

can be said of donations of time by volunteers or staff to perform office or administrative chores. Even though this may result in the grantee being able to free some of its funds for other uses, it would be extremely difficult to assure and to document that any savings are used for direct benefits to low-income households.

#### *Comments and Response*

Nine commenters proposed that some or all energy conservation education costs be countable. As one of these commenters stated, these "efforts can yield significant cost savings for low-income consumers, and produce tangible benefits." Another stated that energy conservation education that "employs a proven curriculum" provides "a valid energy saving measure" and should be countable. Another suggested that the value of conservation education be quantified as three percent of the recipient households' energy bills, based on the commenter's understanding that these education programs "consistently result in an average 3% reduction in energy usage."

We agree that a well designed and implemented energy conservation education program presented to receptive households should result in reduced home energy consumption and costs. However, while the cost of providing energy conservation education can be quantified, we do not know a reliable way to determine the value of education as a net addition to the total energy resources of low-income households that would apply to all grantees. The quality of the education provided, the condition of different homes, and the motivation of different households to implement conservation measures are highly variable. We believe that the education activities themselves do not provide direct, quantifiable benefits or quantifiable net additions to households' home energy resources. The final rule therefore continues to exclude energy conservation education.

One of the nine commenters claimed that if energy education/case management activities are not countable under the leveraging program, "there will not be an incentive to the CAP agencies to provide energy case management services although it has been proven to be successful." Section 2607A of the LIHEAP statute allows the counting only of limited kinds of activities and services as leveraging. There are many additional worthwhile activities and services that benefit the program and the low-income households it exists to serve. (Local administering agencies and their staff generally are paid for providing these

services.) Grantees should not change successful activities that help low-income households simply to substitute activities that will count as leveraging.

#### *Changes*

Based on our experience in implementing the leveraging incentive program under the interim final rule and on comments we received on the interim rule, we retained most of the list at § 96.87(f) of resources and benefits that are not countable. For example, like the interim rule, the final rule does not allow the counting of office supplies and equipment, services for administrative activities, or any other services that do not result in a direct, net, quantifiable addition to low-income households' total energy resources, as required by section 2607A(b)(1) of the LIHEAP statute. Based on our experience in operating the leveraging program and on public comments indicating that some of the leveraging requirements in the interim rule were unclear or too loose, and to assure consistent understanding and avoid misunderstanding, we changed § 96.87(f) in the final rule by clarifying and tightening language in several places and by specifying that the following are not countable:

- Resources obtained, arranged, provided, contributed, and/or paid for, by a low-income household for its own benefit, or which a low-income household is responsible for obtaining or required to provide in order to receive some type of benefit;
- Resources provided, contributed, and/or paid for by building owners, building managers, and/or home energy vendors, if the cost of rent, home energy, or other charges to the recipient were or will be increased, or if other charges to the recipient were or will be imposed, as a result;
- Resources directly provided, contributed, and/or paid for by member(s) of the recipient household's family (parents, grandparents, great-grandparents, sons, daughters, grandchildren, great-grandchildren, brothers, sisters, aunts, uncles, first cousins, nieces, and nephews, and their spouses), regardless of whether the family member(s) lived with the household, unless the family member(s) also provided the same resource to other low-income households during the base period and did not limit the resource to members of their own family;
- Delivery, and discounts in the cost of delivery, of fuel, weatherization materials, and all other items;
- Purchase, rental, donation, and loan, and discounts in the cost of purchase and rental, or supplies and

equipment used for delivery, installation, and repairs;

- Oil overcharge funds that do not meet the definition in § 96.87(b)(4) of the regulations;
  - Interest earned/paid on oil overcharge funds that were distributed to a State or territory by DOE on or before October 1, 1990;
  - Interest earned/paid on Federal funds (grantees should draw down Federal funds only as needed for "immediate" use);
  - Interest earned/paid on customers' security deposits, utility deposits, etc., except when forfeited by the customer and used to provide countable benefits (interest is generally earned on such deposits and therefore would not be a leveraged benefit obtained for low-income households);
  - Borrowed funds that do not meet the requirements in § 96.87(b)(3) of the regulations (including loans made by and/or to low-income households);
  - Resources for which Federal payment or reimbursement has been or will be provided;
  - Training;
  - Installation, replacement, and repair of lighting fixtures and light bulbs (countable weatherization must be directly related to home energy, consistent with the definitions of "home energy" and "weatherization" in § 96.87(b) of the regulations); and
  - Activities involving smoke/fire alarms and asbestos removal that are not described in the final rule as countable.
- Also, in response to questions raised during the first two years of the leveraging program, we clarified the regulatory language regarding non-countable tax deductions and tax credits. The revised language specifies that tax deductions and tax credits received by donors of resources for these donations, and by vendors for providing discounts, waivers, etc., are not countable. If they meet the requirements in the LIHEAP statute and these regulations, the items and services donated and discounts/waivers provided would be countable. Counting tax deductions and tax credits received by the donors/vendors essentially would result in double counting the same benefit. In addition, tax deductions and tax credits received by donors of resources do not represent a net addition to the home energy resources available to low-income households, as required by the LIHEAP statute and these regulations. (On the other hand, as noted earlier, special non-Federal tax "credits" provided to low-income households to offset their home energy costs can be countable as discounts/waivers, and non-Federal