Weatherization Waiver Request

The State of Idaho Department of Health and Welfare (IDHW) is requesting the United States Department of Health and Human Services (HHS) to waive the maximum percentage limits placed on funds used for weatherization services within the Low-Income Home Energy Assistance Program (LIHEAP). Authority to request a waiver appears in the July 6, 1982 Federal Register 47 FR 29472 Part 96 of Title 45 of the Code of Federal Regulations as amended, with final rules published May 1, 1995 in 60 FR 21322.

The statute provides that, after reviewing a grantee's waiver request, HHS may grant a Good Cause Waiver if it determines that the grantee, in this case, IDHW:

1. Demonstrates good cause why a waiver should be granted;
2. Provides all required information;
3. Shows adequate concern for timely and meaningful public review and comment; and
4. Proposes weatherization that meets all relevant requirements.

IDHW's request for a Good Cause Waiver addresses all four of these criteria and includes the following:

- A request to HHS to allocate up to 25% of available LIHEAP Energy Assistance Program funds to the Weatherization Assistance Program.
- A report of the number of households served and benefit dollars disbursed during program years (PY) 2011 and 2012, as well as documentation in support of a Good Cause Waiver.
- A report on weatherization services provided, along with a summary of measureable savings in energy expenditures directly attributable to weatherization services in Idaho.
- A summary of additional factors that support our request for a Good Cause Waiver.

Percent of Allocation Transferred to Weatherization

45 CFR 96.83(c)(1)

IDHW is requesting a waiver to transfer up to 25% of available LIHEAP Energy Assistance Program funds to the Weatherization Assistance Program, which would be a total of \$5.8

million. Approval of this waiver request will increase weatherization funding from 15% up to 25%.

HHS approval of the full 25% would bring all potential LIHEAP dollars to Idaho and provide opportunities for agencies to enhance their programs and existing LIHEAP funding options.

Qualifying Criteria

45CFR 96.82(c)(1) Households Served

FY 2011 LIHEAP Regular + Contingency Grant Award

Total Grant Award	\$ 26.8 million
Energy Assistance	\$ 22.7 million (after 15% transfer to Weatherization)
Households Served	52,424 (actual)

FY 2012 LIHEAP Regular + Contingency Grant Award

Total Grant Award	\$19.5 million
Energy Assistance	\$10.9 million (after 15% transfer to Weatherization)
Households Served	48,990 (estimated)

During the 2011 program year (PY), 52,361 households received Energy Assistance in Idaho, and 48,990 households will receive Energy Assistance during PY 2013. This equates to a difference of 3,371 households.

The aggregate amount of benefits the Idaho service population is estimated to receive during PY 2012 would be approximately \$11.6 million less than benefits received during PY 2011 if the waiver is approved and an additional 10% of LIHEAP dollars are allocated to the Weatherization Program.

Good Cause Waiver

45 CFR 96.83(e)(1)

Two criteria are expected to be met in order to grant the waiver: 1) 45 CFR 96.83(c)(2)(i) states that the total number of households receiving benefits in the current year will not be fewer than those that received benefits in the previous year, 2) 45 CFR 96.83(c)(2)(ii) states that benefits in the current year will not be less than the benefits received in the preceding year. The State of Idaho does not meet the criteria set forth in either of these sections. The following documentation demonstrates good cause why a waiver should be granted to allocate up to 25% of available LIHEAP Energy Assistance Program funds to the Weatherization Assistance Program.

45 CFR 96.83(e)(1)(i)

The number of households receiving Energy Assistance in PY 2012 declined unexpectedly, to 48,990 households, from a high of 52,424 in PY 2011 (a drop of 3,371). The drop in application activity did not correspond with any observable improvement in Idaho's economy. Rather, the drop appears to be prompted by family choice in living arrangement due to the effects of the

economy. Additionally, an increase in mortgage defaults and unemployment drove family members to move-in together or secure less expensive housing, such as smaller homes or rentals.

In PY 2011, IDHW extended the season for two (2) weeks because funds were available to serve more households. In PY 2012, IDHW closed the season at the normal time (March 31), because application activity had slowed and projections indicated that funds were depleted.

In reference to 96.83(c)(2)(ii) and 96.83(c)(4), Aggregate Benefit Amounts

Because the economic indicators had not changed, IDHW fully expected to serve the same number of individuals in PY 2012 as were served in PY 2011. Benefit levels were lowered to account for this projection, as well as the reduced level of federal LIHEAP funds allocated to Idaho in 2012 compared to 2011.

The aggregate amount of benefits our service population will receive during PY 2012 is approximately \$11.6 million less than benefits received during PY 2011. This decline in household benefit awards is attributable to the decreased amount of federal LIHEAP funds allocated to Idaho. All other factors that affect household benefit awards, such as heating burden and calculation methods, remained the same for 2011 and 2012.

45 CFR 96.83(e)(1)(ii)

Income levels for eligible applicants must be at or below 60% of state median income. LIHEAP benefits range from \$40 to \$532.

45 CFR 96.83(e)(1)(iii)

Program years 2011 and 2012 had identical opening dates, but different closing dates. The closing dates for receiving LIHEAP heating and crisis assistance applications differ by two weeks: PY 2011 closed April 15, and PY 2012 closed March 31.

Outreach efforts for heating and crisis assistance were identical for PY 2011 and 2012; both following the Idaho State plan as submitted to HHS. Particular emphasis was placed on providing information about all programs funded under the LIHEAP Act to households with high home energy burdens, the elderly, individuals with disabilities, and families with young children (less than six years of age). The following outreach activities were conducted to ensure eligible households were aware of all LIHEAP assistance available:

- Provide intake service through home visits or by telephone for the physically infirm (i.e. elderly or disabled).
- Provide program information to local and county social service offices, offices of aging, Social Security offices, VA, etc.
- Publish articles in local newspapers or broadcast media announcements.

- Include inserts in energy vendor billings to inform individuals of the availability of all types of LIHEAP assistance.
- Inform low-income applicants of the availability of all types of LIHEAP assistance at application intake for other low-income programs.
- Execute interagency agreements with other low income program offices to perform outreach to target groups.

Weatherization Measures, Cost Effectiveness, and Program Benefits

45 CFR 96.83(c)(2)(iii)

45 CFR 96.83(c)(5)

Although the State of Idaho does not meet the requirements for LIHEAP benefits, IDHW has measurable and quantifiable data that demonstrates the ability of Idaho's weatherization network to provide cost-effective weatherization services that reduce the energy burden of our most vulnerable households.

Home Energy Audit

To be considered a complete weatherized unit, all homes must receive a comprehensive, on-site, home energy audit prior to receiving weatherization services. Trained and qualified auditors conduct the audits. Auditors are certified by the State of Idaho Department of Health and Welfare, Division of Welfare.

Idaho's "house-as-a-system" approach to comprehensive home energy audits consists of the following elements (as applicable per home):

- Completing visual assessment of existing conditions and insulation levels – noting any health and safety concerns.
- Noting fuel types, condition and size of space and water heating equipment – designating primary and secondary heat sources.
- Measuring the residence for the volume of the living space and square footage of the building envelope.
- Surveying the occupant about building characteristics that may be helpful in developing a work plan (e.g. asking if there are any particularly drafty areas), and assessing lifestyle considerations.
- Performing a blower-door test.
- Conducting pressure diagnostic tests of HVAC system and building zones.
- Performing combustion safety tests.

- Conducting client education, noting opportunities to provide low cost base load energy conservation measures. Auditors provide consumer conservation education to all weatherization participants.

Using this information as a basis, a scope of work is developed based on IDHW procedures governing health and safety, air sealing, pressure diagnostics, and repairs, as well as information collected using the DOE-approved computerized energy audit EA5. Local agencies are required to review a weatherization-specific scope of work with all clients receiving weatherization services.

Air Sealing and Pressure Work

Applicable cost-effective air sealing is a high-priority service. EA5 may be used to determine air infiltration reduction cost benefits and is used in conjunction with Idaho's Blower Door and Air Sealing Procedures, and the Duct Pressure Test Procedures.

Program Benefits

Idaho's Weatherization Program installed weatherization measures in 7,103 units between April 2009 and March 2011. These installed measures produced energy savings of 70,319 Millions of British Thermal Units (MBTUs). These energy savings will accrue each year during the lifetimes of the energy measures.

The Weatherization Program provides "non-energy" benefits as well. Non-energy benefits accrue to utilities and ratepayers (mostly due to reductions in delinquent bills), participants (improved comfort, health, property value, etc.), and society (benefits to the economy and emissions reductions).

Additional Factors Supporting the Waiver Request

The goal of the State's request is to reduce the long-term energy and heating bills of low-income families. LIHEAP heating, cooling, and crisis assistance are critical services; however, the long-term benefits of LIHEAP weatherization assistance reduces the number of delinquent utility payments and the need for energy assistance applications, resulting in fewer service shut-offs and freeing up household income for other needs.

Weatherization-related measures and repairs, energy-related health and safety measures and repairs, as well as the delivery of consumer conservation education, are preventative and long-term in nature. Weatherization measures reduce energy burden through energy retrofits, eliminate structural hazards (thereby protecting building occupants), and preserve the efficacy of weatherization materials. Delivery of consumer conservation education provide opportunities for weatherization recipients to take a direct role in learning and implementing energy-efficiency measures, perform routine maintenance of their mechanical equipment, and take part in long-term behavior change.

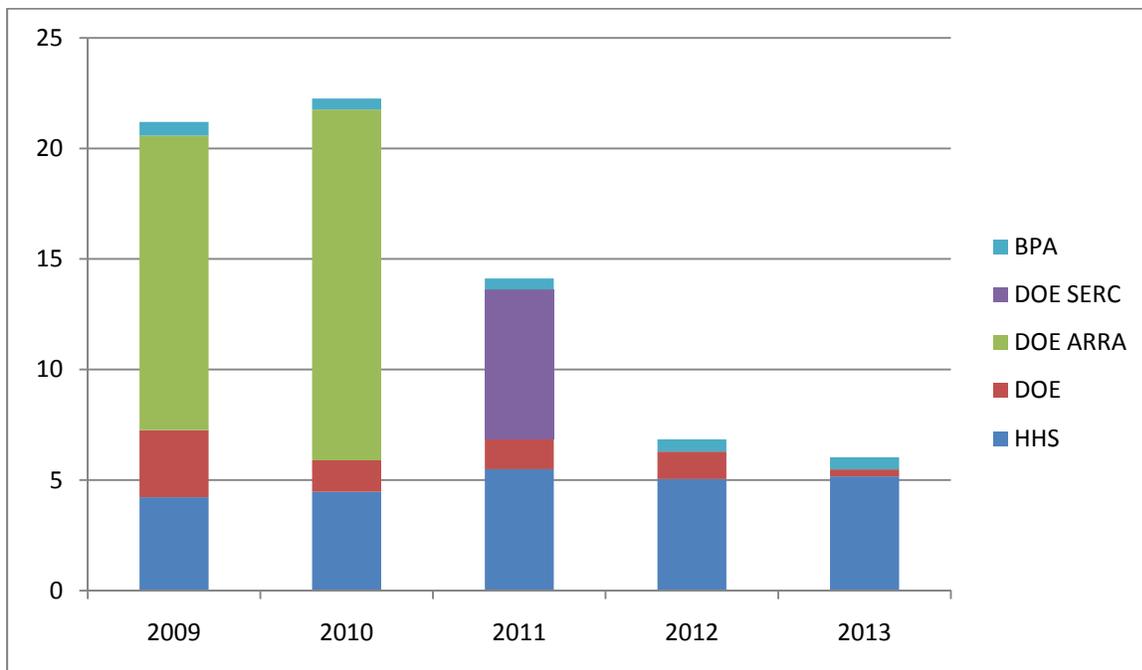
Weatherization Fund Source Reductions

The graph below shows funding trends from PY 2008 to 2012 for the Idaho Low-Income Weatherization Program. In comparison to PY 2011, PY 2012 allocations decreased by 35% for LIHEAP Weatherization, and 8.7% for Department of Energy Weatherization Assistance Program (DOE).

Idaho received \$30.3 million in regular ARRA funding, and \$6.9 million in Sustainable Energy Resources for Consumers (SERC) ARRA funding. The national ARRA program deadline was March 31, 2012. Idaho’s local agencies completed regular ARRA contracts March 31, 2011, and weatherized 4,447 units - 142% of the original 3,113 production target. Idaho’s local agencies completed SERC contracts on March 31, 2012, and weatherized 638 units – 121% of the original 525 production target.

Given the completion of regular ARRA and trending reductions in LIHEAP and DOE Weatherization Assistance Program, the transfer of additional LIHEAP Weatherization funds is crucial.

ID Low-Income Weatherization Program
Annual Program Funding Expenditures by Funding Source in Millions



PUBLIC REVIEW AND COMMENT

45 CFR 96.83(c)(6)

A public hearing will be held in Boise on August 22, 2012. A news release announcing the waiver application and public hearing has been sent to major newspapers in Idaho. An announcement was placed on the Department website. Copies of the waiver were sent to Community Action Agencies, other agencies serving low-income populations, utility companies, and other interested parties in Idaho.

The Department will allow 11 business days for public inspection and comment.

Testimony:

Written comments:

Copies of the comments will be included with the waiver application after the hearing.

Waiver Request

The State of Idaho Department of Health and Welfare requests approval of a Good Cause Waiver from the United States Department of Health and Human Services to allow an additional 10% to exceed the 15% maximum transfer allowable for weatherization. Approval of the Waiver will allow Idaho to allocate 25% of its LIHEAP funds for weatherizing the homes of its most vulnerable households.