

Countable Leveraged Resources and Benefits

Section 96.87(e) of the interim rule and the final rule describes resources and benefits that are countable under the LIHEAP leveraging incentive program. This section describes the three types of countable resources—certain cash resources, home energy discounts and waivers, and third-party in-kind contributions—and lists examples of countable resources/benefits under each. Countable resources/benefits are not limited to the examples named. Additional resources may be countable as well, provided that they also meet all applicable requirements.

Under both the interim rule and the final rule, we do not require that leveraging activities be “new” in the base period in order to be countable. Benefits provided by ongoing leveraging activities—such as discounts in home energy bills and home energy assistance provided by fuel funds—are countable as long as they meet the requirements of the statute and these regulations, and the counted benefits are provided to federally or State eligible low-income households during the base period.

There is sometimes a distinction or difference between a resource as it was acquired, and the benefits that the resource provided to low-income households. Resources acquired in the form of cash can be used to provide benefits in the form of certain cash payments, tangible items, and/or services. However, when resources are acquired in the form of discounts/waivers and in-kind contributions, the benefits are essentially the same as the resources.

The interim rule listed the three types of countable leveraged resources as “cash resources,” “home energy discounts and credits,” and “third-party in-kind contributions.” Because the word “credits” has more than one common meaning, we found that its use was confusing on occasion. In some cases, a “credit” refers to and means a discount. For example, a “credit” donated by a home energy vendor toward the purchase of fuel from the vendor—with no payment received for this amount—represents a discount/reduction in the price of the fuel and should be classified as a discount. In other cases, however, a “credit” to a household’s home energy account results from a payment on behalf of the household and therefore refers to the benefit provided by a cash resource. For example, a grantee’s own funds used to provide heating assistance benefits should be considered a cash resource.

However, in its leveraging report, a grantee mistakenly categorized these funds under “discount/credit” because the benefits represented “credits” toward the recipients’ accounts with their vendors. To reduce confusion, therefore, this final rule refers to “home energy discounts and waivers,” rather than “home energy discounts and credits” as used in the interim rule. In cases where a grantee has difficulty determining whether to classify a “credit” as a cash resource or a discount/waiver, we will discuss the resource with the grantee to determine the correct classification.

Comment and Response

We received one comment on resources listed as countable in §96.87(e) of the interim rule. The commenter questioned whether forgiveness of utility sales taxes for LIHEAP-eligible households should be countable.

The interim rule listed as a countable resource/benefit “partial or full forgiveness of home energy bill arrearages”; the arrearage amounts could include sales taxes and/or other extra charges, such as special energy taxes, environmental surcharges, and late payment charges. As long as such charges are included in the low-income household’s home energy bill and apply to all residential customers in comparable situations, we do not believe that they should be excluded. Use of leveraged funds to pay low-income households’ home energy bills, or portions of these bills, that include such charges would be countable as well. We retained this provision in the final rule.

Comments and Changes

The final rule specifies that purchase and donation of space heating and space cooling devices, equipment, and systems are countable. Purchase and donation of space heating and space cooling devices and equipment, such as furnaces, fans, and air conditioners, already were specified as countable in the interim rule. Based on our experience in operating the leveraging program, we found that the term “devices and equipment” was too limited. Therefore, we added the broader term “systems” in the final rule. For clarity, the final rule also specifies additional countable weatherization services: Replacement and repair of weatherization materials (installation of weatherization materials already was specified as countable); installation, replacement, and repair of space heating and space cooling devices, equipment, and systems (for example, installation of

energy efficient furnaces and repair of leaks in heating system ducts); and installation, replacement, and repair of other tangible items that help low-income households meet the costs of home energy and that are specifically approved by HHS. Also, for clarity and in response to comments urging that they be countable, the final rule adds the following services when they are an integral part of weatherization to help low-income households meet the costs of home energy: Installation, replacement, and repair of windows, exterior doors, roofs, exterior walls, and exterior floors; pre-weatherization home energy audits of homes that were weatherized as a result of these audits; and post-weatherization inspection of homes. Also, we agree with the informal comments we received recommending that several safety-related aspects of weatherization be countable when they are integral and necessary parts of weatherization. In response to these comments, the final rule adds: Installation, replacement, and repair of smoke/fire alarms that are an integral part, and necessary for safe operation, of a home heating or cooling system installed or repaired as a weatherization activity; and asbestos removal that is an integral part of and necessary to carry out weatherization to help low-income households meet the costs of home energy. These services are countable if they are paid for with leveraged cash resources, or provided as in-kind contributions by volunteers or donated paid staff under the conditions specified in the final rule. Discounts in the cost of these items and services also are countable under the conditions specified in the final rule.

A commenter recommended that weatherization “audits” and inspections be countable, because they are essential to the success of weatherization and “ensure the net addition of energy resources to the household.” We adopted this recommendation, with respect to home energy audits to determine households’ weatherization needs, and inspections to assure that weatherization has been properly carried out, when these audits and inspections are integral parts of weatherization to help low-income households meet the costs of home energy. Only the home energy audits of low-income households’ homes that were weatherized as a result of these audits are countable.

Because these countable services involving smoke/fire alarms, asbestos removal, pre-weatherization audits, and post-weatherization inspections must be an integral part of weatherization carried out to help specific low-income