

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) 2012 and 2013, 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

approximately \$4.4 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 96.83(c)(2)(i) Households Served

45CFR 96.83(c)(2)(ii) Energy Assistance Benefits Provided

**Table 1:
Households Served and Energy Assistance Benefits Provided, FY 2012 and FY 2013**

FY 2012:	
LIHEAP Regular + Contingency Grant Award	
Total Grant Award	\$ 19.5 million
Energy Assistance	\$ 12.4 million
Households Served	48,990 (actual)
Total Energy Assistance benefits provided	\$12.4 million

FY 2013	
LIHEAP Regular + Contingency Grant Award	
Total Grant Award	\$17.7 million
Energy Assistance	\$11.2 million
Households Served	43,500 (estimated)
Additional Energy Assistance Funds*	\$ 0.8 million
<i>Grocery Tax Fund</i>	
Total Energy Assistance benefits provided	\$ 12.0 million

***FY 2013 Funding Note: Grocery Tax Fund**

In FY 2013 we received permission to access \$831,900 from Idaho's Cooperative Welfare Grocery Tax Fund to use toward Energy Assistance. These funds are collected annually through individuals who designate their annual grocery tax credit to the Cooperative Welfare Fund via a check-box on their Idaho State Tax Return. After three years we have been granted the authority to access those funds to supplement our Energy Assistance benefit services in Idaho. The amount of \$831,900 is an accumulation of these grocery tax credit designations over a period of three years; in future years we expect to receive approximately \$250,000 per year from the Cooperative Welfare Grocery Tax Fund to use for Energy Assistance benefits in Idaho. With the added funding available from the Grocery Tax Fund, the total amount we estimate spending for Energy Assistance in FY 2013 is approximately \$12.0 million.

Good Cause Waiver

45 CFR 96.83(e)(1)

The State of Idaho does not meet the criteria set forth in 45 CFR 96.83(c)(2)(i) and 45 CFR 96.83(c)(2)(ii) because fewer households will receive benefits than in the previous year, and the benefit amount will be less than in the previous year. 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)

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

The total amount of Energy Assistance benefits our service population will receive this year (including the Grocery Tax fund) is less than the benefits received during FY 2012. This decrease in benefits is mainly due to our reduced Federal LIHEAP Award for FY 2013. We also spent down our available benefit funds faster in FY2013, due to an increased benefit amount and an extremely cold winter, which meant that fewer individuals received assistance.

As noted in Table 1, during FY 2012, 48,990 households received Energy Assistance in Idaho, and we estimate that approximately 43,500 households will receive Energy Assistance during FY 2013. This equates to a difference of approximately 5,490 households.

We believe this reduction in the number of households served is due to multiple factors. First, Idaho is experiencing slow but steady economic improvement and fewer people were eligible. Second, we increased the potential benefit amount for the FY 2013 heating season because we anticipated serving fewer households. Third, we changed the measure of income eligibility. We expected that all of these factors would result in a decreased number of households being served in FY 2013. Also, in January 2013 Idaho experienced several weeks of extremely cold weather, which resulted in higher heating burdens, increased demand for Energy Assistance, and benefits being paid out at higher rate. We also saw an increase in no-heat situations and furnace repair/replacements, which resulted in higher expenditures.

Changes to Idaho's LIHEAP Income Eligibility Criteria from FY 2012

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

Idaho's LIHEAP Income Eligibility Criteria changed slightly from FY 2012 to FY 2013.

In FY 2012, applicants needed to be at or below 60% of state median income in order to be income eligible for LIHEAP benefits. For FY 2013, applicants must be at or below 150% of the Federal Poverty Guidelines (which is lower than the 60% of median) in order to be eligible for LIHEAP benefits. We did this to adjust the eligibility criteria to pre-ARRA standards.

Also, during a routine monitor in FY 2012 we discovered that the agencies weren't interpreting some income guidelines correctly. Correcting this resulted in fewer households being eligible.

Season Dates and Season Length for the FY 2013 heating season

The FY 2013 heating season opened on October 1, 2012 and closed on February 22, 2013 (encompassing a total of 144 days). The FY 2012 heating season opened on November 1, 2011 and closed on March 31, 2012 (a total of 151 days).

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

Modifications to the LIHEAP Application Period and Outreach Efforts from PY 2012

In the FY 2012 heating season, we trained staff in October 2011, then officially began the heating season in November 2011.

For the FY 2013 heating season we modified our application period to open the heating season in October. We hired and trained staff in September, then conducted outreach and enrollment of seniors, disabled and homebound individuals in October. This strategy resulted in better customer service and allowed our staff to master the application process and data entry prior to opening the heating season to all individuals in November.

For the FY 2013 heating season we performed the same types of outreach as in FY 2012 (following the Idaho State plan as submitted to HHS). 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. Each weatherized dwelling meets a per-job Savings-to-Investment Ratio of 1.0 or greater as required by program contracts and the Idaho Weatherization Operations Manual.

Idaho's Weatherization Program Benefits

Idaho's Weatherization Program installed weatherization measures in 374 units between April 2012 and March 2013. These installed measures produced energy savings of 11,407 Millions of British Thermal Units (MBTUs) per the WAP algorithm. 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).

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 customized scope of work is developed for each home 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.

Additional Factors Supporting the Waiver Request

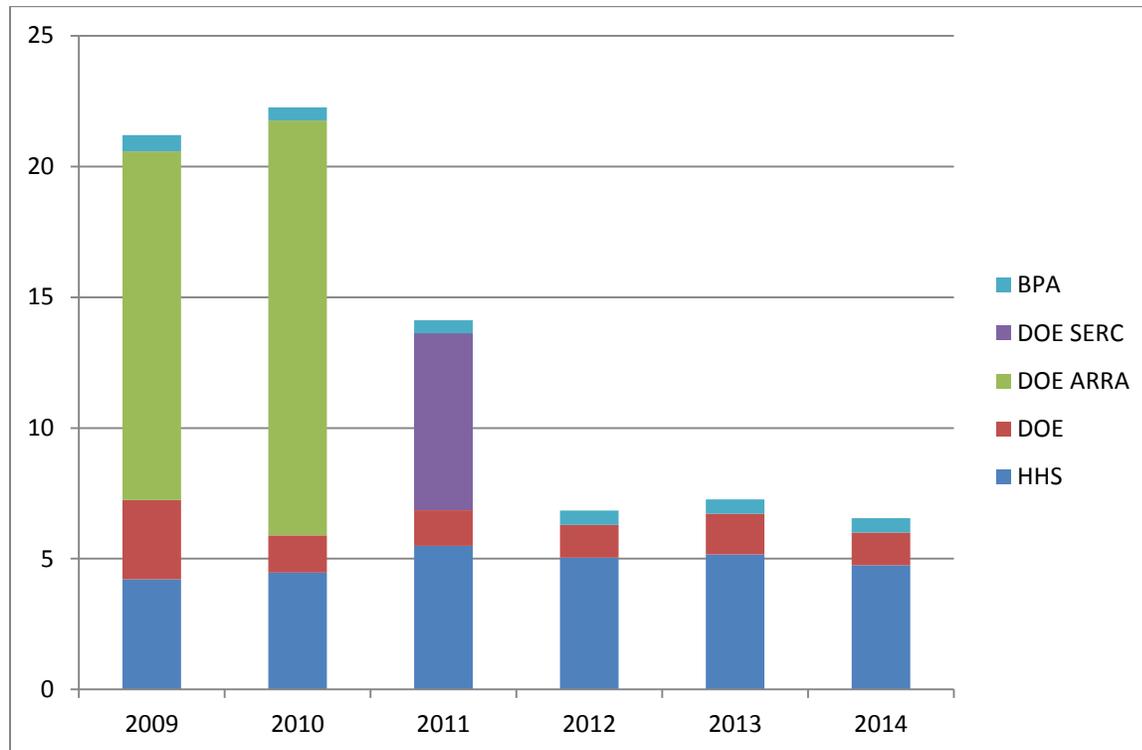
The goal of the State's request is to reduce the long-term energy and heating bills of low-income families. LIHEAP heating, cooling, and crisis assistance are critical services; however, the long-term benefits of LIHEAP weatherization assistance reduces the number of delinquent utility payments and the 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 chart below shows funding trends from PY 2009 to 2014 for the Idaho Low-Income Weatherization Program.

Chart 1: Idaho Low-Income Weatherization Program
Annual Program Funding Expenditures by Funding Source in Millions



The stark downward overall funding trend for weatherization is evident over the past few program years, from a high of approximately \$22.3 million in PY 2010 to a projected low of approximately \$6.5 million in PY 2014. For PY 2014 we also anticipate a slight decrease in LIHEAP funding due to continued budget uncertainty at the federal level.

Although funding uncertainty remains an issue, we are confident that we are able to use any weatherization funding that we do receive in an effective and efficient manner. For example, Idaho received \$1,449,979 in DOE and PVE funding in PY 12. Idaho’s local agencies completed the PY 12 DOE contract March 31, 2013 and weatherized 374 units – 231% of the original 162 production target. Idaho’s performance with ARRA and SERC funds was similarly effective: 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 trending reductions in LIHEAP and DOE Weatherization Assistance Program, the transfer of additional LIHEAP Weatherization funds is crucial.

PUBLIC REVIEW AND COMMENT

45 CFR 96.83(c)(6)

A public hearing will be held in Boise on July 12, 2013, from 3:30 to 5:00 PM. A news release announcing the waiver application and public hearing was 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 10 days for public inspection and comment.

Testimony: The Public Comment Meeting will be held at 4590 W. State Street, Conference Room 2A, Boise, Idaho. Any public testimony presented at the Public Comment Meeting will be provided as an addendum to this waiver application.

Written comments: Copies of any written comments received during the public inspection and comment period will be provided as an addendum to this waiver application.

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 up to 25% of its LIHEAP funds for weatherizing the homes of its most vulnerable households.