

STATE FISCAL YEAR 2007 EVALUATION
OF THE NRS 702

**ENERGY ASSISTANCE PROGRAM
&
WEATHERIZATION ASSISTANCE PROGRAM**

December 2008

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EXECUTIVE SUMMARY

This document is the State Fiscal Year 2007 evaluation report for the Energy Assistance Program (NRS 702.260) and of the Weatherization Assistance Program (NRS 702.270).¹ The report describes the objectives of each program, analyzes the effectiveness and efficiency of each program in meeting its objectives, reports on the distribution of money from the Universal Energy Charge (UEC) and the Fund for Energy Assistance and Conservation (FEAC), reports on the coordination between the Housing Division and the Welfare Division in the conduct of the programs, and looks at planned program changes.

It took about two years for the legislatively enacted programs to be embodied in ongoing practice with high-level implementation problems solved. Initially, the primary problems were to create the staff organization within the Division of Welfare and Supportive Services and the Housing Division to make the programs workable, to develop effective communication to make citizens aware of the programs, and to complete the "catch-up" of computer support necessary to make the programs run efficiently. The Housing Division was able to run its part of the program at full authorized implementation fairly quickly, in part because its delivery infrastructure was already in place as part of the poorly funded but important federal Weatherization Assistance Program. Through 2006, the Division of Welfare and Supportive Services had a spending lag, due to the first year funding becoming available about a year before the program was fully implementable in practice. There was a major communication effort in 2005 that brought increased participation,² and during the 2007 program year (July 2006 through June 2007), it was clear that Energy Assistance program participation would soon be exceeding funding levels for payment assistance and there would be a need to develop control tools as envisioned in NRS 702.

This evaluation reports Program Year 2007 efforts and looks at possible adjustments for making the payment assistance and weatherization assistance programs more effective and efficient.

Because of the success of the Nevada model, this report will have a wide readership outside of Nevada as well as by responsible leaders, staff, and advocates within the state. For this reason, it is appropriate to note that in developing the Housing and Welfare Division programs, Nevada has developed a "best practice" model for the Western states. Certain features of the Nevada approach should also be studied and copied by other states, particularly in the West but also in the rest of the country.

¹ The evaluation is conducted pursuant to NRS 702.280(2-3).

² Also, in 2005 a one-time per household arrearage payment was added to the Energy Assistance Program.

With start-up problems resolved, the program effort proceeded well in SFY 2007.

However, in 2007 the national economy began to show signs of slowing down, and this effect was strongest in the fastest growing states.³ Also in 2007, the Center on Budget and Policy Priorities reported on a new Congressional Budget Office study showing the continuing tendency towards increasingly more extreme income inequality in the United States.⁴ Extreme income inequality itself creates more difficult conditions for low-income households because pricing for products and services of reasonable quality tends to follow the incomes of upper income households.⁵ So, while the UEC programs worked well in SFY 2007 and all of the program variables under state control were being handled responsibly, the wider social and economic environment of the program effort was becoming increasingly counterproductive. Performance for SFY 2007 may be characterized as similar to a competent and efficient athlete swimming against an increasing current.

³ According to an article in the *New York Times*, Jeff Hardcastle, Nevada's State Demographer, noted that no new major hotel-casinos had opened. The article also noted higher cost of housing in Nevada, slowing of moves from high-cost states like California, and higher foreclosure rates due to the subprime mortgage crisis. Roberts, Sam, "Fastest-Growing States Show Slower Expansion," *New York Times*, December 27, 2007.

⁴ The US has retrogressively moved towards a Dickensian "It was the best of times, it was the worst of times" social environment since approximately 1970. In 1965 a standard manufacturing job would support a family, and provide family health coverage and a pension. Today, it generally takes at least two workers in a family to attain the same (or slightly more) official real income. This change reflects the gradual removal of income from low and middle income households and the concentration of income at the top since 1970 (the so-called "Mathew Effect"; see Matthew 25:30, King James Bible). According to the CBO study, a household in the lowest fifth of the national income distribution enjoyed an increase in income of \$800 from 1979 to 2004 (6%), while a typical household in the top fifth of the income distribution enjoyed an increase of \$63,100, and a typical household in the top one percent of the income distribution enjoyed an increase of \$553,800 (all dollar amounts converted to 2004 dollars). "New CBO Data Show Income Inequality Continues to Widen," Center on Budget and Policy Priorities, January 23, 2007. As shown in this 2007 evaluation report, these official statistics on income actually mask a very large erosion in real income for nearly all households.

⁵ See Elizabeth Warren & Amelia Warren Tyagi, *The Two-Income Trap, Why Middle-Class Mothers and Fathers are Going Broke*, New York: Basic Books, 2003; also Frank, Robert H., *Falling Behind, How Rising Inequality Harms the Middle Class*. Berkeley, Los Angeles & London: University of California Press, 2007.

THE SIZE OF THE NEED

We begin with a discussion of the need for the Universal Energy Charge and the Fund for Energy Assistance and Conservation.

The purpose of this section is to develop useful, policy-relevant information regarding the *size of need* for the Nevada Fund for Energy Assistance and Conservation (FEAC). We also examine the poor fit between the income eligibility requirement (household income up to and including 150% of the federal poverty level) and the higher income eligibility requirement that would fit actual need. In this section of the report, we discuss:

- The definition of “energy burden”
- Census data on the allocation of income in Nevada
- The trend in residential energy prices in the West
- An estimate of the number of households eligible for UEC funding
- A brief outline of alternative methods for determining eligibility, followed by an analysis of how those alternatives would affect eligibility formulas.

A. *How Energy Burden is Defined*

“Energy Burden” is the key concept for understanding both the needs of Nevada households and Nevada’s programs to meet the needs.

1. Energy Burden – A Federal Definition

The definition of energy burden is given by the US DOE, Weatherization Assistance Program as follows:⁶

Low-income households spend much more of their income on energy bills than do families with median incomes (see chart). This percentage of income spent on energy is called the “energy burden,” and it is substantial for some weatherization recipients. For example, some elderly recipients who lived on fixed incomes pay as much as 35% of their annual incomes for energy bills.

⁶ The quotation and Figure 1 are from the US DOE Weatherization Assistance Program at <http://www.energy.gov/weatherization/reducing.html>.

As defined by US DOE, energy burden is *the percentage of income spent on energy*.⁷

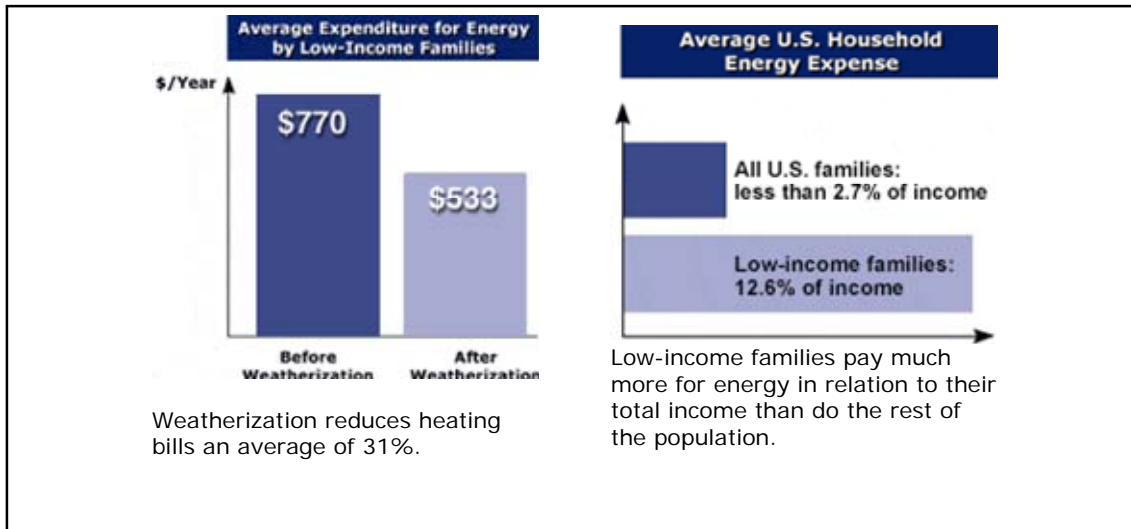


Figure 1: Energy Burden in the US (USDOE).

However, note that the federal definition is ambiguous in that the “percentage of income spent on energy” may or may not include the ancillary charges associated with energy and bundled into the energy bills received by households.

In the above example, “energy cost” is used interchangeably with “energy bills.” Yet, while these two concepts are related to the same kind of energy metric, they are different in quantity. Fixed costs, fees, and penalties can be a sizable “add-on” to the commodity cost component of energy bills.

However, the federal definition of “energy burden,” though ambiguous, is adequate to introduce the basic concept. A household’s energy burden for a year is the percentage of household income that is needed to cover the cost of energy for the year. As the federal example shows, the average US family has a mean group energy burden under 2.7% (Figure 1).

Since averages can be computed in different ways, a full presentation of energy burden is provided in Figure 2.⁸ As shown in this table, the US median household

⁷ The term “energy burden” means the expenditures of the household for home energy divided by the income of the household.” [Section 2603(2), Low Income Home Energy Assistance Act (46 U.S.C. 8622)]. According to the LIHEAP Clearinghouse, Congressional committee notes further provide the recommendation to use actual bills: “...In addition, the committee urges states to use actual energy bills in determining energy burdens and designing their benefit structures” (House Report 103-483 on H. R. 4250, Committee on Education and Labor).. The committee notes are cited in “State Strategies Based on Household Income, Energy Burden and Heating Costs,” Compiled by the LIHEAP Clearinghouse, February 2002 (<http://www.ncat.org/liheap/pubs/510targ.htm>).

energy burden (all fuels) is 4.1%, while it is about 3% for non-low income households and 9.1% for low income households.

2) Nevada Energy Burden

The Nevada interpretation of the energy burden concept (for a home that has electricity service and natural gas service) is that “energy” means the cost of energy calculated as the sum of the number kilowatt-hours used times the applicable electric rate plus the number of therms used times the applicable gas rate. The energy burden computed for all households for use in the SFY 2007 program is 3.6%

As in the SFY 2003 Evaluation, we recommended that this definition be expanded by a revision to NRS 702.010 (Definitions):

Evaluation Recommendation 1: Modify NRS 702.010 to include both the fixed and variable components of commodity cost, continuing to exclude fees and penalties.

Nevada has set the required payment at the median household energy burden for the state (NRS 702.260.6.a). This is a significant advance over other states in two regards. The median energy burden is inherently fair and this quality of being fair will continue over time while a negotiated percentage or dollar amount might be seen as reasonable or fair at one point in time but not another. Other states have generally adopted percentages or dollar amounts, and have in some cases placed them in their state codes without a provision for updating.

⁸ Source: Reprinted from Department of Health and Human Services, *LIHEAP Home Energy Notebook for Fiscal Year 2001*, Table 2.1, Page 4.

Table 2-1. Residential energy: Average annual household consumption, expenditures, and burden by all, non low income, low income, and LIHEAP recipient households, by main heating fuel type, United States, FY 2001^{1/}(See also tables A-2a – A-2c, Appendix A)

Main heating fuel	Fuel consumption (mmBTUs) ^{2/}	Fuel expenditures	Mean individual burden ^{3/}	Median individual burden ^{4/}	Mean group burden ^{5/}
<i>All households</i>					
All fuels	103.3	\$1,537	7.0%	4.1%	2.7%
Natural gas	124.5	\$1,654	7.5%	4.2%	2.9%
Electricity	60.1	\$1,227	5.7%	3.4%	2.2%
Fuel oil	137.1	\$1,966	8.1%	5.1%	3.4%
Kerosene	75.7	\$1,331	7.7%	5.4%	2.3%
LPG ^{6/}	108.3	\$1,688	8.3%	5.4%	3.0%
<i>Non low income households</i>					
All fuels	110.7	\$1,651	3.5%	3.0%	2.2%
Natural gas	131.0	\$1,750	3.6%	3.1%	2.4%
Electricity	64.7	\$1,322	2.9%	2.5%	1.8%
Fuel oil	149.4	\$2,192	4.3%	3.8%	3.0%
Kerosene	82.5	\$1,412	4.0%	3.7%	1.9%
LPG ^{6/}	112.1	\$1,732	4.2%	3.8%	2.4%
<i>Low income households</i>					
All fuels	88.5	\$1,311	14.0%	9.1%	8.9%
Natural gas	110.2	\$1,443	15.9%	10.0%	9.8%
Electricity	51.5	\$1,052	11.0%	7.1%	7.2%
Fuel oil	113.6	\$1,536	15.3%	11.4%	10.5%
Kerosene	67.9	\$1,236	12.0%	11.3%	8.4%
LPG ^{6/}	101.3	\$1,607	15.7%	11.3%	10.9%
<i>LIHEAP recipient households</i>					
All fuels	92.6	\$1,301	17.2%	12.2%	11.2%
Natural gas	122.9	\$1,504	19.5%	14.4%	12.9%
Electricity	50.3	\$998	13.8%	10.0%	8.6%
Fuel oil	98.4	\$1,450	13.9%	12.8%	12.4%
Kerosene ^{7/}	68.1	\$1,195	20.0%	12.1%	10.2%
LPG ^{6/ 7/}	96.2	\$1,538	21.9%	16.2%	13.2%

^{1/}Data are derived from the 1997 RECS, adjusted to reflect FY 2001 heating degree days, cooling degree days, and fuel prices. Data represent residential energy used from October 2000 through September 2001.

^{2/}A British Thermal Unit (BTU) is the amount of energy necessary to raise the temperature of one pound of water one degree Fahrenheit. MmBTUs or mmBTUs refer to values in millions of BTUs.

^{3/}Mean individual burden is calculated by taking the mean, or average, of individual energy burdens, as calculated from FY 2001 adjusted RECS data. See Appendix A for information on calculation of energy burden.

^{4/}Median individual burden is calculated by taking the median of individual energy burdens, as calculated from FY 2001 adjusted RECS data.

^{5/}Mean group energy burden has been calculated by first calculating average residential energy expenditures from the 1997 RECS for each group of households and dividing the adjusted figures for FY 2001 by the average income for each group of households from the March 2001 CPS.

^{6/}Liquefied petroleum gas (LPG) refers to any fuel gas supplied to a residence in liquid compressed form, such as propane or butane.

^{7/}These figures should be viewed with caution because of the small number of sample cases.

Figure 2: The Full Range of Energy Burdens.

In Nevada the median energy burden is updated each year using information on incomes provided by the State Demographer and energy usage data provided by the

major electric and gas utilities.⁹ This will provide automatic adjustment for changes in costs and keep the required payment at a fair level. Although this method is not sensitive to the extremes of the income distribution, it is reasonably sensitive to the levels of required energy use by households.

3) Energy Burden - A Household Perspective

Substantively, when you talk with people, energy burden is a matter of energy bills. Also, as any household struggling with bills can tell you, the relevant feature of the bill to the low-income household is the “Please Pay” amount. It is clearly not an analyst's technical concept limited to the fixed portion of commodity cost.¹⁰

B. Income Allocation

The income donut for Nevada (Figure 3) shows why traditional cost-based determination of utility bills cannot work in the absence of transfer income to make the difference between what families are billed and the income needed to pay utility bills.¹¹

Each part of the donut represents twenty-percent of Nevada households. For the upper quintile utility bills should be little or no problem. Clearly, households in the bottom quintiles by income cannot be expected to pay cost-based bills without a transfer mechanism such as the Nevada payment assistance program. The policy implication of this reality is that utility cost of service pricing remains a useful concept for the top quintile of households, but cannot work for the lower quintiles in the absence of a transfer mechanism.

⁹ This updating is an important feature of the Nevada legislation. In some states this was not as well thought through and fixed numbers were set by statutes without a provision for keeping the numbers current with the economy.

¹⁰ Having worked in a utility rate department, the allocation of cost recovery to the fixed and variable portions of the household energy bill is a matter of policy discussion. When households are cutting back energy use, and so lowering the variable portion of the bill, the tendency is to increase the variable portion of the bill to meet the current revenue recovery goal. While this allocation is important from a utility perspective, the household concern should be the total bill (the “please pay” amount).

¹¹ Household income is derived as payment for work (wages, salary) or as transfer income through social programs. If the job structure does not provide income necessary to meet ordinary social costs of living, there is no alternative but to provide it through transfer income. Transfer income can take many forms, including direct assistance, indirect assistance (such as discounted utility rates), and, for example, public funding of community facilities such as parks, police departments, and fire departments which provide public services equally for all households, regardless of income.

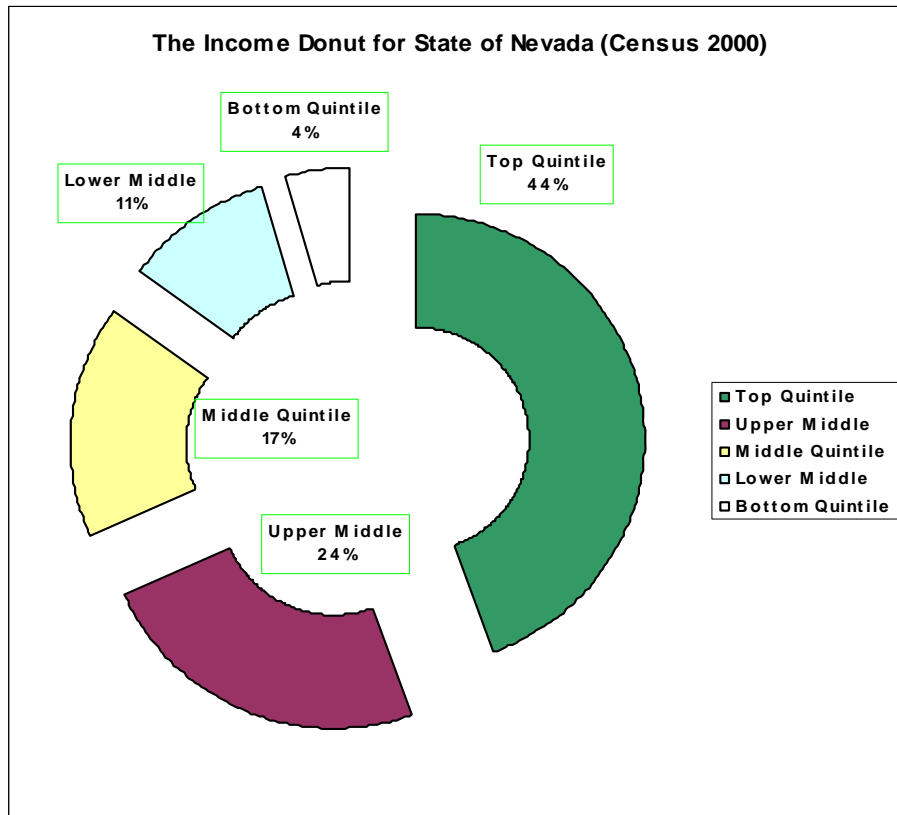


Figure 3: Income Donut – Income Allocation in Nevada.

C. Federal Funding

Federal LIHEA funding has been on a general decline since the mid-1980s. Although funding is heading up from a low point during the “boom” period of the mid-1990s and has almost recaptured its dollar level in unadjusted dollars, total funding is still far below the current real dollar equivalent of the mid-1980s. Tables 1 & 2 illustrates this decline in total LIHEA funding. Table 1 shows real 2007 dollar amounts using the official Bureau of Labor Statistics inflation calculator which incorporate currency devaluation admitted by the federal government. Table 2 shows actual 2007 dollar amounts which incorporate currency devaluation tracked by Shadow Government Statistics using the original Bureau of Labor Statistics method from the 1960s to show a mathematically consistent series.¹²

¹² See John Williams, Shadow Government Statistics, Analysis Behind and Beyond Government Economic Reporting (<http://www.shadowstats.com>). We break with official economic statistics in this study because the federal economic statistical system understates the real economic problems facing policymakers and service providers at the state level. To accurately understand unemployment or income insufficiency it is necessary to rely on state, county, and city data. Alternatively, Shadow Government Statistics provides tools to adjust federal numbers to make them more accurate, and income insufficiency studies using the Wider Opportunities for Women/Ford Foundation methodology are reliable (for example of best reliable data, see Chandler, Susan, *Working*

Also, the funding formula for LIHEA is permanently tilted towards the needs of the Northeastern states. Even at its peak, LIHEA could only meet a fraction of the actual need. The federal program is very valuable and useful to Nevada; its level of funding is highly variable and the amount of funding is far below the level of need even as officially (but greatly inadequately) defined in the federal regulations.

National Funding History (Official)			
Year	Unadjusted Dollars	(Official 2007 Dollars)	Official Percentage of 1985
1985	2,335	4,449	100.0%
1990	2,554	4,052	91.0%
1995	2,305	3,136	70.5%
2000	2,666	3,210	72.2%
2005	2,411	2,560	57.5%
2007	4,970	4,970	112.0%

Low-Income Energy Programs Funding History from National Clearinghouse on Appropriate Technology (NCAT), "Low-Income Energy Programs Funding History 1977-2008" (<http://liheap.ncat.org/Funding/lhhist.htm>). Dollars adjusted using official Bureau of Labor Statistics Inflation Calculator (<http://data.bls.gov/cgi-bin/cpicalc.pl>).

Table 1: Official Change in Decline in LIHEA Funding since the mid-1980's

National Funding History (Actual)			
Year	Unadjusted Dollars	(2007 Dollars)	Actual Percentage of 1985
1985	2,335	11,465	100.0%
1990	2,554	9,553	83.3%
1995	2,305	6,442	56.2%
2000	2,666	4,985	43.5%
2005	2,411	2,944	25.7%
2007	4,970	4,970	43.3%

Low-Income Energy Programs Funding History from National Clearinghouse on Appropriate Technology (NCAT), "Low-Income Energy Programs Funding History 1977-2008" (<http://liheap.ncat.org/Funding/lhhist.htm>). Dollars adjusted using Shadow Government Statistics Inflation Calculator (http://www.shadowstats.com/inflation_calculator).

Table 2: Actual Decline in LIHEA Funding.

Hard, Living Poor, Parts I & II. Reno, Carson City & Las Vegas: Progressive Leadership Alliance of Nevada).

In the introduction to this evaluation we characterized the program as similar to an athlete swimming against an increasing current. Table 2 illustrates part of the actual situation of the UEC program effort with declining federal funding (even in years in which, officially, the federal funding is declared to increase such as 2007).

C. Energy Prices Trending Upwards

According to the US Bureau of Labor Statistics, electricity prices have been increasing. Figure 4 shows the index of electricity cost for 500 kWh plotted for December of each year from 1985 through 2007.¹³ Here, the general upward shape of the curve is the important feature. Natural gas prices have also been increasing. Figure 5 shows the index of gas cost for forty therms plotted for December of each year from 1985 through 2007.¹⁴

Taken together, the income allocations (Figure 3) and the price trends (Figures 4 & 5) show why the theory of cost-based rates for energy services is no longer compatible (absent transfers) for service to low-income and many middle income households.¹⁵

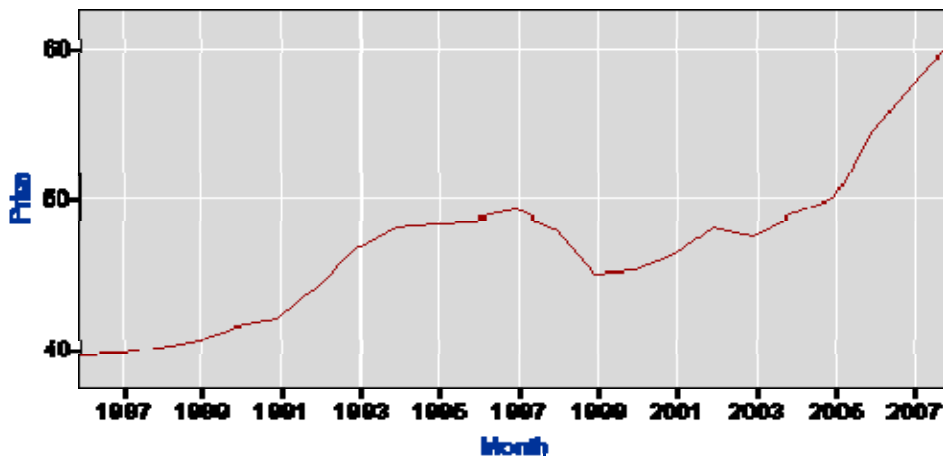


Figure 4: General Movement of Electricity Prices (1985-2007).

¹³ US Bureau of Labor Statistics, Series ID APU000072621, US City Average, Electricity per 500 kWh. US BLS, Databases, Tables, and Calculators by Subject (<http://www.bls.gov/data/>).

¹⁴ US Bureau of Labor Statistics, Series ID APU000072601, US City Average, Utility (Piped) Gas - 40 Therms. See US BLS, Databases, Tables, and Calculators by Subject (<http://www.bls.gov/data/>).

¹⁵ The distribution of income in the United States is moving increased income towards very high income groups in the upper one-percent of households and above and removing income from the bottom income groups, especially from low-income families with children.

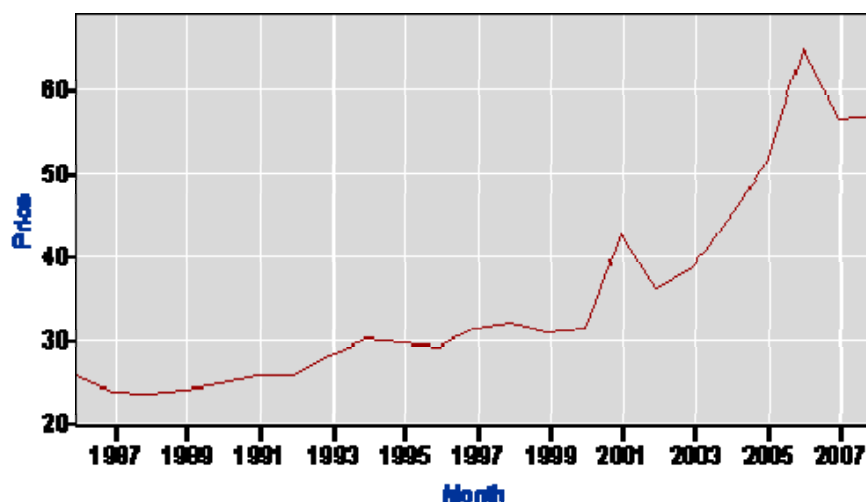


Figure 5: General Movement of Gas Price (1985-2007).

D. Number of Eligible Households

The evaluation calculation is in agreement with the program calculation. There are approximately 158,000 households meeting the current income criteria for the programs (Table 3).

If the income level for eligibility were raised to 175% of poverty, approximately 196,000 households would meet the income criteria; if eligibility were raised to 200% of poverty, 234,000 households would meet the income criteria. If the US Department of Housing and Urban Development ceiling of 80% of area median income were used, the number eligible would be higher.¹⁶ As a rule of thumb, the evaluation team estimates that about forty percent (40%) of households would be eligible using the HUD definition as a guide.

¹⁶ This is a special definition that does not imply a direct use of area median income because the calculation of eligibility is referenced to a family size of four, then income adjusted downwards for families of smaller size or upwards for families of larger size. Also, the HUD definition is referenced to families (generally considered related individuals) rather than to households (which may be made up of unrelated individuals such as college students renting a house). HUD calculates and releases eligibility using its definitions each year. "The term "low-income families" means those families whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceiling higher or lower than 80 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes." Fiscal Year 2008 HUD Income Limits Briefing Material, Attachment 1 [U.S. Housing Act of 1937 Provisions Related to Income Limits (As Amended through 1999)], Section 3, Point 2.

Ratio-of-Income to Poverty Level, State of Nevada, by County - Estimated Households										
	Churchill	Clark	Douglas	Elko	Esmeralda	Eureka	Humboldt	Lander	Lincoln	Lyon
Total	9,910	651,150	18,146	17,651	446	563	6,336	2,034	1,451	16,948
Under .50	339	30,281	625	581	39	43	195	136	95	673
.50 to .74	210	13,733	399	348	27	31	155	20	57	427
.75 to .99	342	18,664	389	425	28	16	209	80	134	657
1.00 to 1.24	386	22,455	516	649	23	26	200	69	82	651
1.25 to 1.49	485	25,806	596	713	30	23	214	76	116	731
1.50 to 1.74	597	26,258	624	732	40	37	267	77	98	939
1.75 to 1.84	308	11,242	206	272	3	15	152	10	32	439
1.85 to 1.99	220	14,786	301	394	10	24	122	63	28	458
2.00 and over	7,023	487,925	14,492	13,537	248	348	4,823	1,502	809	11,973
Under 150%	1,763	110,939	2,524	2,716	147	139	973	381	483	3,139
Under 175%	2,360	137,197	3,147	3,448	186	176	1,240	458	581	4,078
Under 200%	2,887	163,225	3,655	4,115	199	216	1,513	531	642	4,975
	Mineral	Nye	Pershing	Storey	Washoe	White Pine	Carson City		Totals	
Total	1,774	14,494	2,517	1,441	145,561	3,404	20,962		914,788	
Under .50	169	688	168	65	6,265	172	947		41,480	
.50 to .74	63	452	56	11	3,572	151	610		20,321	
.75 to .99	85	562	60	30	4,211	141	638		26,671	
1.00 to 1.24	96	917	206	57	5,395	210	812		32,749	
1.25 to 1.49	145	871	95	71	5,596	163	972		36,702	
1.50 to 1.74	105	991	123	70	6,172	173	960		38,264	
1.75 to 1.84	33	459	65	34	2,396	52	564		16,282	
1.85 to 1.99	65	466	57	5	3,521	255	451		21,225	
2.00 and over	1,013	9,088	1,688	1,099	108,434	2,087	15,006		681,094	
Under 150%	559	3,490	584	233	25,038	836	3,980		157,923	<
Under 175%	663	4,481	708	303	31,210	1,009	4,940		196,187	
Under 200%	761	5,405	829	342	37,126	1,317	5,956		233,694	

Source: 2000 Census, Summary File 3, Tables P88, P93; 2004 Population Estimates, Nevada State Demographer. See Calculations Worksheet

Table 3: Number of Income-Eligible Households.

These estimates are based on 2000 Census data, adjusted using 2004 population estimates from the State of Nevada Demographer.¹⁷ Nevada is the fastest growing state and in 2007 the growth was slowing. The table is adjusted to take into account Nevada's population growth since 1999.

¹⁷ Census data obtained from <http://www.census.gov>. State of Nevada Demographer data obtained from http://www.nsbdc.org/demographer/pubs/pop_increase.html. The Census data comes from tables P88 and P93 of Summary File 3. Individual ratio-of-income to poverty data taken from table P88 is divided by the average household size. This table is then normalized to the number of households at 150% poverty taken from table P93 to give a household estimate of ratio-of-income to poverty level.

E. Another Approach to Need - Self Sufficiency vs. Percent of Poverty

The current standard used to calculate eligibility for participation in low income programs is that of the Federal Poverty Level (FPL). A different metric, the *self-sufficiency standard*, allows for an alternative definition of eligibility. The sufficiency standard is relatively new and is not yet reflected in law, though many states and cities are reviewing a variety of accurate metrics of income insufficiency to bypass the corrupt federal statistical system in order to deal with actual need. This metric comes much closer to representing the actual needs of households than the old federal metric.

The development of the self-sufficiency standard was required to take into account the many critical problems in the calculation of the Federal Poverty Level (FPL). The FPL is based on the concept that food is one third of the income expenditure of American people. This was not a bad estimate in the mid-1960's when the metric was created using data from the late 1950's.¹⁸ Since that time, although the poverty level is updated each year to take into account the change in the real value of the dollar, it has gone out of calibration with the reality it is required to indicate.¹⁹ The federal poverty numbers *severely under-represent* actual poverty.

The existence of federal program guidelines based on 150%, 175%, 185%, 200%, or 250% of the Federal Poverty Level indicate practical adjustments to a defective metric. For example, the federal standard for LIHEAP is 150% of poverty or 60% of state median income, rather than the poverty level.²⁰ These adjustments attempt to take into account the failed calibration of the poverty metric but succeed only in part. However, the correction offering the least administrative burden is to set program eligibility levels at multiples of the official Federal Poverty Level or move to another federal statistical series such as 60% of state median income (used by the US Department of Health and Human Services and the US Department of Energy) or

¹⁸ See Fisher, Gordon M., "Mollie Orshansky: Author of the Poverty Thresholds," Amstat News, September 2008, Pp. 15-18

¹⁹ This is due to the yearly quantitative adjustments in the conceptually incorrect Federal Poverty Level being made according to changes in the Consumer Price Index, one of the corrupted federal statistical series.

²⁰ Because evaluations are generally more useful if they recommend conservative steps in most recommendation areas and due to the large problems that would be involved in moving away from some level of the federal metric, a recommendation in the SFY 2003 evaluation was to move from 150% of poverty to 60% of the Nevada median income, an option that is provided for in the federal LIHEA program. This recommendation was repeated for the SFY 2004 and SFY 2005 evaluations. As the evaluation team accumulated more knowledge of the actual situation, in the SFY 2006 evaluation we moved the recommendation to 200% of the Federal Poverty Level (or as close as might be pragmatically negotiated). In the current (SFY 2007) evaluation, we recommend moving higher, to 80% of state median income (the upper limit of eligibility for public housing, as defined by the Department of Housing and Urban Development). At the same time, we want to indicate that direction of change over a number of years should be towards the self-sufficiency standard as it is inherently a better measure.

80% of state median income (used by the Department of Housing and Urban Development).

In Nevada LIHEA eligibility is currently set at 150% of poverty. Similarly, state mandated weatherization is set at 200% of poverty in Pennsylvania. California went to 250% of poverty for eligibility for its low-income rate program beginning in 2004. In November of 2004, Pennsylvania extended protections against utility shutoffs to 250% of poverty up from the 150% standard that was set in 1992. In the fall of 2006, Pennsylvania raised eligibility for energy assistance (payment assistance) to 175% of poverty. One component of the low-income weatherization program in Massachusetts, the Good Neighbor Program, goes to 275% of poverty to be able to provide services to households in which one or more persons are working full time at less than a living wage. To make sense of this pattern of changes, 100% of poverty as defined in 1965 is about the same as 150% of poverty in 1992 or 200-250% of poverty today.²¹ The states are simply having to cut loose from the corrupted federal statistical system to develop their own guidance to fit actual conditions.²²

Although it takes more work to calculate, the family budget approach used by the Self-Sufficiency Project is more accurate than the federal poverty level metric.

As a rule of thumb, mathematically recalibrating the FPL to its original relation to median income would lead to a criterion of 200% of the current FPL.²³ This, then, is a minimum conservative base required for fairness in order to recapture the coverage of the programs in the 1960s during the War on Poverty and compensate for economic erosion. However, 250% of poverty is a better fit to the reality experienced by low and moderate income households.

The bottom line is that the federally defined poverty criteria have become seriously mismatched to the actual situation of poverty as experienced by households. Being inside or outside the 100% of poverty level today means little. The 150% of Federal

²¹ These estimates are approximate. We actually find families in need at 350% or 400% of poverty, depending on family structure, size, and situation.

²² A recent discussion of these eligibility issues occurred around the State Children's Health Insurance Program, where states and cities have proposed eligibility at 300%, 350% or 400% of poverty depending on family structure, size, and situation. This is part of the population that also needs energy assistance and weatherization services. The high percentage of poverty (FPL) levels recommended by cities and states represents the problem of meeting material needs, when expressed through a corrupt federal statistical metric. An honest analysis would show thirty to forty percent of households to be in significant need, a fact masked by the federal statistics on poverty and the economy.

²³ Calculation performed based on data presented in Figure 2, P. 11. Pearce, Diana & Jennifer Brooks, "The Self-Sufficiency Standard for Pennsylvania, Summary Report." Swarthmore, Pennsylvania: Women's Association for Women's Alternatives: 1998. See also, "Working Hard, Living Poor, Part I: Nevada: Basic Needs and a Living Wage," A Report by the Progressive Leadership Alliance of Nevada, Susan Chandler, MSW, Ph.D., Project Research Director & Alicia Smalley, MSW, Research Assistant, August 2001. Progressive Leadership Alliance of Nevada, www.PlanNevada.org.

Poverty Level is a criterion that captures a good bit of slippage in the federal indicator system. It restores a portion of the effective level of the initial situation of the 1960s when the poverty definitions were introduced.

The 150% metric was a good fit in about 1992. The 200%-250% level is more accurate today. The 250% of the Federal Poverty Level indicates the rate at which poverty is not actually experienced and a minimal but decent level of family living over the full lifespan is supported for most households.²⁴

F. Recommendation

Recommendation 2: In the current (SFY 2007) evaluation, we recommend moving eligibility higher to 80% of state median income (using as a guide the upper limit of eligibility for public housing, as defined by the Department of Housing and Urban Development). This goal has the disadvantage that it does not correspond to current federal legislation governing the federal Low-Income Home Energy Assistance payment assistance and Weatherization Assistance Programs. It has the advantage of corresponding the federal Department of Housing and Urban Development (HUD) definition of the upper income limit for eligibility for public housing and is computed and updated by HUD for each state each year.

At the same time, we want to indicate that direction of change over a number of years should be towards the administratively more difficult self-sufficiency developed by Wider Opportunities for Women and the Ford Foundation. This method is more accurate as it is inherently a better-structured measure.

Changes of this kind would require study and discussion among levels of state government and among all advocates and representatives of affected parties and would require the support of the legislature.

²⁴ The Self-Sufficiency calculation of 200-250% of the Federal Poverty Level does not allow for purchase of a car or other major items, provision for retirement, or the ability to deal with family emergencies.

THE LOGIC OF NEVADA'S UNIVERSAL ENERGY CHARGE (UEC) APPROACH

The Nevada UEC is one of several state energy assistance funds established over the past ten years. It remedies a severe problem of many Nevada households – inability to pay for the energy necessary to meet such basic household needs as moderating natural temperature extremes through home cooling and home heating. As discussed in the previous section of this report, Federal LIHEAP funds, also used for these purposes, are *always* far short of need in Nevada, are unreliable in amount, and are “locked in” by an allocation formula that sends these funds primarily to the winter weather states of the Northeast.

The Nevada UEC provides a means for the state to respond to the underlying tension between the trend in energy costs and the trend in ability to pay in a manner that is more appropriate for the particular needs of this geographic region.

A. *Programs of Energy Assistance: Six Characteristics*

Six features define the careful and conservative character of the Nevada UEC:

(1) **Requirement to Pay-In.** *It is necessary to pay into the UEC to be eligible for UEC assistance.* In the legislation, paying in is determined primarily by utility service territory. The paying in provision is a link to the tradition of balance of self-reliance and the community pulling together when necessary.²⁵

(2) **Inability to Pay.** Nevada households that encounter problems paying basic energy bills are *not* refusing to pay for service. They have, instead become either temporarily or (increasingly) permanently *unable* to pay for necessary energy on a “cost of service” basis. The new generation of UEC programs adopted in a number of states represents attempts by legislatures to deal with the reality that energy affordability is now a chronic rather than a temporary problem for a large and increasing number of households.

(3) **Realistic and Fair.** By setting the UEC payment assistance at the level of the Nevada median household energy burden, the Nevada UEC establishes a realistic level of payment assistance. The level is inherently rooted in a principle of fairness – energy assistance is provided at the level of the median percentage of household income for the state. The portion below that level remains the household’s responsibility. The portion above that level is covered by the UEC fund.

(4) **Starting with a Conservative Eligibility Level.** The eligibility level for SFY 2003 was set at 150% of the federal poverty level. Our calculations indicate that the current actual breakpoint for poverty in the US is 250% of the poverty level (a point of

²⁵ Federal funds and some other state funds are used to the extent available to help households not paying in to the Nevada UEC.

increasing consensus arrived at in different studies around the US), and some of the newest program changes in other states are employing levels of two-thirds of state median income, 175% of poverty, 200% of poverty, or 250% of poverty. But 150% was a reasonable level to start the program, though now eligibility should be adjusted upwards to fit actual need (see discussion in the previous section of this report).

(5) Understanding of Long-Term Energy Affordability Problem. Unless a dramatic turnaround occurs in the provision of “living wage” jobs (defined as a job that can support a family, including some provision for meeting medical needs, a car, and retirement) increasingly large numbers of American households, including households with one or more full time workers, and a good history of bill payment and work discipline, will be unable to fully pay for their basic energy needs.

As globalization advances, there is nothing on the horizon that offers to restore opportunities for “living wage” jobs for households who lose them, or for newer households that are formed. For low and moderate income households, real income is likely to continue to decline. The Nevada UEC payment assistance is therefore essential – picking up the part of the energy burden that is higher than that of the median Nevada household. While households must reapply each year and there will always be some turnover for some households where conditions improve, the affordability problem is built-in to the national economy, creating economic hardship and fear for lower-income and many middle income households.

(6) Investment and Cost-Effective Approach to Weatherization. Weatherization fixes a home so that it can require substantially less energy to achieve the same (or sometimes better) levels of cooling, heating, and other energy services. The one-time investment of weatherization, combined with occasional minor maintenance is designed to provide an economically cost-effective return on investment over many years. The investment nature and the cost-effective return for the “weatherization package” as a whole define the essential characteristics of the Housing Division portion of the Nevada UEC fund.

The program logic model for Nevada's Universal Energy Charge programs is shown in Figure 6. In this figure, there are three main sets of program activities. The Public Utility Commission of Nevada (PUCN) collects funds, enforces utility provisions of NRS 270, and transfers funds to the Division of Welfare and Supportive Services. The Division of Welfare and Supportive Services administers the Energy Assistance Program (the payment assistance program) and maintains the Fund for Energy Assistance and Conservation, transferring a portion of funding to the Nevada Housing Division. The Nevada Housing Division administers the UEC Weatherization Assistance Program through its sub-grantee agencies.

Program Logic Model - FY 2007				
ACTIVITIES	ASSUMPTIONS	OBJECTIVES	INDICATORS	VERIFICATION
Insure Collections and Appropriate Refunds - Public Utility Commission (PUC)				
Administration	The Public Utility Commission of Nevada (PUCN) is the collector, since it is granted full authority to regulate, audit, and investigate, and enforce utility compliance	Collect and Transmit UEC Funds to Division of Welfare and Supportive Services	Funds collected, appropriate refunds made on request, funds transmitted to Division of Welfare and Supportive Services	Match of PUCN and Division of Welfare & Supportive Services records
Low income Energy Assistance Program - Welfare Division (NWD)				
Administration	The percentage of the UEC assigned to program administration is workable for administration	Implement, Administer	Implementation in compliance with regulatory intent (NRS 702)	Interviews, Compliance Review, Analysis of Effectiveness
	Welfare Accounting Division carries out transfers to Housing Division	Regular funding transfers, as funds are received from the Public Utility Commission of Nevada	Regular transfers	Match of Housing Division and Division of Welfare & Supportive Services Records
Direct Assistance	Assistance will permit continued service and help with economic viability of households.	Provide Payment Assistance in accordance with NRS 702 & Division Procedures	Assistance program components in operation. Internal support systems in place.	Interviews, Document Review, Audit Observation of Operations
		Provide Arrearage Assistance in accordance with NRS 702 & Division Procedures	Assistance program components in operation. Internal support systems in place.	Interviews, Document Review, Audit Observation of Operations
Outreach/Communications Campaign	Outreach and contact is a function that requires special effort	Enroll households	Targets met or approached in SFY 2007	Interviews, Program Records, Document Review
	Re-certification requires special effort at timely communication	Re-Certify households, efficiently and as appropriate	Percentage Recertified, Customer Surveys	Interviews, Program Records, Document Review, Customer Mini-Survey Responses
Program Design	Program improvement is a continuing function.	Construct annual Plan	Annual plan completed.	Interviews, Review of Plan
Coordination	Welfare Division should stay in continuing contact with stakeholders to insure continuing input of perspectives and ideas for improvement.	Communicate with and listen to stakeholders	Open Coordinating Meetings	Observe meetings, Interviews with Stakeholders
Annual Evaluation	Annual evaluation will provide useful assessment and feedback for improvement	Complete annual Evaluation	Evaluation for SFY 2007 completed	Completion of Evaluation
Weatherization Assistance Program - Housing Division (NHD)				
Administration	The percentage of the UEC assigned to program administration is workable for administration	Implement, Administer	Implementation in compliance with regulatory intent (NRS 702)	Interviews, Compliance Review, Analysis of Effectiveness
Energy Conservation/Efficiency Services	The means to implement the program must be developed and maintained	Arrange services, including contracts with subgrantees, training, inspection, BWR database and reporting	Subgrantees engaged, training maintained. Inspection, database and reporting continue	Interviews, review of Documents
Improvements for Energy Conservation/Efficiency	Physical improvements will lower energy bills	Arrange installations	Improvements installed in homes, Reporting system functional, Inspections completed, Customer Surveys	Interviews, Review of Program records, systems, and documents. Analysis of Energy Savings, Customer Mini-Survey
Outreach/Communications Campaign	Outreach and contact is a function that requires special effort	Enroll households	Enrollment target met or approached for SFY 2007	Interviews, Program Records, Document Review
Program Design	Program improvement is a continuing function	Construct annual Plan	Annual plan submitted.	Interviews, Review of Plan
Coordination	Housing Division should stay in continuing contact with stakeholders to insure continuing input of perspectives and ideas for improvement	Communicate with and listen to stakeholders	Open Coordinating Meetings	Observe meetings, Interviews with Stakeholders
	Housing Division coordinates with Utilities to support utility DSM coordinated funding, when available	Facilitate utility coordination of low-income DSM funding, when available	Mutual cooperation in utility DSM proposals to PUCN, Maintain PUCN approved program additions	Interviews, observation, program development, program performance
Annual Evaluation	Annual evaluation will provide useful assessment and feedback for improvement	Complete annual Evaluation	Evaluation for SFY 2007 completed.	Completion of Evaluation
<p>Note 1: Energy Assistance Authorization: Nevada Revised Statute (NRS) 702.</p> <p>Note 2: The three logic models included in this table show the interlocking logic of the Nevada Fund for Energy Assistance and Conservation.</p>				

Figure 6: Program Logic Model - Universal Energy Charge Programs.

B. The Logic of Physics -- Increasing Resource Scarcity

Each year it takes more energy per unit of energy extracted to develop the remaining gas supply. During the brief encounter with energy deregulation, regulatory oversight in neighboring states was relaxed and new electricity plants were designed to capitalize on the advantages of natural gas. Had there been strong oversight it is likely that much greater fuel diversity would have occurred, along with a continuation of the very strong demand-side management effort of the early 1990's in order to gain identical benefits from less fuel use. The lack of appropriate fuel diversity means, nationally, that households and electric generation stations are in competition for gas supply.

In the past few years as gas costs have risen and remained high, a secondary effect has been an increase in use of electricity when households cannot pay their gas bills. This creates an increase in electric bills. The net effect at the household level is that energy bills become difficult and then impossible to pay.²⁶ Both gas and electric utilities in much of the US are experiencing in 2007 payment problems unprecedented since the 1930s, a sign that things are seriously deficient in the underlying household economy.

At the same time current climate research is reporting a decline in Sierra Nevada snow pack and Cascade snow pack. Loss of free water storage in the form of snow pack will require greatly increased attention to problems water supply in neighboring regions of California and the Northwest.²⁷ The primary effect on electricity is in the projected depletion of hydro-generation resources in regions connected to Nevada over transmission inerties, leading to scarcity and up-pricing in neighboring jurisdictions.²⁸

²⁶ There is a possibility that the shortage could be remedied through the development of LNG stations along the California coast. However, new LNG tankers and stations raise problems of security and it is unlikely that any coastal community would permit new stations if included in planning consultations and permitted to choose whether they would like a new LNG terminal next door.

²⁷ Welch, Craig, "Global Warming Hitting Northwest Hard, Researchers Warn," *Seattle Times*, Saturday, February 14, 2004; Luers, Amy Lind, "A Tale of Two Futures, California Feels the Heat," Pp. 8-9, *Catalyst*, Fall 2004.

²⁸ This is the classic problem of physical limits. The climates studies show the problem is occurring on the electric side due to global warming as it also occurs on the gas side with depleting gas supply. Limits situations require strong state regulatory protections, strong state and utility planning capabilities, and enforcement. For economic theory for dealing with realities of physical limits, see: Georgesçu-Roegen, *The Entropy Law and the Economic Process*. Cambridge, Massachusetts & London: Harvard University Press, 1971. Also see: Odum, Howard T. & Elisabeth C. Odum, *A Prosperous Way Down, Principles & Policies*. Boulder, Colorado: University Press of Colorado, 2001.

C. The Failing Logic of Traditional “Cost of Service” Pricing

With the exception of the deregulation experiments in some states in which pricing was envisioned to become a purely market function, in the US, utility rates are traditionally regulated to reflect actual cost of utility service. There is an inherent sense of fairness in this principle. The “cost of service” principle is retained today for electricity and gas distribution. The “commodity cost” of gas is generally now treated as a “pass through” under contractual arrangements through which gas utilities try to minimize price, but price is determined by market conditions of supply and demand. The “generation cost” of electricity is determined by both market forces and regulations as to which customers will share in the cost of traditional integrated utility generation and which will be free to purchase the “generation part” of electric service from other kinds of non-regulated merchant entities. Merchant entities do not follow a cost of service principle; they look for value in deals.

What has been found in deregulation is that these deals disproportionately benefit the major market players at the expense of the residential, small commercial and low-income sectors. When some entities are freed to choose a supplier, everyone else has to cover more of the fixed costs of community utility generation, so household energy bills increase due to yet another market factor.

However, neither market (deregulated) rates nor regulated cost of service rates can work for low-income households and for many moderate income households. For many households, changes in jobs, rapidly increasing housing prices, and decreasing real incomes are causing households to gradually lose ability to consistently pay their utility bills. Even if full traditional regulation is used, the logic of allocating rates based on cost of service only works if incomes are generally both adequate and do not show substantial extremes.²⁹

But we happen to live in a time in which the rich are becoming radically richer and the poor and middle class are losing the economic foundations for the prospect of what had been commonly understood as an American way of life. This change is illustrated in Figure 7. The "Matthew Effect" evident in this figure ("to those who have more will be given; to those who have less, even that will taken away") is a reversal of the fifty years of growing income equality that began after the Civil War and the age of the Robber Barons and ended in about 1970. If we are to maintain even a rough economic democracy this radical shift of income away from most households will have to be stopped and reversed until we can achieve the approximate balance exemplified by the middle 1960s. This will require significant income transfers since the US has lost most of its manufacturing jobs; the poorly paid service jobs that have

²⁹ It is important to note that there is nothing wrong, in principle, with markets if all members of the community have the income necessary to participate in the markets and meet their energy needs. Also, basing rates on cost of service is technically rational. It is only that as households increasingly lack ability to pay cost of service prices, and real household income continues to decline from year-to-year, cost based rates and traditional payment policies will not permit essential electricity and gas service for an increasingly large number of low-income and middle income households.

taken their place cannot support a family on one income with health benefits and a modest pension.

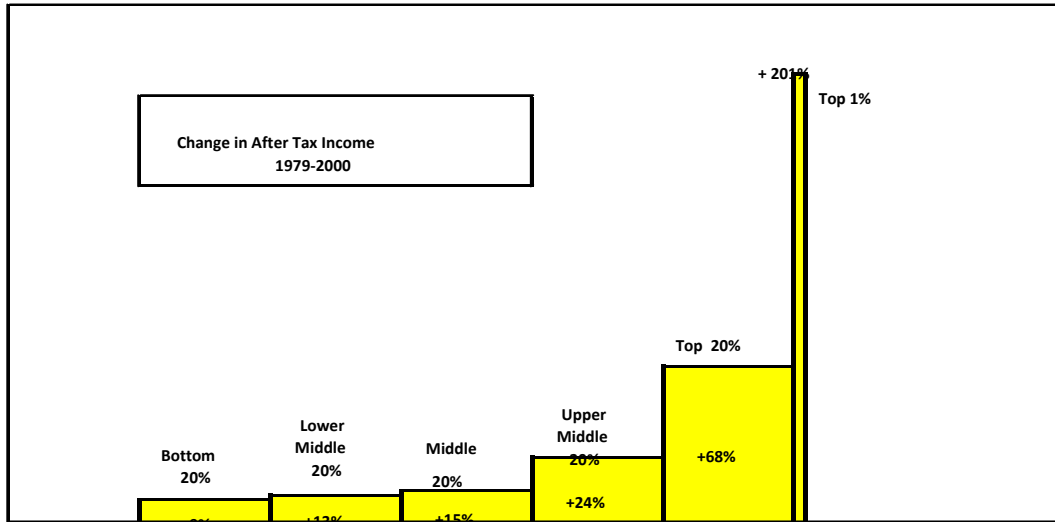


Figure 7: The Official Picture: Decreasing Poverty and Radically Increasing Inequality.

Note also that Figure 7 is based on official statistics,³⁰ which correctly indicate radically increasing income inequality but mask the actual serious deterioration of real income for poor and middle income to upper income households.

If we again turn away from the corrupt federal statistics towards reality, we find a much more bleak picture than Figure 7.

Corruption of the federal statistical system in the areas of poverty and the economy is exemplified in unemployment statistics. Consider that official unemployment statistics systematically understate unemployment, as is taught in every advanced economics class and in graduate economics courses.³¹ As a rule of thumb, economists knew to double whatever the Bureau of Labor Statistics says is the unemployment rate. If the government said it was six percent (6%), it was actually

³⁰ Frank, Robert H., *Falling Behind, How Rising Inequality Harms the Middle Class*. Berkeley, Los Angeles, London: University of California Press, 2007, Pp. 9-10. This figure taken from Greenstein, Robert & Isaac Shapiro, "The New, Definitive CBO Data on Income and Tax Trends," Center on Budget and Policy Priorities, September 23, 2003. Posted online as Figure 1, at www.cbpp.org/9-23-03tax.htm.

³¹ The corruption consists in maintaining a series that is gradually defined away from its commonsense meaning but continuing to use the commonsense term ("unemployment") originally used when the system was initially defined. The Bureau of Labor statistics has the integrity to keep the pieces of the original unemployment series under other names, but reports "unemployment" in a way that largely misleads public perception, making things seem better than they are. That professors and specialists know where to find the pieces, or that the pieces are maintained does not mitigate the deceptive twists of federal unemployment statistics.

about twelve percent (12%). If the official unemployment number was five and one half percent (5.5%), the real number was about eleven percent (11%). However, under President Clinton a further adjustment was made to the unemployment counts, making the economy seem rosier.³² Now if the federal government says unemployment is about six percent (6%), it is about sixteen percent (16%); see Figure 8.³³

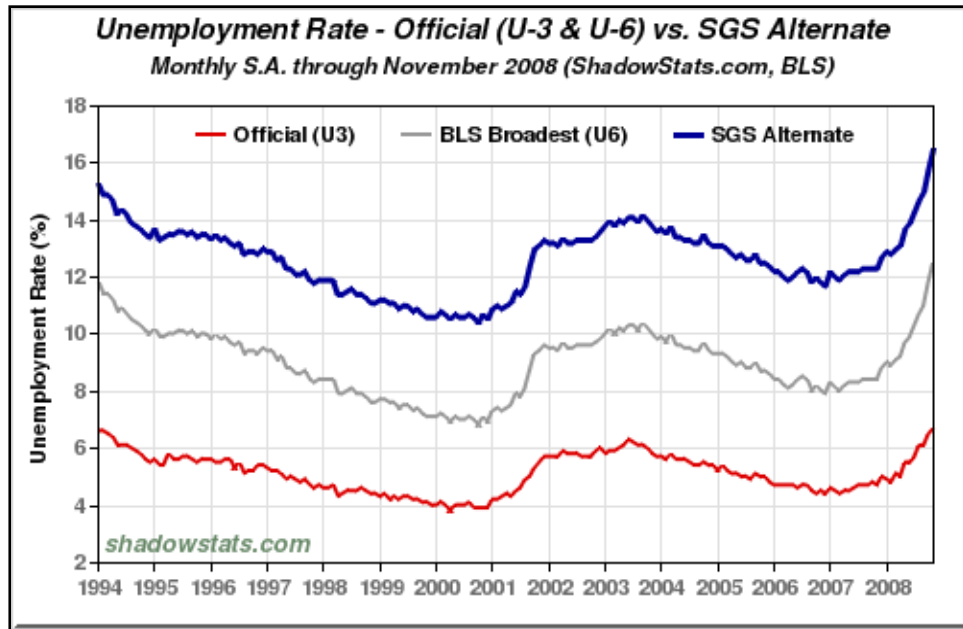


Figure 8: Official vs. Actual Unemployment.

Similarly, consider how official employment statistics register employment in a way that lacks in the basic integrity of making sense to working families.³⁴ The

³² See <http://shadowstats.com>, and select the "Series Master" Primer. "Government Economic Reports: Things You've Suspected but were Afraid to Ask," by Walter J. "John" Williams, August 24, 2004. According to Williams, "...the Clinton administration had found in its public polling that if the government inflated economic reporting, enough people would believe it to swing a close election. Accordingly...[u]nemployment was redefined to eliminate five million discouraged workers and to lower the unemployment rate; methodologies were changed to reduce poverty reporting, to reduce reported CPI inflation, to inflate reported GDP growth, among others.

³³ See <http://www.shadowstats.com> and select the "alternate data" tab, then find the Employment Data Series (Courtesy of ShadowStats.com). The SGS Alternate Unemployment Rate reflects current unemployment reporting methodology "adjusted for SGS-estimated "discouraged workers" defined away during the Clinton Administration" added to the existing BLS estimates of level U-6 unemployment. The BLS broadest measure of unemployment contains additional discouraged workers who were defined out of communication to the general public about unemployment during the Kennedy administration.

³⁴ The official definition is sometimes treated as a technical definition.

government numbers do not track employment that offers a living wage, has decent medical benefits, and a defined benefit pension.³⁵

Given the poor representation of experienced reality and the impediments to public understanding of the state of the economy in these two examples having to do with unemployment and employment, it is unsurprising that the Consumer Price Index (CPI) today is now highly divergent from the original CPI. Figure 9 shows the divergence of the official consumer price index (CPI-U) from the same index calculated according to the rules and conventions for the index in effect through 1983 (SGS Alternate CPI). In this Figure, the upper curve is the alternative CPI and the bottom curve is the official CPI.

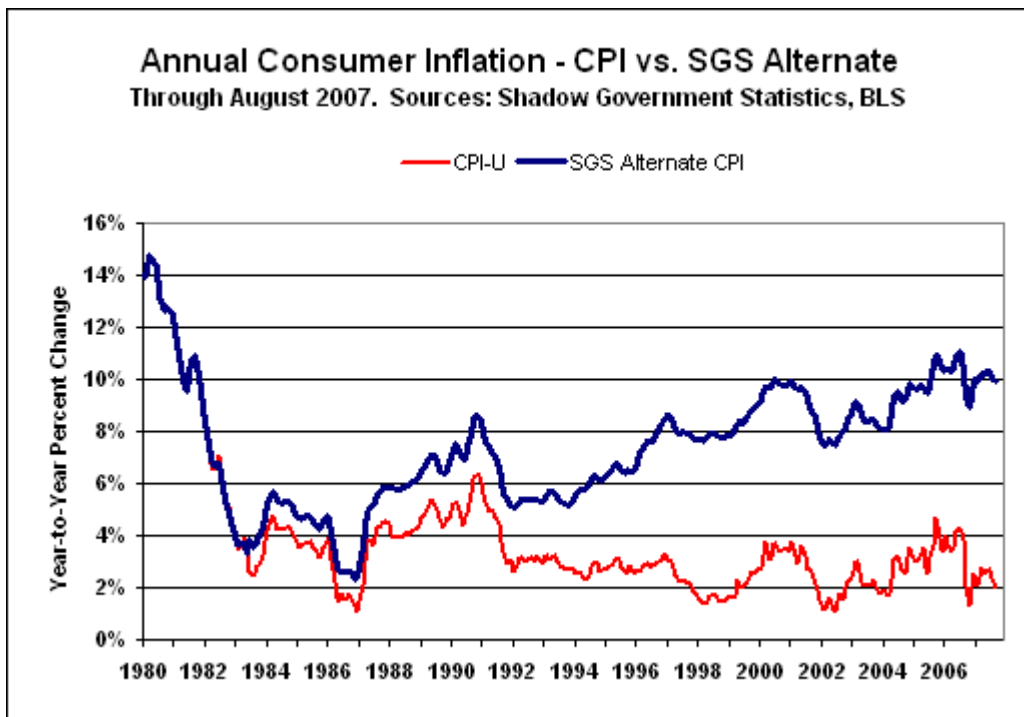


Figure 9: Divergence of Consumer Price Index from Original Method.

Note that the two curves are the same from 1980 through 1983 and diverge as an increasing number of technical adjustments are introduced.^{36,37} If the SGS Alternate

³⁵ If employment was tracked that way, the numbers would show the US currently in a national severe job-shortage emergency. That is, the jobs available are not remotely equivalent to the commonsense idea of real jobs with real pay and real benefits similar to the job structure of the middle 1960s.

³⁶ Many of these technical adjustments have to do with changes in the market basket of goods that is monitored by the CPI. A standard problem with any kind of price index is that over time some

CPI (the CPI as calculated by the government through 1983, but extended to the present using the same method) is true, then everything adjusted by the CPI is now off (as a result of the accumulation of adjustments) by a factor of two. That is, for example, every Social Security check is written for about one-half of the value it would have been written for without the series of changes in the method of calculation. This fact, in itself, explains much of the problem of inability to pay energy bills (while balancing other necessary services like medical care, prescriptions, food and housing).

The “factor of two” pattern cuts through many economic relationships; for example the better wage contracts negotiated by unions are generally tied to the CPI, and

goods are no longer available in the market and are replaced by other goods (black and white TV sets are replaced by color sets; ordinary TVs are replaced by high definition TVs). Because such replacements tend to have more features or be of higher quality, the standard theory is that without corrections a price index would tend to have an upward bias. The technical adjustment is that if the new good may in theory produce more pleasure than the old market basket item for which it is substituted, the price index is corrected by disregarding the part of the price related to the increased pleasure. These hedonic adjustments can produce situations in which an actual price increase is represented by a price decrease for an item in the basket. They also do not take into account the forced nature of some of the “choices” (for example, one may not care to pay for a new high definition TV set if the televised content represented in high definition is as poor as it was before the requirement for high definition – one makes this “choice” by order of the federal government). There are several other problems with the CPI, in particular the way it leaves out actual costs faced by families. For example, it deals with housing costs as equivalent rental value, causing the index to miss the problems in the housing markets of the last several years, even though these have been major realities in household budgets. Then, too, the government and most news programs that follow government scripting for release of government statistics ask us to disregard the CPI and focus on the “core CPI” which leaves out energy costs (because energy costs are volatile), a recommendation that would not make sense for analyzing ability to pay for energy. While many technical adjustments to the CPI can be argued on academic grounds one way or the other, the overall envelope (general shape of the curve of these changes) is captured in Figure 9, developed by John Williams (Courtesy of ShadowStats.com). For the standard theory and methods for adjusting price indices, see ILO/IMF/OECD/UNECE/Eurostat/The World Bank, *Consumer Price Index Manual: Theory and Practice*. Geneva: International Labor Office, 2004.

³⁷ For additional contrasts between official and actual statistics, see John Williams' website, Shadow Government Statistics, Analysis Behind and Beyond Government Economic Reporting (<http://www.shadowstats.com/cgi-bin/sqs/data>). For a pro-BLS rebuttal of critiques of the Consumer Price Index, see: Greenlees, John S & Robert B. MacClelland, "Addressing Misconceptions about the Consumer Price Index," Pp. 3-19 in *Monthly Labor Review*, August 2008. Greenlees and McClelland are research economists in the Division of Price and Index Number Research of the Bureau of Labor Statistics. We adopt the critique rather than the official perspective because (1) first, the official perspective does not pass a simple 'straight face' test, (2) the alternative perspective (critique) fits with the realities encountered in two decades of evaluation research into low and moderate income programs including the economic situations of client households, (3) the assessment of actual need as determined by the self-sufficiency (Wider Opportunities for Women and Ford Foundation) method, and (4) the "factor of 2" realities as discussed above (Pp. 24-25). The official perspective is the outlier: it is possible to provide an academic defense for the official perspective, however, it does not correspond to material reality.

these set the precedent for other wage relationships. If wages were raised to near doubling for the first three quintiles of households (including near doubling of every social security payment) we would return to the capital/labor relationships of approximately 1965 and most energy payment problems would automatically disappear.

The reality of the "factor of 2" is confirmed in two other national economic realities:

- **Labor hours:** For example, for low and moderate income families attaining the same level of living as in 1965 takes about twice the labor hours by family members.
- **Two income families:** Also, for middle income families, for the most part today, two incomes per family are required to attain approximately the same level of living that was provided by one income in 1965.

American workers are working very hard, and with long hours and at least two persons per household employed, essentially equivalent to wartime labor mobilization. Taken together, these changes represent a major transformation of the economy against the interests of families since about 1970. Most of these changes are masked through the income illusion caused by building serious inflation into the economy dating back to the loss of direct exchange of dollars for gold in 1971.³⁸

Two further examples illustrate how far the federal poverty metric is corrupted and suggest that when institutions fully come to grips with material affordability problems a very different scale must be used, which puts need at a multiple of the federal metric.

- As discussed in the prior section of this evaluation, the situation for weatherization is identical to the problems of income eligibility in the area of public health. In the recent debate over extension of the State Child Health Insurance Program (SCHIP), the proposal sent to the President (and vetoed) requested an extension that would fold in state choice to increase eligibility for child health insurance by multiples of the poverty level at the initiative of individual states. Many states already operate the program at above two-hundred percent (200%) of poverty. California operates the program at two-hundred fifty percent (250%) of poverty and planned to move to three-hundred percent (300%). New York, operating at two-hundred fifty percent (250%) of the federal poverty level wanted to move to four-hundred percent (400%). New Jersey has been operating at three hundred fifty percent (350%) for

³⁸ Removing the gold exchange removed a tie with material reality. While there can be temporary advantages of moving money to away from the gold standard to a fiat basis, it tends to degrade the value of the currency over time. To get as sense of what inflation does to the value of a dollar, one-hundred dollars in mid-2007 represents the value of \$19.49 in 1971 (official BLS calculator) or, more accurately, \$7.46 in 1971. That is why \$100 does not go far in meeting social service needs. See http://www.shadowstats.com/inflation_calculator for the Shadow Government Statistics inflation calculator.

several years. Pennsylvania runs the program at three hundred percent (300%) of the federal poverty level. These are generally the same households that need utility payment assistance and residential weatherization services.³⁹

- Also, leading private universities have recently announced tuition waivers for qualified undergraduates from what most of us would think of as middle income families. Harvard has announced waiver of tuition for students from families earning \$60,000 per year or less. At Stanford, tuition is waived for families earning \$100,000 per year or less, and most room and board fees will be waived for families earning \$60,000 per year or under.⁴⁰ What this means is to get a true picture of need in our current economy, our framework has to shift away from the official government framework for representing need.

These examples illustrate attempts of states, cities, and private institutions to break away from the corrupt federal poverty metric and re-center our scale of need based on actual material need. That is, to deal with actual income insufficiency as experienced by households.

In the area of utilities, transfers will have to be through programs like the Universal Energy Charge, or more direct transfers through significant utility rate discounts.

The Nevada UEC payment assistance program is a realistic solution to this ongoing and growing problem. It meets increasing cost based rates with payment assistance set at the median household energy burden. As rates increase and bills change, the Nevada UEC will likewise adjust.

SFY 2007 PROGRAM STORIES

The Universal Energy Charge (UEC), through the Fund for Energy Assistance and Conservation (FEAC) provides two primary programs: the Energy Assistance Program (EAP), administered by the Division of Welfare and Supportive Services, covers payment assistance, while the Weatherization Assistance Program, administered by the Housing Division, provides weatherization and related assistance.

To document how these programs appear from the perspectives of individual Nevada households assisted by the programs, five interviews were conducted with families in the Energy Assistance Program and eleven with households that were weatherized in the Weatherization Assistance Program.

³⁹ SCHIP information from: Pear, Robert, "Rules May Limit Health Program Aiding Children," *New York Times*, August 21, 2007.

⁴⁰ Glater, Jonathan D., "Stanford Set to Raise Aid for Students in Middle," *New York Times*, February 21, 2008.

A. ***Energy Assistance Program Participants***

KF found out about the Energy Assistance Program from a bulletin board at a hospital when he went for a medical appointment. He is sixty-eight years old, has a continuing medical condition, and lives alone. He heats with propane and receives electricity from Sierra Pacific Power Company.

A couple of years ago, BC could not pay her electric bill, went to the Sun Valley Resource Center to find out if any kind of help was available, and learned about the Energy Assistance Program. Her situation is that she “just cannot pay the utility bills – they are too high.” The program helped by the time of her next month’s bill. She lives with her young daughter, who has a medical problem. Her home is heated with gas and both gas and electricity come from Sierra Pacific Power Company.

CS had applied for food stamps, and the “really nice lady” who helped her also asked about Medicare and Energy Assistance, both of which she was qualified for. She is seventy-two years old and lives alone with her cat. She also has several medical problems, including back problems, asthma, and chronic obstructive pulmonary disease (COPD), and is currently using a breathing machine. Her home is heated with gas from Southwest Gas in Las Vegas, and her electric company is Nevada Power.

DV heard from a friend about the Energy Assistance Program. She lives in an apartment with her two children (a son and daughter) and needed help with the utilities. She is thirty-eight. The heating fuel for her apartment is natural gas and her gas company is Southwest Gas. Her electric company is Nevada Power.

SD does not remember how she learned about the Energy Assistance Program. She is sixty-two years old and has had multiple sclerosis for the past fifteen years. Her total income is four hundred dollars a month, so the Energy Assistance Program is very important to her. She says, “I could not imagine life without it. It is a life saver.” Her gas company is Southwest Gas, and her electric company is Nevada Power.

B. ***Weatherization Assistance Program Participants***

PS in Las Vegas heard about the weatherization program a friend and then saw a flyer. She says her home now “...feels great...the work made a big difference,” and her energy use and energy bills are lower than before. The weatherization crew installed sun screens, a replacement AC and an energy saving refrigerator. They also weather sealed the house. She says she likes the way the house looks now with the sun screens and that the people who did the work were competent and polite.

NB in Austin has a friend who told her about the program. Now, her home feels “absolutely better.” The heater had gone out in February when there were blizzard

conditions and freezing weather. She is not sure, but thinks her electric bill is a little lower now. The crew put temporary heat lamps on the hot water pipes until the old heater could be replaced and brought a temporary space heater until they could find the correct replacement heater. Then, they installed a replacement heater, replaced her old refrigerator with an energy saving refrigerator, and installed energy-efficient light bulbs. She says the people who did the work were “good.” To complete the installation, since all the local contractors were busy, the program brought in a contractor from Las Vegas to install the new heater.

RC in Fallon learned about the program from a friend. He says he does not notice a difference in how the home feels after the weatherization work and that his energy bills are not appreciably lower. However, he says that rates have been going up, and the bills might have been higher if the work was not done. Work done on the home includes window replacement, attic and floor insulation, and some duct work. RC says the people doing the work were polite and knew what they were doing.

CM in Carson City learned about the Weatherization Assistance Program from a neighbor. She says the weatherization work has made her home feel better, her energy use is lower, and her energy bills have gone down. This home received insulation in the attic and crawl space, air sealing, and two carbon monoxide detectors. She says she is “extremely satisfied with the work and the people who did it. She says the crew was “knowledgeable, nice, and absolutely awesome!”

GB in Storey says that following the weatherization work, her electric bill was down quite a bit (about thirty dollars a month). Her home received new windows, a new front door, and her cooler was repaired. She says the people doing the work were “very polite and nice.” She says one of the things she like about the crew was that they did not just do the work, but also talked with her about what they were doing.

VS in Fallon heard about the Weatherization Assistance program from the Division of Welfare and Supportive Services when she was applying for the Low Income Home Energy Assistance (LIHEA). After weatherization, she says her home feels “definitely better.” She is not certain, but thinks her energy bills are lower. This home received windows, two doors, a replacement energy efficient refrigerator, a stove replacement, and a replacement heater. She says the people doing the work were “fantastic,” and both competent and polite.

DL in Las Vegas thinks she heard about the Weatherization Assistance program, through a senior citizens program. She says that since weatherization, her home definitely feels, and both energy use and energy bills are now lower. She says it is a “very, very good program.”

CB in Las Vegas says he learned about the Weatherization Assistance Program from a neighbor. He says his home feels better and that “even though the price of power has gone up, my costs/bills are lower.” The main thing done on his home was to replace the old AC unit with an efficient unit. He says, “My old unit went out in

August...the temperature gets very high around here. They also closed up vents and added window coverings...I can't tell you how much the work they did means to me, especially the replacement AC. I don't think I would be alive today if it wasn't done. When the AC broke I could not afford to get it fixed."

RK in Henderson heard about the program at the senior center. She has been very ill. She says the house feels "100% better" after the weatherization work. She is not aware of the effect on her energy bills, but says her daughter does the bills for her. The home received solar screens, roof work, and duct work. RK says the people who did the work were "very, very, nice."

KS in Henderson said he had been aware of the existence of the weatherization program for about ten years. Now that his home has been weatherized, he says that his home feels better. He can't tell yet if there is an effect on the energy bill, but thinks that there will be an effect. Work done on the home includes attic insulation, solar screens and energy saving light bulbs. He says the people who did the work "were very nice, and polite" and "they did a pretty good job."

IB in Lyon County heard about the Weatherization Assistance Program from her daughter-in-law and from a friend, and then went in to the Subgrantee office to register for the program. She says the weatherization work has improved her house: "I used to have to sleep in my sweats to keep warm. Weatherization made a big difference; it is nice and cozy now." She says she "really notices the difference" in her lower energy bills. Work on this home included pipe wrap under the house, work on the heater vents, attic insulation, and an energy efficient replacement refrigerator. She says the worker were "very nice."

MG in Henderson was told about the program by staff at the City of Henderson. She received a notice about the program in the mail and sent back a mail-in card. Since her home was weatherized, she says her home feels better though her electric bill is still high. Work done on this home includes solar screening, a water heater cover, and a new smoke alarm. She says she thinks her home could use more insulation in the attic, but the program people said she does not need it. She says the people doing the work were "very polite, very nice."

C. *Participants*

In the text box below, three participants speak for many. In summary, the families interviewed all reported a positive experience and appreciation for the

I am 70 years old, disabled, low-income senior. I live on my Social Security check isn't very much to pay for all my expenses. My apartment is all electric including electric heat. In the winter my electric bill gets high. That is when I ask for help. You helped me and probably thousands others like me. We are all grateful for your help.

It means I can continue to take care of my daughter.

Living on Social Security with rising bills is becoming close to impossible! I am 85 years old, able to do my own home maintenance so far. I am so grateful for the assistance.

My power bill has not gone down much, but I have tried to utilize all of the things they told me about. My A/C was broken and a repair company told me the compressor and other things were broken. Your man came from HELP and fixed it in 15 minutes and said the parts were alright. A year later, it is still going strong. I had never heard of this program and had no money, so I was delighted and so grateful as I don't know what I would have done without their help. I am retired and have my small grandson and did not know where to turn.

programs. The interviews show that, from the perspective of households directly affected, the Energy Assistance Program and the Weatherization Assistance Program are programs that make a real difference for Nevada families.

THE WEATHERIZATION ASSISTANCE PROGRAM

The Weatherization Assistance Program (WAP) assists low-income households in reducing their utility costs by providing for energy conservation. It also provides necessary health and safety improvements to low-income homes as part of the weatherization service.⁴¹

WAP is administered by the Housing Division of the Nevada Department of Business and Industry. Funding is primarily from Nevada's Universal Energy Charge (UEC) as provided by NRS 702.

The Housing Division coordinates Nevada's funding from the Fund for Energy Assistance and Conservation (FEAC) with a smaller amount of federal funding received from the US Department of Energy (USDOE). In addition, the Housing Division can sometimes assist with Housing Trust Fund monies or other limited funding.

A. Subgrantees and Service Territories

For Program Year 2007, the Housing Division administered the Weatherization Assistance Program through four Subgrantee agencies. Each covers a specific area of the state. Subgrantees are the community based organizations (CBOs) or county or municipal public entities that determine eligibility for programs and perform the weatherization work itself.

1. HELP of Southern Nevada

HELP of Southern Nevada
1640 E. Flamingo #100
Las Vegas, Nevada 89119
(702) 795-0575

HELP (not an acronym) of Southern Nevada serves the Las Vegas area (all of Clark County except the City of Henderson). HELP has been an active community

⁴¹ Although utilities may "red tag" a dangerous furnace leaking carbon monoxide to render it inoperable, the Housing Division is the only agency in the State of Nevada that provides emergency replacement of failed heating and cooling equipment to the resident. Other agencies would require the resident take out a loan to replace equipment, and *could not act in time to insure health and safety*. Also, equipment replacement loans, are typically not available to, nor repayable by low income households because of the resident's financial situation.

outreach agency since 1970 and assists about 60,000 people each year. HELP is an umbrella organization that links individuals to support services and operates a number of programs. These programs include energy resource services, weatherization, rental assistance, utility assistance, food, referrals to senior programs, legal guardians of grandchildren, and youth summer food program. A displaced homemaker program assists men or women of spouses or significant others about to lose assistance. Assistance is provided with job seeking, resumes, and stabilizing family domestic violence. The common theme among programs is to promote self sufficiency and to provide short-term assistance.

HELP's weatherization program provides services to qualifying low-income households at no cost, to help lower household utility bills. Applications are processed on a 'first come, first serve' basis, but with priority given to households that are high energy users (typically single family homes), are occupied by individuals who are over the age of sixty, handicapped, or families with children age six or under.

2) *Community Service Agency (CSA)*

Community Services Agency
1094 E. Eighth Street
Reno, Nevada 89512
(775) 786-6023

The Community Service Agency and Development Corporation (CSA) was one of the first two agencies to provide services to State of Nevada Housing Division to weatherize homes with FEAC funds during the SFY 2002 ramp-up year. For Program Year 2007, CSA weatherized homes with UEC funding within about a 200 mile radius of Reno.

During SFY 2007, a number of problems became evident at CSA. After first trying to work with CSA by providing temporary extra support and inspection, the Housing Division found it necessary to move toward termination of CSA and replacement of its weatherization services by another Subgrantee agency. The Housing Division worked with CSA to correct deficiencies in work completed, and requested that management problems that developed at the agency be addressed. The Housing Division also concentrated its inspection resources on CSA, and provided opportunities to comply with state standards, and for training. However, there appeared to be a lack of executive interest at CSA in continuing to provide weatherization services.⁴² CSA was replaced in SFY 2008.

⁴² The evaluation team observed that CSA appeared to be putting fewer measures into homes, though combustion appliance testing was continued. Also, CSA appeared to be doing less work with its own staff and brought in contractors from California for much of the work that it did do. At the same time, managers assigned to weatherization did not appear fully qualified by experience in the weatherization or housing area. Community based organizations provide many services to

3) *City of Henderson Neighborhood Services (NS)*

City of Henderson
Neighborhood Services
240 Water Street
Henderson, Nevada 89009
(702) 267-2014

Neighborhood Services provides low-income weatherization for the City of Henderson in Clark County. The City of Henderson operates the Neighborhood Services Division (NS) under the City Manager's office. The Neighborhood Services Division offers outreach services and has four Divisions in addition to Affordable Housing Programs. These are the Neighborhood Programs, Neighborhood Enhancement, Grants (such as Community Development Block Grants) and Rebuild America.

The Weatherization Assistance Program is available to Henderson low-income homeowners and renters and allows low-income households to have their homes weatherized at no cost to them. Applications continue to be completed at the participant's home, where required documentation is copied⁴³, client education is delivered in person, and the home is visually assessed.

4) *Rural Nevada Development Corporation (RNDC)*

Rural Nevada Development Corporation
1320 E. Aultman Street
Ely, Nevada 89301
(775) 289-8519

For SFY 2007, the Rural Nevada Development Corporation (RNDC) provided services to the largest geographic area with the sparsest population. Its purpose is "to provide economic development assistance and financing opportunities to small businesses and healthy, safe, and affordable housing to people in Nevada." The RNDC office is located in Ely in White Pine County.

households and families, from Head Start programs to many kinds of counseling programs. CSA appeared to be more comfortable in putting its energy into these other kinds of services during this period.

⁴³ The home visit includes taking a lightweight copier to the client's home so that no income eligibility documentation leaves the home. Clients appreciate this, a technical innovation that would not have been possible in prior weatherization programs, and clients appreciate the face-to-face contact.

Applications are necessarily taken over the phone rather than through home visits due to the large and sparsely populated territory RNDC serves. RNDC has no difficulty identifying potential installation sites, but the problem is in making it possible to do the necessary work for rural homes. The challenge is finding the right mix of funds to leverage since repairs may be necessary before installations can be made and installations are expensive in rural areas due to logistics and transportation costs. Since not all utilities serving rural areas participate in the Universal Energy Charge, in many cases only DOE funding is available.

The Low Income Weatherization Assistance Program is provided free of charge to qualifying families and households, and no liens or financial obligations are placed on individuals receiving assistance.

5. Citizens for Affordable Homes Incorporated (CAHI)

Citizens for Affordable Homes, Inc.
100 Pine Cone Road
Dayton, Nevada 89403
(775) 883-7101

Citizens for Affordable Homes, Inc. (CAHI) is a 503(c)(3) non-profit housing development corporation which was started in 2003. CAHI's primary mission is "to provide assistance to families with low and very-low incomes through the development of affordable homes with an emphasis on home ownership." CAHI is the leading builder of self-help homes in Nevada. The self-help concept requires families to contribute sixty-five percent of the labor to construct their home and at least thirty-five hours per week during construction. CAHI organizes the construction process and uses local vendors for construction materials and local subcontractors to complete the building process. CAHI also provides a down-payment assistance program.

CAHI provides both federal and Nevada Fund for Energy Assistance and Conservation (FEAC) weatherization services in Carson, Douglas, Lyon, and Storey counties. Assistance is provided to homeowners and renters who reside in mobile homes, single-family, or multi-family buildings. Assistance is provided free of charge and no liens or financial obligations are placed on individuals receiving assistance.

B. Installation Summary

The following two tables summarize the SFY 2007 installations by Weatherization Provider (Housing Division Subgrantee).

Number of Homes Weatherized by Weatherization Provider (FEAC Funds) SFY 2007					
CAHI	CSA	HELP	NS	RNDC	Total
92	208	618	98	43	1059
8.7%	19.6%	58.3%	9.3%	4.1%	100%

Table 4: Homes Weatherized (by Subgrantee).

Number of Homes Weatherized by Weatherization Provider and Housing Type (FEAC Funds) SFY 2007										
Housing Type	CAHI		CSA		HELP		NS		RNDC	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
2-4 Family	1	1.0%	6	2.9%	28	4.5%	6	6.1%	0	0%
5+ Family	2	2.2%	119	57.2%	205	33.3%	45	46.0%	0	0%
Mobile Home	67	72.9%	38	18.3%	223	36.0%	11	11.2%	31	72.0%
Single Family	22	23.9%	45	21.6%	162	26.2%	36	36.7%	12	28.0%
Total	92	100%	208	100%	618	100%	98	100%	43	100%

Table 5: Types of Homes Weatherized (by Subgrantee).

Table 4 shows the overall number of installations and Table 5 shows installations by housing type. Table 6 shows installations by county.

SFY 2007 Weatherized Homes by County (FEAC Funds)		
County	Number	Percentage
Clark	716	67.6%
Washoe	208	19.6%
Lyon	44	4.2%
Carson City	33	3.1%
Douglas	10	5.5%
Churchill	10	
Mineral	6	
Elko	5	
Humboldt	5	
Storey	5	
Lander	4	
Esmeralda	4	
Pershing	4	
Nye	3	
Lincoln	2	
Total	1,059	100%

Table 6: SFY 2007 Homes by County.

C. Inspections

Ten percent (10%) of all installations are inspected in the field and the files are reviewed for completion and accuracy. In SFY 2007, Housing Division staff conducted the field monitoring of 11% of the installations.

D. Training

Since 2005, with the addition of a technical position to the Housing Division weatherization program, training has been shifted from California (outsourced) to Nevada and is now conducted at lower cost by the Housing Division.

E. Utility Help

Two major Nevada utilities, Sierra Pacific Power Company and Nevada Power are assisting the Nevada UEC program effort by providing some funds for assisting with training of Subgrantee agencies and developing education materials. These utilities also provide DSM weatherization funding for customers above 150% of poverty but

below 60% of state median income. In Program Year 2007, they also provided some independent DSM funding for use by Housing Division Subgrantees so that additional homes could be weatherized. The utilities are mandated to support program effectiveness and efficiency by the Public Utility Commission.

F. Cost Caps & Coordinated Funding

During Program Year 2007 as in earlier State Fiscal Years, there was a \$4,000 cap on Fund for Energy Assistance and Conservation (FEAC) funds and no federal cap on the amount of DOE funds that could be expended per home to complete weatherization work.⁴⁴ The Nevada Housing Division applied a \$6,000 cap for the small set of home that received both FEAC and federal funds.

G. Health & Safety

The weatherization work carried out under the state program complies with federal requirements for the federal program. In the federal legislative authorization, health and safety concerns are co-equal with weatherization goals.⁴⁵ This is not always emphasized, perhaps since the federal Weatherization Assistance Program is run out of the US Department of Energy rather than the US Department of Health and Human Services. "Health and Safety" means the health and safety of a household's occupants. It is a practical and essential focus when working in housing, and especially so when working in low-income and moderate income housing. Typical health and safety measures may include (but are not limited to) heating and cooling system repairs/replacement, and mechanical measures as approved by the Housing Division, testing for carbon monoxide, adherence to minimum ventilation requirements, and installation of carbon monoxide detectors.

The Housing Division is the only agency in Nevada that provides emergency replacement of failed heating and cooling equipment to the resident. Other agencies would require the resident to take out a loan to replace equipment and could not act in time to insure health and safety. Also, low-income households are typically unable to obtain or repay equipment replacement loans.

⁴⁴ The Nevada Housing Division set a \$4,000 cap on use of federal funds when federal funds were the only source of funding for weatherizing a home.

⁴⁵ The purpose and scope of the program (10CFR 440) is "to increase the energy efficiency of dwellings owned by or occupied by low-income persons, reduce their total residential expenditures, and improve their health and safety, especially low-income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with children, high residential energy users, an households with high energy burden."

H. Formal and Informal Compliance

Finding: The UEC Weatherization Assistance Program (UEC WAP) program is in compliance with subsections 3⁴⁶ and 6⁴⁷ NRS 702.270, and other sections relevant to formal compliance.

The Housing Division is mandated to comply with provisions of the weatherization program as stated in NRS 702. Below are the relevant specifications in NRS 702.270 and NRS 702.280 and a description of how Housing implemented these requirements or did not when it was unfeasible.

1. Specific Provisions

(1) Twenty-five percent of the money in the Fund must be distributed to the Housing Division; limit of six percent for administration⁴⁸

This provision has been carried out each year, consistent with provisions of NRS 702.270 (1). For documentation for SFY 2007, please see the "Fiscal" section of the evaluation.⁴⁹

⁴⁶ NRS 702.270 (3): Except as otherwise provided in subsection 4, to be eligible to receive assistance from the Housing Division pursuant to this section, a household must have a household income that is not more than 150 percent of the federally designated level signifying poverty, as determined by the Housing Division.

⁴⁷ NRS 702.270 (6): In carrying out the provisions of this section, the Housing Division shall: (a) Solicit advice from the Welfare Division and from other knowledgeable persons; (b) Identify and implement appropriate delivery systems to distribute money from the Fund and to provide other assistance pursuant to this section; (c) Coordinate with other federal, state and local agencies that provide energy assistance or conservation services to low-income persons and, to the extent allowed by federal law and to the extent practicable, use the same simplified application forms as those other agencies; (d) Encourage other persons to provide resources and services, including, to the extent practicable, schools and programs that provide training in the building trades and apprenticeship programs; (e) Establish a process for evaluating the programs conducted pursuant to this section; (f) Develop a process for making changes to such programs; and (g) Engage in annual planning and evaluation processes with the Welfare Division as required by [NRS 702.280](#). (Added to NRS by 2001, [3235](#))

⁴⁸ NRS 702.270 (1): Twenty-five percent of the money in the Fund must be distributed to the Housing Division for programs of energy conservation, weatherization and energy efficiency for eligible households. The Housing division may not use more than 6 percent of the money distributed to it pursuant to this section for its administrative expenses.

⁴⁹ Beginning in SFY 2005, the Division of Welfare and Supportive Service interpreted this provision not to apply to interest generated on rollover funds from the prior fiscal year. Prior to SFY 2005 the Division of Welfare and Supportive Services partitioned accrued interest on a 75% Welfare, 25% Housing Division basis. Beginning in SFY 2006, and continuing in SFY 2007, the Division of Welfare and Supportive Services allocated interest income 100% to Welfare and 0% to the Housing Division.

(2) Funds to be used only for specified purposes.⁵⁰

Funds have been applied only for purposes specified in NRS 702.270 (2). For documentation, please see the “Fiscal” section of the evaluation.

(3) Income eligibility limitation for program participants⁵¹

The Housing Division has successfully implemented the income requirements for the program as specified in NRS 702.270, § (3) and (4). Please see Table 2 in this section of the evaluation, below.

(4) Solicit advice from Welfare and other knowledgeable persons

Consistent with NRS 702.270 (6) (a), ongoing outreach was conducted in SFY 2007, in cooperation with the Division of Welfare and Supportive Services and the Advisory Committee. In addition, Housing Division staff worked with the utilities to coordinate and strengthen program services. There were a number of formal and informal meetings with stakeholders/advocates to discuss aspects of the program and how the program could be improved. The Housing Division participated with the Welfare Division in the statewide open planning meeting, held in the spring, and worked jointly to implement the SFY 2007 program plan and to develop the SFY 2008 program plan.

(5) Implement the program

The Housing Division has successfully implemented the Weatherization Assistance Program as specified in NRS 702.270.

⁵⁰ NRS 702.270 (2): Except as otherwise provided in NRS 702.150, after deduction of its administrative expenses, the Housing Division may use the money distributed to it pursuant to this section only to: (a) Provide an eligible household with services of basic home energy conservation and home energy efficiency or to assist an eligible household to acquire such services, including, without limitation services of load management. (b) Pay for appropriate improvements associated with energy conservation, weatherization and energy efficiency. (c) Carry out activities related to consumer outreach. (d) Pay for program design. (e) Pay for the annual evaluations conducted pursuant to NRS 702.280.

⁵¹ NRS 702.270 (3): Except as otherwise provided in subsection 4, to be eligible to receive assistance from the Housing Division pursuant to this section, a household must have a household income that is not more than 150 percent of the federally designated level signifying poverty, as determined by the Housing Division. NRS 702.270 (4): The Housing Division is authorized to render emergency assistance to a household if the health or safety of one or more of the members of the household is threatened because of the structural, mechanical or other failure of: (a) The unit of housing in which the household dwells; or (b) A component or system of the unit of housing in which the household dwells. Such emergency assistance may be rendered upon the good faith belief that the household is otherwise eligible to receive assistance pursuant to this section.

(6) Use the same simplified application form

No application forms are used in common by the Housing Division and the Division of Welfare and Supportive Services. As reported in the SFY 2003 evaluation, a working group consisting of both Housing and Welfare management tried to streamline the application so that both agencies could use a common form. However, the two agencies have different data collection needs and the joint form became too long. The agencies decided to continue using their own forms.⁵²

(7) Coordinate with other agencies that provide energy assistance

Consistent with NRS 702.270 (6)(c), the Housing Division Weatherization Assistance Program coordinated Nevada Fund for Energy Assistance and Conservation funding with Department of Energy weatherization assistance funding.⁵³ Some Housing Trust Fund dollars are also coordinated with the weatherization program.

The Housing Division coordinates with the Division of Welfare and Supportive Services, which downloads records for all recipients receiving energy payment assistance to the Housing Division. Housing can prioritize the list to customize postcards sent to recruit clients, with the intent to capture leads for the Subgrantees.⁵⁴ The Division of Welfare and Supportive Services sends daily emails of clients with FAC \$2000 to Housing for immediate follow-up.⁵⁵

The Housing Division continues to coordinate with Sierra Pacific Power Company which provides "GAP" funding to treat homes up to 60% of area median income, (equivalent to about 200% of Federal Poverty Level). The Gap funding provides a 'safety net' and is available to weatherize homes between 151%-200% of the federal poverty level which would otherwise go untreated. This work is carried out through the Housing Division's Subgrantee agencies and also by Honeywell as a direct contractor to Nevada Power.

⁵² Housing has identified a software program "DirectApps" that could be used by Welfare and Housing for common applications. This would require an initial investment of \$80-100,000 to purchase and modify the application for use, plus the cost to incorporate the application into both Welfare and Housing systems. The initial application would be taken at any point of contact and this system would forward income qualified applications to both agencies. At the current weatherization funding levels Housing can serve roughly 1200 clients. With 15,000 income qualified LIHEA clients, Housing could be overwhelmed with applications. A joint application system of this type would require careful scrutiny of costs and benefits.

⁵³ Nevada is moving towards exercising the federal option to allocate a small percentage of federal LIHEA dollars to weatherization services, beginning in SFY 2008. When states choose this option, the Department of Health & Human Services LIHEA dollars are relatively unrestricted in comparison with Department of Energy Weatherization Assistance Program dollars. This LIHEA funding, may, for example, be used for repairs necessary to permit weatherization work to proceed.

⁵⁴ Cards are not sent to counties for which there is a substantial backlog.

⁵⁵ This is a change from \$2500 (in SFY 2003, 2004, and 2005) to \$2000, beginning in SFY 2006 and continuing for SFY 2007..

The Housing Division also continued to work in SFY 2006 and SFY 2007 with Sierra Pacific Power Company and Nevada Power to develop low-income program plans for submission by the utilities to the Public Utility Commission of Nevada (PUCN). As a part of this effort, a low-income air conditioner replacement pilot program was approved by the PUCN for the service territory of Nevada Power. In its first phase the pilot was co-funded by Nevada Power and the Housing Trust Fund. In its second phase the pilot is currently co-funded by Nevada Power and designated UEC funds. This pilot program meets a critical need in Southern Nevada when a low-income household's air conditioner fails or is near end-of-life.⁵⁶

The Housing Division continues to work towards coordination with the agency administering federal rural home funds to try to develop an ability to better cover home repairs necessary before installing weatherization materials. This is an important objective – substantial repairs are necessary in many rural homes due to the nature of the rural housing stock and overcoming this problem would overcome a substantial barrier to weatherization efforts.⁵⁷

No other local agencies are providing financial assistance to the Housing weatherization program.

(8) Establish a process for evaluating the program

In the first program year, the Housing Division and Division of Welfare and Supportive Services implemented the evaluation provisions of NRS 702. The current evaluation for SFY 2007 is the fifth State Fiscal Year evaluation in this series. The evaluation process is now in place.⁵⁸

(9) Develop a process for making program changes

The Housing Division and the Division of Welfare and Supportive have each year improved the program. Some of the improvements reflect recommendations from the evaluations and others improvements generated by management and staff, contributions of ideas from the Subgrantee agencies, and by the Advisory Group. The formal structure for these changes is in the annual planning process, though a

⁵⁶ The program was planned to replace old AC units (typically SEER 6) with highly efficient units (SEER 14), however, duct sizing in older homes is too small in most cases to permit installation of SEER 14 units, so SEER 13 units are being installed. Even with SEER 13 units, some work may be required to make the duct system compatible.

⁵⁷ The problem of repairs can prevent weatherization work from going forward on a home. Yet houses have a long useful life and with repairs can provide many additional years of “decent, safe, and sanitary” shelter.

⁵⁸ The evaluation consultant is selected by the Housing Division and the Division of Welfare and Supportive Services using two-year evaluation contracts with a provision that permits extension to four years (four evaluations). At the end of each two or four year contract, the contract is opened for bidding through the State Purchasing Division.

number of small improvements have progressively been implemented by management and staff below the level of the formal planning process, and on an ongoing basis. Some proposed changes have been above the scope of an operating agency, and in those cases have been transmitted to the governor and legislature for consideration. Progressive modifications in NRS 702, documented by date, mark this process.

(10) Engage in annual planning and evaluation with Housing Division

As enacted in NRS 702, there is an annual planning and evaluation process conducted jointly with the Housing Division, which has been implemented following the provisions of NRS 702.280.⁵⁹ Each State Fiscal Year can be viewed as an annual program cycle. For each cycle an evaluation is conducted and there is a structured planning process resulting in the Program Plan for the following year.

2. Review of Client Files

The Weatherization Assistance Program is administered by the Housing Division and is implemented through five Subgrantee agencies, responsible for different portions of the state. The total of homes treated in SFY 2007 was 1,222. Of these, the total with Fund for Energy Assistance and Conservation funding was 1,059.

⁵⁹ NRS 702.280: Coordination and evaluation of programs; duties of Division of Welfare and Supportive Services and Housing Division; submission of report to Governor, Legislative Commission and Interim Finance Committee. 1. The Division of Welfare and Supportive Services and the Housing Division jointly shall establish an annual plan to coordinate their activities and programs pursuant to this chapter. In preparing the annual plan, the Divisions shall solicit advice from knowledgeable persons. The annual plan must include, without limitation, a description of: (a) The resources and services being used by each program and the efforts that will be undertaken to increase or improve those resources and services; (b) The efforts that will be undertaken to improve administrative efficiency; (c) The efforts that will be undertaken to coordinate with other federal, state and local agencies, nonprofit organizations and any private business or trade organizations that provide energy assistance or conservation services to low-income persons; (d) The measures concerning program design that will be undertaken to improve program effectiveness; and (e) The efforts that will be taken to address issues identified during the most recently completed annual evaluation conducted pursuant to subsection 2. 2. The Division of Welfare and Supportive Services and the Housing Division jointly shall: (a) Conduct an annual evaluation of the programs that each Division carries out pursuant to [NRS 702.260](#) and [702.270](#); (b) Solicit advice from the Commission as part of the annual evaluation; and (c) Prepare a report concerning the annual evaluation and submit the report to the Governor, the Legislative Commission and the Interim Finance Committee. 3. The report prepared pursuant to subsection 2 must include, without limitation: (a) A description of the objectives of each program; (b) An analysis of the effectiveness and efficiency of each program in meeting the objectives of the program; (c) The amount of money distributed from the Fund for each program and a detailed description of the use of that money for each program; (d) An analysis of the coordination between the Divisions concerning each program; and (e) Any changes planned for each program. (Added to NRS by [2001, 3236](#))

For SFY 2007, files were randomly selected by the evaluator from the full SFY 2007 BWR file and the lists of selected cases were sent by e-mail to each Subgrantee agency. For HELP, Neighborhood Services, CAHI and CSA records were reviewed at the agencies. For RNDC, records were sent in to the Housing Division and reviewed at the Housing Division office in Carson City. The SFY 2007 jobs completed and the sample by agency are shown in Table 7. The overall sample target was 125 files.⁶⁰

Homes Weatherized and Sample Size Fund for Energy Assistance & Conservation Weatherized Homes (SFY 2007, by Subgrantee)			
Subgrantee Agency	Homes Weatherized	Planned Review Sample	Final Review Sample
HELP of Southern Nevada (HELP)	618	30	30
Community Service Agency (CSA)	208	28	28
Rural Nevada Development Corporation (RNDC)	43	19	19
City of Henderson Neighborhood Services (NS)	98	24	24
Citizens for Affordable Homes, Inc. (CAHI)	92	24	24
Total	1,059	125	125

Table 7: Weatherized Homes and Sample Size by Subgrantee Agency.

⁶⁰ Each Subgrantee was give the case identification information for its target number of files plus a small oversample. The targets were HELP (30), CSA (28), Neighborhood Services (24), Citizens for Affordable Homes, Inc. (24) and Rural Nevada Development Corporation (19). The sample sizes were planned for a 90% confidence level for each file element tested for each Subgrantee, using a one-sided interval, and expected proportion of 0.95 correct, with a precision of 0.05. The required samples sizes are quite small because the results are expressed as proportions or percentages, and since the expected result is ninety-five percent (or better) correct. At a maximum the required sample size for the overall test (N=1,059 and p=q=0.50) the result is sixty-four (64), about one-half of the actual sample use used. All tests were tests of proportions, with tested files scored zero if the element was absent and one if present. Samples were designed with N-Query Advisor™ sampling software.

Compliance of Client Records Fund for Energy Assistance & Conservation Weatherized Homes (SFY 2007)		
Document or Record	Exact Results for Review Sample	
	Number Missing	Percent Missing
BWR or WIF or Inspection Form	0	0.00%
Combustion Appliance Safety Inspection Form (where appropriate)	0	0.00%
Blower Door Weatherization Data Sheet (where appropriate)	0	0.00%
Customer Signoff Forms	0	0.00%
Copy of Utility Bill(s) or Account Number in File	2	1.60%
Income Requirements Met (Documentation in Case File)	0	0.00%
Weatherization Inspection Report (or equivalent)	0	0.00%
Classification Information	0	0.00%
Note: Total number of case record files reviewed was 125.		

Table 8: Documentation Compliance for Weatherized Homes.

a) Documentation

Based on this review, the evaluation team finds that virtually all required documentation is included in the case files.⁶¹ This is an excellent result. We looked for the:

(a) BWR or WIF or Inspection form – a 1-2 page form – the full copy should be in the file. All were present.

(b) Combustion Appliance Safety Inspection Form (CAS) – a 6 page form completed in the field during the Combustion Appliance Safety assessment – this should be in certain files. The CAS was in all files for which it was required.

⁶¹ There is one exception in that one agency, CSA, did not set up individual household folders for apartments in multifamily buildings (designated as “5+” homes), although a BWR was provided for each apartment. This affected ten of the twenty-eight homes in the CSA portion of the sample. The Housing Division had provided clear direction in asking for individual household folders, and all agencies but CSA followed them. CSA has not been continued as a Subgrantee agency into State Fiscal Year 2007.

(c) Blower Door Weatherization Data Sheet (a two-page document that records initial and final blower door assessments). This form was present in all cases where required.

(d) Customer signoff form(s). All were present.

(e) Copy of a utility bill from each utility that pays the UEC or the utility account number for each utility recorded in the file – documenting that the residence qualifies for UEC funded weatherization, and allowing any follow-up that requires knowledge of the utility account number. Or, utility account numbers listed in the file. Two of the 125 case records did this information for either one or both utilities serving the home. This is an observed error rate of 1.6%. With a sample size of 125 there is a likely error rate of between 1.6% and 3.9% with a 90% statistical confidence. Both cases were at a single Subgrantee.

(f) Income documentation. All files were consistent with program income eligibility requirements, with documentation in each file.

(g) Weatherization Inspection Report or another form showing the precise items installed at the residence. The report was present in all files, though two were not dated.⁶²

(i) Classification information (Job Number, date completed, client first and last names). All of this information was present in all of the files inspected.

b) General Quality of Records

The Weatherization Assistance Program files are very well organized at four of the five Subgrantees and adequately kept at one Subgrantee. Some of the Subgrantees use internal checklists to be sure all the necessary elements of each case file are present. Due to the decentralized implementation of the program by the Housing Division through the five Subgrantees, the files have an appearance of non-uniformity. While forms not required by program policy may differ for each Subgrantee, for the SFY 2007 records required by the Housing Division, *all of the required forms are being properly and consistently maintained by the program's Subgrantees*. With the exception of up to 3.9% of cases for utility information (only), the required information is present.⁶³

⁶² In cases that were “walk away” or deferred or where the customer could not be contacted or refused the final inspection, this was noted in the files. A completed inspection report was present for each case, except in cases with these types of special circumstances.

⁶³ There are certain forms that should be present in a complete customer file. These are records of the work done on the house and the final signoff. While most of the data exists electronically, it should also be in hard copy in the customer files. The hard copy of the forms also has items that cannot be entered electronically.

3. *Informal Compliance*

With regard to informal compliance, which has to do with meeting expectations in addition to formal requirements, the Housing Division has no problems and also, no appearance of any problem.

- The costs for weatherization by housing type are realistic. There is a strong strategic and technical effort to maximize energy savings while minimizing cost, given that a “whole house” approach is most cost-effective in the long-run.
- In SFY 2007 the Housing Division continued to achieve full implementation of housing units completed in relation to budget.

4. *Summary*

In summary, the Housing Division met both formal compliance requirements and informal expectations for the conduct of its work in SFY 2007.

I. Effectiveness and Efficiency

This year, effectiveness is assessed in terms of the primary Weatherization Assistance Program goals. Weatherization assistance has three co-equal primary goals: saving energy, serving vulnerable populations, and insuring health and safety in the weatherization work.

Efficiency is assessed by reviewing workload in relationship to staffing.

1) Effectiveness

Overall, the Housing Division reported 2,093,113 kilowatt-hours and 176,548 therms of energy savings resulting from a total of 1,059 homes weatherized in the Universal Energy Charge/Fund for Energy Assistance and Conservation Weatherization Assistance Program for State Fiscal Year 2007.⁶⁴ The number of homes completed

⁶⁴ Energy savings were computed using the REM/Design™ software package approved by the United States Department of Energy. REM/Design™ is approved for Weatherization Assistance Programs in all states. The primary value of REM/Design™ in the Weatherization Assistance Program is in indicating the types of energy saving measures that should be installed in each home. The software analyzes energy and economic performance of different insulation improvements, duct leakage control, heating and cooling equipment, and a series of other weatherization measures. Along with recommended measures for different kinds of homes, the program develops energy savings for each home based on the measures installed. For a description of REM/Design™, see http://archenergy.com/products/rem/rem_design/.

exceeded the goal for the year (896) by 118%. Just over eleven percent of jobs were inspected (the target was 10%), an appropriate percentage when there is an absence of major problems detected in the inspections. The program substantially exceeded its energy savings targets.

The program performed well in terms of meeting the goals for service to vulnerable populations. Approximately forty-nine percent (49%) of households were the homes of senior citizens over the age of sixty. Forty-one percent (41%) had a household member with a disability. About fifteen percent (15%) of homes had a child under the age of six. About seven percent (7%) of homes were Native American. The program fully meets its service goals.

Health and safety goals were also met. The program conducted 544 combustion appliance safety inspections.⁶⁵ These checks are essential to insure that combustion appliances are not creating an unsafe condition in the home. In addition, the program replaced 205 air conditions (and repaired 13), and replaced 18 evaporative coolers (and repaired 3). Replacement or repair of cooling equipment is essential to health and life in southern Nevada. The program replaced 291 furnaces (and repaired 18) and replaced 102 heat pumps (and repaired 5). Replacement or repair of heating equipment is essential to health and life in northern Nevada. These replacements and repairs also contribute to social stability since they permit families to remain living in their homes. The health and safety activities of the Weatherization Assistance Program are substantial, and the program makes a major difference to the health and safety of households served.

2. *Efficiency*

The Housing Division staff for the Weatherization Assistance Program is small but efficient with all necessary skill sets and all necessary tasks covered. This requires carrying out of multiple responsibilities per staff member, which in a larger organization might logically have been designed into separate jobs, requiring additional staff. The current staff reaches a level of excellence because they are willing to pitch in and make everything work all the time. The work load per person is high but the work is interesting because, in part, the lean staffing requires each person to cover many areas and deal with creatively with new situations. The unit is highly efficient.

J. *Improvements and Plans*

Housing Repair Fund: A significant problem encountered in the field installation efforts by all Subgrantees is the older or rural home that does not meet current

⁶⁵This is a rigorous check of combustion appliances in a home. It is only required for homes with gas or propane; it is not applicable to homes served only by electricity.

building codes or requires some kind of extensive repair. For example, when trying to do meaningful weatherization retrofit work, there can be a barrier of about \$1,000 per home (or somewhat over \$1,000) because old knob and tube wiring needs to be replaced. Proceeding to weatherize without bringing the wiring to code creates a fire hazard. Other homes might need significant roof repair or repair of holes in the flooring before they can be weatherized. These older or rural homes have the potential for significant energy savings but have to be skipped over for weatherization. Yet, these are often the homes that require treatment.

Each of the Subgrantees expressed a clear need for a designated repair fund outside the UEC guidelines and spending cap per home that currently cannot sustain the cost overhead of this type of repair work. Realistically, the UEC program has to overcome this repair barrier one way or another. Currently, the Subgrantees often try to leverage funds with other agency rehab dollars, but this doesn't solve the problem, because the problem is larger than the funds available.

Recommendation 3: We recommend designation of a repair fund outside other cost-effectiveness considerations or tests to meet this real need in rural and older homes. It could also cover some similar, but smaller, costs for non-rural Nevada homes. The basic need is to establish a separate fund for these real needs that is governed by different rules than the weatherization program itself. This could be addressed by proposal to the legislative committees.

DSM Funds: Justification of additional funds from utilities under the framework of Integrated Resource Planning where the Least-Cost alternative to utilities may be an addition to the ongoing residential weatherization work. Essentially, this is a "coordinated program" recommendation in which, for Demand-Side Management (DSM) purposes the work carried out already under the federally funded and state UEC residential weatherization effort would be looked at by the utilities as an off-budget cost contribution for purposes of developing a DSM addition to the current program.⁶⁶

Crews are already in the homes and carrying out the UEC work. Since that is a "sunk cost," could the utilities use that effort as leverage to fund additional measures that are not covered under the current program? It should be noted that Sierra Pacific Power Company and Nevada Power do provide DSM assistance that is used, for example, by Henderson Neighborhood Services to extend residential weatherization beyond the UEC income limit of 150% of the federal poverty level ("gap funding"), so that a coordinated program approach does exist in that sense. Nevada electric utilities have also tried direct funding both through the Housing Division Subgrantees and (using a different economic motivation model) through a private sector contractor for low-income weatherization assistance. These projects

⁶⁶ Technique for design of "Coordinated Programs" is developed by Lawrence J. Hill and Marilyn A. Brown in "Estimating the Cost-Effectiveness of Coordinated DSM Programs," *Evaluation Review*, 19(2):181-196, 1995.

have been designed increase the numbers of homes served. The proposal here, however, follow a proposal by Ernest Nielsen⁶⁷ for the utilities to fund a very limited high energy savings subset of measures guaranteed to pass the "Total Resource Cost" test they are mandated to follow.

The Housing Division would cover the more mundane energy savings measures plus the health and safety concerns they must follow. While the full UEC could not be cost-justified on this basis from a utility perspective, given that the UEC work is authorized by law for different, though related, reasons, there should be DSM add-ons cost-beneficial from a utility perspective.⁶⁸

Recommendation 4: The Housing Division, PCUN Commissioners, and the utilities should explore the development of a low-income program variant of the "Total Resource Cost" test that would permit the utilities to leverage on the value of the state's weatherization program without the separate state costs being included in the test. This would follow the proposal of Ernest Nielsen and a cost allocation model developed at Oak Ridge National Laboratory.

K. Staffing Analysis

The Housing Division program is adequately staffed for the current annual level of funding and level of effort. If the level of effort and funding per year were to substantially increase (for example, double or triple), additional staff would be required.

L. Weatherization Assistance Survey Results

This section of the evaluation looks at changes after weatherization and at problems with the weatherization work as perceived from client perspectives. The mini-survey approach employs a very short survey form that is designed to be easy to complete in a very short amount of time.⁶⁹ The Weatherization Assistance mini-survey was mailed to all single family households (including manufactured/mobile homes) who received weatherization in 2007.⁷⁰ This section of the study reports on the results of the survey.

⁶⁷ Ernest K. Nielsen, Attorney, Senior Law Project, Washoe County Senior Services.

⁶⁸ Ernest K. Nielsen, an active participant in the formation of the UEC and of the committee following implementation, has proposed and is working on these possibilities.

⁶⁹ Mini-surveys are targeted to develop simple proportions, rather than complex multivariate analysis. See Finsterbusch, Kurt, "Demonstrating the Value of Mini-Surveys in Social Research," Pp. 117-136, *Sociological Methods and Research*, Vol. 5, No. 1, August 1976.

⁷⁰ Surveys were mailed to six-hundred and forty-seven households weatherized in 2007 (July 2006 through June 2007). Three-hundred and three survey forms were returned (approximately 47%)

1. *What Happens After Weatherization*

In the time since weatherization, some households moved, some added a furnace or an A/C unit, other appliances, or changed their temperature settings. Of the three-hundred and three surveys returned, a total of two-hundred and thirty provided answers to almost all numerical survey questions. For uniformity and to ease comparisons, results are provided for the smaller set of households.

As shown in Table 9, of those reporting, very few households moved following weatherization. Of course, most likely those who moved would not have received or returned the survey.

		Have you Moved?			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	3	1.3	1.3	1.3
	No	227	98.7	98.7	100.0
	Total	230	100.0	100.0	

Table 9: Moves following Weatherization.

Five percent (5%) of households replaced a heat pump or furnace following weatherization (Table 10).⁷¹

		Have you replaced a Heat Pump or Furnace?			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	219	95.2	95.2	95.2
	Yes	11	4.8	4.8	100.0
	Total	230	100.0	100.0	

Table 10: Replaced a Heat Pump or Furnace?

About twenty percent (20%) replaced a major appliance, such as a dishwasher or clothes dryer (Table 11).

and two-hundred thirty (about 36% of surveys sent out) answered the full set of questions on the survey. This set of responses (230) is used in the analysis of what happens after weatherization.

⁷¹ Survey results were checked against program installation record to insure that the client was not referring to program installed equipment.

Have you replaced any other Major Appliances?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	185	80.4	80.4	80.4
	Yes	45	19.6	19.6	100.0
	Total	230	100.0	100.0	

Table 11: Replaced Major Appliance?

Less than one percent (1%) added a waterbed (Table 12).

Have you added a waterbed?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	228	99.1	99.1	99.1
	Yes	2	.9	.9	100.0
	Total	230	100.0	100.0	

Table 12: Added a Waterbed?

A little over one percent (1%) increased the floor area of their home (Table 13).

Have you increased the Floor Area of your Home?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	227	98.7	98.7	98.7
	Yes	3	1.3	1.3	100.0
	Total	230	100.0	100.0	

Table 13: Increased Floor Area.

About eleven percent (11%) replaced an air conditioner (Table 14).⁷²

⁷² This result has been checked against the installation record to insure that clients were not referring to program installed air conditions or evaporative coolers.

Have you replaced an Air Conditioner?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	205	89.1	89.1	89.1
	Yes	25	10.9	10.9	100.0
	Total	230	100.0	100.0	

Table 14: Replaced Air Conditioner.

Approximately six percent (6%) are heating or cooling a new area in the home since weatherization (Table 15).

Are you heating/cooling any New Areas of the House?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	216	93.9	93.9	93.9
	Yes	14	6.1	6.1	100.0
	Total	230	100.0	100.0	

Table 15: Heating/Cooling New Areas?

Following weatherization, a little over four percent (4%) of households raised their temperature setting for winter, and a little over twenty percent (20%) lowered their temperature setting. About seventy-five percent (25%) left their winter temperature setting the same as in past years (Table 16).

Changed the Winter Temperature Setting?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Raised	10	4.3	4.3	4.3
	Lowered	47	20.4	20.4	24.8
	About the Same	173	75.2	75.2	100.0
	Total	230	100.0	100.0	

Table 16: Change in Winter Temperature.

In summer, about thirteen percent (13%) of households raised their indoor temperature setting and sixteen and a half percent (16.5%) lowered the temperature (Table 17). About seventy-one percent (71%) reported no change in summer temperature setting.

Changed the Summer Temperature Setting?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Raised	29	12.6	12.6	12.6
	Lowered	38	16.5	16.5	29.1
	About the Same	163	70.9	70.9	100.0
	Total	230	100.0	100.0	

Table 17: Summer Temperature Change.

Also in summer, about seven percent (7%) increased the amount of time for cooling each day, and about twenty-three percent (23%) decreased the amount of time for cooling each day. About seventy percent (70%) reported no change in cooling time (Table 18).

Summer: Amount of Time you Cool Each Day?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Increased	15	6.5	6.7	6.7
	Decreased	52	22.6	23.1	29.8
	About the Same	158	68.7	70.2	100.0
	Total	225	97.8	100.0	
Missing	System	5	2.2		
Total		230	100.0		

Table 18: Time for Cooling in the Summer.

As shown in Table 19, there was very little change in the number of people living in the program homes. About three percent (3%) of households reported an increase; about four percent (4%) a decrease, and over ninety-three percent (93.5%) reported no change.⁷³

⁷³ The “Missing System” category in Table 10 (five households) represents clients who answered all of the questions with numerical response formats, except the question regarding amount of cooling time each day. The “Valid Percent” column shows the correct response percentages for this table.

Has the number of People living in your home changed?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Increased	6	2.6	2.6	2.6
	Decreased	9	3.9	3.9	6.5
	About the Same	215	93.5	93.5	100.0
Total		230	100.0	100.0	

Table 19: Number of People.

Table 20 shows there was virtually no change in energy saving measures installed. Under one-percent of reporting households (0.4%) removed a program measure. Specifically, one household removed the energy efficient shower head and put in a different one.⁷⁴ A little over two percent (2.2%) added an additional energy saving measure of some kind following weatherization.

Any changes to the Measures installed?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Removed	1	0.4	0.4	0.4
	Added	5	2.2	2.2	2.6
	No Change	224	97.4	97.4	100.0
Total		230	100.0	100.0	

Table 20: Change in Measures.

These survey tables indicate that actions of households were highly consistent with the goal of saving energy. Exceptions include about one percent (1%) of households that added a waterbed and a little over one percent (1.3%) that increased the floor area of their homes.⁷⁵ These exceptions are of negligible overall impact.

While approximately six percent (6.1%) said they were heating or cooling a new area in the home since weatherization, only somewhat over four percent (4.3%) raised

⁷⁴ This summary was checked against a list of specific equipment, and only the showerhead was the only energy efficiency measure removed. Five items were mentioned, but the other four were not program energy efficiency measures removed.

⁷⁵ Waterbeds are energy wasters because they radiate heat to a room, becoming defacto electric heaters. Waterbeds are an option that could be avoided entirely by using traditional beds. Decisions to increase space in a home are within the scope of normal household changes in any large population of households and are part of accommodating needs of families..

their winter temperature setting and somewhat over twenty percent (20.4%) lowered their winter temperature setting. In summer, over sixteen percent (16.5%) lowered their temperature setting and more than twelve percent (12.6%) raised their temperature setting, while about seventy-one percent (71%) left their indoor temperature the same as in the past. However, only about seven percent (6.7%) said the increased cooling time each day, while about twenty-three percent (22.6%) decreased cooling time each day.

Fluctuation in the number of persons in the homes was quite small, and only one program measure (one shower head) was reported removed following weatherization.

2. *Problems with the Weatherization Program*

A second goal of the Housing Division mini-survey was to collect client perceptions of problems with the program.⁷⁶ Of three-hundred and three surveys returned, one-hundred eighty-five (about 61%) reported “no problems.”

Of those reporting problems (about 29%), most problems are not included here because they do not fall within the scope of the program. Clients interpret “problems” broadly. If the program replaced a swamp cooler, they might say that they wished the program could also replace an old dishwasher or clothes dryer. Or, a senior citizen might wish the program could take care of their yard and trees. Or, an elderly client might wish the state would send someone around once a year to check equipment, and do any required maintenance and repairs. These are felt needs, but fall outside the program scope.

A number of clients wished, sometimes with well formulated technical reasons related to “R-values,” for replacement of single pane windows with double pane windows, roof repairs, and wall repairs. Under certain conditions, the program can do window replacements and limited repairs necessary to install weatherization improvements. However, the program is required to follow cost-effectiveness guidelines. These guidelines do not permit much window replacement or general repairs. A client who has one window replaced will typically wish all windows were replaced. Similarly, although a leaky dishwasher and related floor damage will require speedy correction, non-energy related problems are not within the program scope.

Program rules sometimes require “walk-aways.” Some homes have too many problems or certain severe problems and weatherization is not permitted. Clients are very disappointed in such cases, and often do not understand or agree with the program rules. Clients see these cases as problems with weatherization service, though the Subgrantees are following the rules. Examples are shown in Table 21.

⁷⁶ For discussion of problems, the full set of three hundred and three returned surveys was used.

Program Rules require Walk-Aways		
The men that came out to my house said that there was too much work to be done and therefore did none of it. Nothing was done to help me.	HELP FD4437	127
We received no services at all.	HELP FD7887	266
No work was every done on my house	HELP FD7797	546
There was no weatherization because the people involved wouldn't do anything. They believed there was mold & wouldn't find out for sure. Said it was up to me to pay to make sure. If I had the money to do that, I wouldn't need the weatherization program.	HELP FD7203	177
Don't get people's hopes up and then drop them cold.		
They said I qualified for the program. Then they came out and said I could not receive any help because there was black mold around the window in my bedroom bath.	HELP FD7834	554
Why, if this is a weatherization program, didn't I receive any services?		

Table 21: Walk-Aways.

Remaining problems are detailed by Subgrantee agency in Tables 22 through 26.

a) **CAHI**

The single problem reported for CAHI was a home with leaky windows (Table 22).

CAHI: Problems Reported
<p>The windows that were put in have leaked ever since they were installed. We did let the weatherization program know this at the time and they were re-caulked, but in the same manner (using water throughout) and they remain leaking. We will have to have them taken out and replaced/re-caulked at our own expense. I have a set income which is quite low and am not happy about this problem.</p> <p>Although we were happy to be a part of this program and feel satisfied with our new furnace and refrigerator, I wouldn't recommend the program for other low-income home owners because to fix the problem left for us (windows) it will be costly. Also, our back door pops open on its own if not slammed shut and even then, if bumped up against, will open. It isn't a tight fit and allows heat out and cold in. I use tape to help with this. This could be a problem with the home, rather than the person who put the door in, so I can't say if the person who put it in is at fault. [CAHI0747; Survey 80]</p>

Table 22: CAHI: Client Reports of Problems

b) **CSA**

Six problems were reported for CSA. Most are concerns about being underserved and one has to do with using crews from California.

CSA: Problems Reported
They never came to finish the job. I was ill at the time they could come, and in the hospital. They have not called to make another date to come. [CSA00009; Survey 373]
The windows that were installed need to be re-caulked. They were not done correctly. The living room window leaks badly. [CSA00307; Survey 30]
Nothing was weatherized. I've received 5 light bulbs, 1 shower head, 2 carbon dioxide detectors, was promised a new refrigerator (not done) and a cover for the swamp cooler (not done). [CSA00025; Survey 6]
I understood you were going to pay \$100 toward my Sierra Pacific Power bill. [CSA00315; Survey 401]
I have never received any paperwork, though I have asked. I can only rely on my own notes as to what was done. I even asked the Reno office, but still never received paperwork. Was told I could perhaps get a new fridge as the one I have doesn't run well and wastes energy. Was told a different company handled this, but they would pass on the information. I waited five months for an answer and then called the Reno office. When she checked, I was told the fridge must be over ten years old to be replaced (mine was only four). Had this been known, we would not have wasted my time and theirs.
The workers came on time and seemed to work hard. The company that did the work did to have a local phone number. If income is limited enough to use the program – it also means that property owners do not want to make costly long distance calls. They came from California, somewhere. [CSA00042; Survey 385]
My home was and still is not weatherized. What they did was change some light bulbs and showerheads. What I consider weatherization is to change the single panel windows where all or most of the heat escapes out, but they didn't do any replacement. Why? Because it costs a lot. Also my front door needs weatherization tape around it and not even that was done. Why waste time advertising as offering help, when you are not doing the proper things to really help needy people with the outrageous changes in utility bills for heating in the winter – a long six months. [CSA00054; 15]

Table 23: CSA: Client Reports of Problems.

c) **HELP of Southern Nevada**

HELP did by far the most jobs for FY 2007, so the ten problems reported are not excessive.

HELP: Problems Reported		
Problem	Case No.	Survey No.
With the new powerful unit, the vents under my home shake, rattle, and roll when the units starts and stops.	HELP FD7677	239
When the new vent (looks like a smoke stack) was put on the roof of my trailer it wasn't sealed properly and when it rained my roof leaked and destroyed a panel on the ceiling. The crew came back and sealed the roof after I called in but when I asked if they would replace the damaged ceiling panel I was told no.	HELP FD6800	153
They should have gone under the house to tape the duct work	HELP FD8493	307
<p>It was to save us money. July & Aug we paid MORE in elec. service & we didn't live in the home while repairs were made. The guys who removed the old duct DID NOT put in new ones. So only 1/2 of the house was cooled. Duct added BUT it changed nothing. The house is still hot (as with the old AC) but costs more on the electric bill.</p> <p>After they put in the AC they would NOT turn on the gas because of a faulty water heater. But they would not fix it or offer any alternatives. For one month we had no hot water and no stove to cook on.</p> <p>Even with these bad things, I was thrilled someone cared enough to help us. I am an invalid and my husband was in Iraq. I was in a bad way. My indoor house temperature got to 180 degrees and we could not live there. I want to thank you from my two grandsons, my husband, and myself. Everything worked well.</p>	HELP FD7796	252
<p>We do not have the gas turned on. We asked for repair of the A/C. They promised a new A/C, furnace, roof coating, solar screens, rubberizing, and weatherization. Have a doctor's note, "no temps above 80 degrees." It gets to 130 degrees in mobile home.</p> <p>All HELP did was put on four solar screens, not even on the biggest west facing window. Why no roof coating? Why didn't they fix our AC? They refused to say how much the screens cost. They would not accept our phone calls.</p>	HELP FD4242	126
With the solar screen, I have to turn the lights on in some parts of the house in the daytime.	HELP FD4753	457
...continued, next page		

<p>The man who checked the insulation in the attic didn't do his job. He stated there was no access (there is) and told me himself that if he said the insulation wasn't sufficient (which it isn't) he would be the one to put it in and he didn't want to go up there.</p> <p>Please make sure the contractors know what they are expected to do in your service.</p> <p>The program overall was great. Everyone treated me with utmost respect and I appreciate that. Thank you so much for the great service.</p>	<p>HELP FD8376</p>	<p>578</p>
<p>The swamp cooler was removed from my roof and a hole made to install one in the side of my mobile home. Should have used a side draft cooler through the same vents as the old cooler. The new one only cools the center of the home.</p> <p>I am very unsatisfied with the cooling system. I had to purchase a small window AC unit for the back bedroom with Las Vegas' 105+ temperatures. No way to regulate temperature other than turning the unit off and on. Being handicapped, this is difficult.</p>	<p>HELP FD7244</p>	<p>180</p>
<p>The refrigerator door is noisy when opening or shutting. I don't know if it is level or not. I can't figure out how to oil the hinges. The fridge is great but the door either squeals or groans.</p>	<p>HELP FD7725</p>	<p>248</p>
<p>No problem other than did not finish the installation of sliding glass door on back door.</p>	<p>HELP FD5932</p>	<p>463</p>

Table 24: HELP - Problems Reported by Clients.

d) Neighborhood Services

Neighborhood Services clients did not report any problems within the scope of the program.

Neighborhood Services: Problems Reported		
Problems	Case No.	Survey No.
No problems within program scope were reported by clients.		

Table 25: Neighborhood Services - Problems Reported by Clients.

e) RNDC

Two cases were reported for RNDC, both for the same problem, cold air infiltration under outside doors.

RNDC: Problems Reported		
Problems	Case No.	Survey No.
The front door replacement has gaps all around it and the storm screen door. Lots of air coming in. I showed this to the inspector and she took pictures. The man that installed it informed me he does not do cosmetic work. The inspector was about twenty years old. You should hire some seniors with more experience.	RNDC MYER082	349
Yes, the back door is too short and you can see daylight under the door. When it rains it runs into the room.	RNDC ALDC042	38

Table 26: RNDC - Problems Reported by Clients.

Nineteen possibly within scope problems out of three hundred and three jobs is about six percent (6%) of jobs completed.

3. *Client Ideas for Program Improvement*

A third goal of the Housing Division mini-survey is to solicit ideas from weatherization clients for improving the program. Following are ideas suggested by clients on the mini-survey:

- **Additional Service:** Maybe have a crew that could come around twice a year and help turn off and turn on swamp coolers for the seniors.
- **Tighter Policy:** Have a better policy to address damage and cleanup issues.
- **Widen Eligibility:** They base what they can do for you on the amount of income. It is a tier program. So you may qualify, but if two people live together and they combine their incomes - you qualify for less! The thing is, all that qualify are living in poverty! Why should a couple of dollars mean the difference between getting only some help and not all the help they offer to people with less income?
- **Widen Eligibility:** Make this program available to more seniors who need it but are above the income requirements a little. Many seniors (above the income limits) cannot afford to do this for themselves.

- **Increase Repair Budget:** Include repair of old windows and doors. Help homeowners on moving roof swamp coolers. Old homes normally have coolers on top of the roof. This set up wastes a lot of heat during winter because the heater and the swamp cooler share the same duct.
- **Evaluate Painting as a Program Measure:** Our house is dark brown and it attracts so much heat! Maybe repainting homes like ours to a lighter color would lower power usage.
- **Add a Longer-Term Follow-Up for Q/A:** A follow-up of the recipients- maybe a phone call to see how they are faring after a year or so.
- **Increase Budget per Home:** Make more funds available per family for weatherization.
- **Increase Budget for Window Replacement:** Possibly change the type of windows to be replaced. Ours do have cracks, however, only "cranked" type windows were allowed to be replaced.
- **Do Much More Weather-stripping:** The program should also include weather stripping and caulking around the outside of windows. Also, new weather-stripping of doors.
- **Return to Homes:** They should come back every three years or five years, not ten years.
- **Provide Cost Information:** It would help if you would give the homeowner a statement of improvements to the home and their costs.

4. *Survey Summary*

The mini-survey documents that actions taken by clients following weatherization are strongly consistent with the goal of saving energy. While about seventy-one percent (71%) of clients responding to the mini-survey say there are "no problems" with the program, within the other approximately twenty-nine percent (29%), most problems reported are not within the scope of the program. Problems within scope are discussed above. Clients offered a number of suggestions for improvement. Most suggestions would require expansion of scope and additional budget, but some would require only small policy changes.

ENERGY ASSISTANCE PROGRAM

The Energy Assistance Program helps eligible households pay utility bills. The program is not designed to pay the total cost of energy. Each household is responsible for paying the balance.

Eligible households receive an annual benefit which is paid directly to their energy providers.⁷⁷ The program year begins each July 1st and is the same as the State Fiscal Year. Applications are accepted through June 30th, or until funds are exhausted, whichever comes first. Prior year recipients may not reapply until approximately eleven months after they received their last benefit.⁷⁸

Payments from the Fund for Energy Assistance and Conservation are keyed to the state median household energy burden, that is, the percentage of household income that the median income Nevada household pays for their energy bills. The median is updated yearly.

Although more steps are involved, the three primary steps in calculating the Fixed Annual Credit for a household are:

- **Identify household's annual gross income.** The Welfare Division identifies the household gross annual income. The Welfare Division then applies the median energy burden percentage to determine the amount the household is expected to pay.
- **Identify household's annual usage in dollars for all energy sources.** During the application, the Welfare Division determines total annual cost of energy use for the household (including, for example, natural gas, electricity, wood, oil, propane, and kerosene), and generally requests the client to show bills or may receive copies of bills directly from energy supply companies. The applicants are expected to help the Welfare Division obtain billing records where necessary.
- **Determine the Fixed Annual Credit.** For SFY 2007, if the household's annual dollar usage is greater than the state median percentage of household income, the difference (in dollars) is the FAC. If the result of the calculation is less than \$120, the result is set equal to \$120, the minimum payment for eligible households.⁷⁹

⁷⁷ UEC funds are used first for payments to utilities in UEC. Federal LIHEA and/or other funds are used for payments to non-UEC utilities, such as propane dealers.

⁷⁸ Application packets are mailed to prior year recipients when it is time for them to apply.

⁷⁹ Eligible subsidized housing residents, who receive a Utility Fuel Allowance (UFA) that is used in computing the household's portion of the rent, receive a payment of \$120. If all utilities are in landlord's name and are included in the rent and the household does not receive a separate bill that includes

Only customers of utilities that require customers to pay the Universal Energy Charge (UEC) adder on their monthly bills are eligible to receive help from the Nevada Fund for Energy Assistance and Conservation (FEAC). However, the state UEC program is coordinated with the federal program so that all eligible Nevada households receive equal treatment.⁸⁰

Income eligibility guidelines for SFY 2007 are shown below (Table 27).⁸¹

SFY 2007 – Income Eligibility Guidelines		
Household Size	Maximum Annual Gross Income	Maximum Monthly Gross Income
	150% of Federal Poverty Level	
1	14,700	1,225
2	19,800	1,650
3	24,900	2,075
4	30,000	2,500
5	35,100	2,925
6	40,200	3,350
7	45,300	3,775
8	50,400	4,200

Table 27: Income Guidelines.

consumption & dollar usage, the household will receive \$120. If all utilities are in landlord's name but the household receives a separate bill which includes consumption and dollar usage, the household receives a FAC and the benefit is paid to the household. If one of the utilities is in landlord's name and one is in household's name, the household will receive a FAC based on the utility in the household's name payable to the utility, unless the household receives a separate bill from the landlord that includes consumption & dollar usage in which case the household receives a FAC based on both utilities that is payable to the household's utility not to exceed the annual usage, and the remainder is paid to the household.

⁸⁰ This coordination implements NRS 702.250(3): "The Welfare Division shall, to the extent practicable, ensure that the money in the Fund is administered in a manner which is coordinated with all other sources of money that are available for energy assistance and conservation, including, without limitation, money contributed from private sources, money obtained from the Federal Government and money obtained from any agency or instrumentality of this state or political subdivision of this state."

⁸¹ US Department of Energy, Weatherization Program Notice 06-5, effective February 1, 2006, based on Federal Register/Volume 71, Number 15/Tuesday, January 24, 2006, Pp. 3848-3849.

A. Fast-Track Component

The Welfare Division attempts to fast-track households that have been disconnected from service or that have received a 48-hour disconnect notice, or are nearly out of heating fuel. This is not an emergency program, but will jump an application to first position in processing. Normally, applications are processed in date order received.⁸²

B. Crisis-Intervention Component

The Crisis Intervention Program assists households experiencing a special circumstance or crisis and whose gross annual income exceeds 150 percent of poverty except for allowably qualifying expenses that reduce the annual income to 150% of poverty.⁸³

C. Year-Around Service

The Welfare Division provides help year-around, a good fit to Nevada's diverse climates and weather.⁸⁴

D. Arrearage Component

When an eligible household receives a Fixed Annual Credit (FAC), the credit is sent to the utility (or divided and sent to two utilities) to serve as one-time payment. The FAC is designed to permit a household to pay utility bills (for example, gas and electric) at the percentage of its household income equivalent to the Nevada median household energy burden. If the household takes responsibility for this payment amount each month, the FAC will cover close to the rest of the total energy bill for the

⁸² There are additional conditions that must be met to be placed in the Fast-Track component. The additional requirements are designed to insure that a household designated for priority service is doing what it can to meet its energy bills. Both Fast-Track and Crisis Intervention components will be continued in SFY 2005.

⁸³ Qualifying expenses must be supported by valid and verifiable documentation and must create a financial hardship of no less than three months, and may include un-reimbursed medical expenses for medical emergencies or long-term, chronic medical conditions; un-reimbursed compulsory and necessary home repairs; and automobile repairs only if transportation is needed for ongoing medical care, the repairs are critical to the operation of the vehicle, and it is the only registered vehicle in the household. Regular maintenance is excluded, including tire purchases.

⁸⁴ This is a program feature that fits the climates of the Western states and which other states should consider adopting. States that do not have a UEC but rely on federal LIHEA funding typically have narrow service windows that change from year to year depending on when federal budgets are passed and on variable funding.

year. This works if the household will make its appropriate monthly payment each month, and if the household is not in arrearage with one or both utilities when the FAC is received.

If the household is in arrearage, the utility applies amounts received to the oldest bills first. This can, in some cases, absorb a sizable portion of the FAC. The Arrearage Payment program component is designed to counter this problem by fully covering current arrearage separate from the FAC payment.

A Universal Energy Charge household may receive the arrearage help only once.⁸⁵ As with the FAC, to be eligible for arrearage assistance, household income must be at or below 150% of the federal poverty level. Application for arrearage assistance can only be made along with or following application for the FAC, since it is designed to supplement the FAC. In addition, to be eligible for arrearage assistance, the household must have paid to the utilities a fixed percentage of current income over the last twelve months in which the arrearage occurred.⁸⁶

E. Energy Assistance Program (Formal Compliance)

Finding: The Energy Assistance Program (EAP) program is in compliance with subsections 3⁸⁷ and 8⁸⁸ of NRS 702.260, the relevant sections related to formal compliance.

⁸⁵ There is an exception for households with chronic, long-term medical conditions that create a financial hardship and/or cause a necessary increase in energy consumption.

⁸⁶ See Nevada Fund for Energy Assistance and Conservation State Plan, SFY 2007. It is possible to request a hardship exemption to this provision by written petition to the Administrator of the Division of Welfare and Supportive Services.

⁸⁷ NRS 702.260 (3): Except as otherwise provided in subsection 4, to be eligible to receive assistance from the Division pursuant to this section, a household must have a household income that is not more than 150 percent of the federally designated level signifying poverty, as determined by the Division. (4) The Division is authorized to render emergency assistance to a household if an emergency related to the cost or availability of natural gas or electricity threatens the health or safety of one or more members of a household. Such emergency assistance may be rendered upon the good faith belief that the household is otherwise eligible to receive assistance pursuant to this section.

⁸⁸ NRS 702.260 (8): In carrying out the provisions of this section, the Division shall: (a) Solicit advice from the Housing Division and from other knowledgeable persons; (b) Identify and implement appropriate delivery systems to distribute money from the Fund and to provide other assistance pursuant to this section; (c) Coordinate with other federal, state and local agencies that provide energy assistance or conservation services to low-income persons and, to the extent allowed by federal law and to the extent practicable, use the same simplified application forms as those other agencies; (d) Establish a process for evaluating the programs conducted pursuant to this section; (e) Develop a process for making changes to such programs; and (f) Engage in annual planning and evaluation processes with the Housing Division as required by [NRS 702.280](#). (Added to NRS by [2001, 3234](#); [A 2005, 22nd Special Session, 78](#))

The Division of Welfare and Supportive Services is mandated to implement the Energy Assistance Program according to the applicable provisions of NRS 702. Below are the specifications in NRS 702 relevant to the evaluation, and a description of how the Division of Welfare and Supportive Services implemented these requirements or did not when it was unfeasible.

1. *Specific Provisions*

(1) 702.260 (3) Eligibility

Division of Welfare and Supportive Services staff have developed and established a set of functional procedures that fully implement the income eligibility requirements of NRS 702. Based on review of systematic samples of cases, this implementation is correct in approximately 100% of cases.⁸⁹

(2) 6(a) Solicit advice from Welfare and other knowledgeable persons

Division of Welfare and Supportive Services staff worked with the major utilities to coordinate and strengthen program services. There were a number of formal and informal meetings with stakeholders/advocates to discuss aspects of the program and how the program could be improved. The Welfare Division participated with the Housing Division in the statewide open planning meeting, held in the spring, and worked jointly to implement the SFY 2007 program plan and to develop the SFY 2008 program plan.

(3) 6(b). Implement delivery systems and provide other assistance

Over the first years of the program, the Division of Welfare and Supportive Services implemented an effective delivery system. The Division continues to work on improving efficiency, and in SFY 2007 ran trials of a number of small work process improvements. Improvements are implemented by the Program Manager.

In SFY 2007, there were a number of trial modifications of case processing to test ability to improve efficiency with the goal of shortening processing time from application to certification. This effort included internal review of work processes and a shift from responsibility of an individual staff member for cases from beginning to end to a system in which an experienced staff member is assigned to initially classify cases as they come in. The classification is into those cases which have full

⁸⁹ See "Determination of Eligibility" and Table 58 in "Review of Client Files," which follows this subsection.

information and those which require one or more further requests for information from the client.⁹⁰

At a higher level management was open to concepts developed by the Advisory Committee and in a formal way in the annual plan for SFY 2008.

(4) 6(c). To the extent practicable, use the same simplified application form

A common simplified application form has not been implemented. The prospect of a common and simplified application form for the Welfare Division and the Housing Division was investigated during the first program year. As reported in the SFY 2003 evaluation, a working group consisting of both Housing and Welfare management tried to streamline the application so that both agencies could use a common simplified form. However, the two agencies have different data collection needs and the joint form became too long. Based on this practical reality, the agencies decided to continue using their own forms.⁹¹

At the same time, a part of this goal has been successfully implemented in that the Housing Division uses a single application form for weatherization services, across funding sources. Weatherization services administered through the Housing Division draw primarily on Universal Energy Charge (UEC) funding, but also on federal Weatherization Assistance Program funds, and other state funding, when available, and as appropriate. In the same way, the Welfare and Supportive Services Division uses a single application form for energy assistance (utility payment) services that draws upon UEC funding, federal LIHEA funding, and other sources when available, and as appropriate.

(5) 6(c). Coordinate with other agencies that provide energy assistance

The Welfare and Supportive Services Division carefully coordinated Nevada Fund for Energy Assistance and Conservation (FEAC) funding for the Energy Assistance Program with federal LIHEA payment assistance funding throughout SFY2007. This creative coordination of funding permitted equal provision of services to UEC and non-UEC homes for utility bill assistance in SFY 2007, while following the

⁹⁰ Cases that require one or more additional requests for information can add substantial additional time in processing applications.

⁹¹ Housing has identified a software program "DirectApps" that could be used by Welfare and Housing for common applications. This would require an initial investment of \$80-100,000 to purchase and modify the application for use, plus the cost to incorporate the application into both Welfare and Housing systems. The initial application would be taken at any point of contact and this system would forward income qualified applications to both agencies. At the current weatherization funding levels Housing can serve roughly 1500 clients. With 15,000 income qualified LIHEA clients, Housing could be overwhelmed with applications. A joint application system of this type would require careful scrutiny of costs and benefits.

requirement that UEC funds may be used to assist only households served by at least one utility which implements the Universal Energy Charge.

In coordination with the Housing Division,⁹² the Welfare and Supportive Services Division downloads records for all recipients receiving energy payment assistance to the Housing Division. Daily e-mails of clients with a Fixed Annual Credit (FAC) of \$2,000 or greater⁹³ are sent to the Housing Division for immediate follow-up.

(6) 6(d). Establish a process for evaluating the program

In the first program year, the Division of Welfare and Supportive Services and the Housing Division implemented the evaluation provisions of NRS 702. The current evaluation for SFY 2007 is the fifth State Fiscal Year evaluation in this series.

(7) 6(e). Develop a process for making program changes

The Division of Welfare and Supportive Services and the Housing Division have each year improved the program. Some of the improvements reflect recommendations from the evaluations and others reflect improvements generated by management and staff, and by the Advisory Group. The formal structure for these changes is in the annual planning process, though a number of small improvements have progressively been implemented by management and staff below the level of the formal planning process, and on an ongoing basis. Some proposed changes have been above the scope of an operating agency, and in those cases have been transmitted to the governor and legislature for consideration. Progressive modifications in NRS 702, documented by date, mark this process.

(8) 6(f). Engage in annual planning and evaluation with Housing Division

As enacted in NRS 702, there is an annual planning and evaluation process conducted jointly with the Housing Division, which has been implemented following the provisions of NRS 702.280.⁹⁴ Each State Fiscal Year can be viewed as an

⁹² In parallel to the Division of Welfare and Supportive Services effort through the Fund for Energy Assistance and Conservation, the Division has agreed to provide up to five percent of federal LIHEA funds to the Housing Division for the weatherization effort each year. This provision will become effective in SFY 2008.

⁹³ This is a change from \$2,500 (in early program years) to \$2,000.

⁹⁴ NRS 702.280 Coordination and evaluation of programs; duties of Division of Welfare and Supportive Services and Housing Division; submission of report to Governor, Legislative Commission and Interim Finance Committee. 1. The Division of Welfare and Supportive Services and the Housing Division jointly shall establish an annual plan to coordinate their activities and programs pursuant to this chapter. In preparing the annual plan, the Divisions shall solicit advice from knowledgeable persons. The annual plan must include, without limitation, a description of: (a) The resources and services being used by each program and the efforts that will be undertaken to increase or improve

annual program cycle. For each cycle an evaluation is conducted and there is a structured planning process resulting in the Program Plan for the following year.

2. *Review of Client Files*

The Energy Assistance Program is administered from two Division of Welfare and Supportive Services offices. The Carson City office serves Northern Nevada. The Las Vegas office serves Southern Nevada. Records were checked by drawing two systematic random samples of cases, one for the Carson City office and the other for the Las Vegas office.⁹⁵ In a careful examination of these client records (folders), we found no major problems with procedures used to carry out the Energy Assistance Program or in the calculations of appropriate assistance amounts.

Determination of Eligibility: All cases reviewed are in full compliance with subsection 3 of NRS 702.260 (eligibility). There are no errors in determining eligibility in the two-hundred and forty (244) cases reviewed. All approved cases were under 150% Federal Poverty Level and cases over 150% FPL were properly denied. One case was denied due to the heads of household being illegal aliens and also being under age eighteen, both requirements for denial under program guidelines. Three clients from SFY 2006 re-applied too early, and were correctly denied.

those resources and services; (b) The efforts that will be undertaken to improve administrative efficiency; (c) The efforts that will be undertaken to coordinate with other federal, state and local agencies, nonprofit organizations and any private business or trade organizations that provide energy assistance or conservation services to low-income persons; (d) The measures concerning program design that will be undertaken to improve program effectiveness; and (e) The efforts that will be taken to address issues identified during the most recently completed annual evaluation conducted pursuant to subsection 2. 2. The Division of Welfare and Supportive Services and the Housing Division jointly shall: (a) Conduct an annual evaluation of the programs that each Division carries out pursuant to [NRS 702.260](#) and [702.270](#); (b) Solicit advice from the Commission as part of the annual evaluation; and (c) Prepare a report concerning the annual evaluation and submit the report to the Governor, the Legislative Commission and the Interim Finance Committee. 3. The report prepared pursuant to subsection 2 must include, without limitation: (a) A description of the objectives of each program; (b) An analysis of the effectiveness and efficiency of each program in meeting the objectives of the program; (c) The amount of money distributed from the Fund for each program and a detailed description of the use of that money for each program; (d) An analysis of the coordination between the Divisions concerning each program; and (e) Any changes planned for each program. (Added to NRS by [2001, 3236](#))

⁹⁵ For this analysis, the evaluation team requested that the Division of Welfare and Supportive Services pull the cases from the files according to a random assignment. All files, including those with approved application and those with denied applications were included in the samples.

Fund for Energy Assistance & Conservation Energy Assistance Program (SFY 2007)				
Office	Client Applications			
	Initial Review Sample	Final Review Sample	Approved Cases in Sample	Cases Not Approved (%)
Carson City	125	122	98 (80%)	20%
Las Vegas	125	121	85 (70%)	30%
Total	250	243	183 (75%)	25%
<p>Note: Applications are shown for the office where processed. Cases are a systematic random sample of all cases for each office. Percentages are rounded to the nearest whole percent.</p>				

Table 28: Review Sample: Energy Assistance Program.

Case Documentation (Carson City): Of the 122 cases for Carson City, ninety-eight (80.3%) were approved. Of the twenty-four (19.7%) not approved, the reasons were:

- Information not sent by deadline (17 cases or 13.9% of all Northern Nevada cases);⁹⁶
- Over income (6 cases or 4.9% of all Northern Nevada cases);
- Illegal aliens and under age 18 head household (1 case or 0.8% of all Northern Nevada cases.)

Of those approved, for the clients who did not require a Request for Information (RFI) and subsequent return of response documentation, the mean time to approval by the Carson City office was 42 calendar days. For the clients for whom a Request for

⁹⁶ Failure to send by deadline is generally a large category by percentage of clients for low-income payment assistance programs. Low-income households are often “on constant overload” due to the press of life events and the lack of economic resources to adequately address them. Under repeated material, social and psychological stresses that come with living without sufficient income, it is sometimes difficult to respond with the sense of timing that might be typical of a middle-income or upper-income household. The percentage of cases in the Northern Nevada sample in which the client returns the required information, but it is received after the administrative deadline for response is almost 14%. For Southern Nevada, the percentage is 16.5%. This lateness may be due to poor timing or prioritization on the part of the client, or simply to the press of life events and the difficulty in locating records, getting them copied, and then mailed back to the Welfare Division. Also, for clients in rental housing, there is a noticeable tendency for some landlords to not provide necessary documentation to the client, or to provide it late.

Information was necessary, the average number of days to approval was 46 calendar days.⁹⁷ The goal is 30 calendar days.

Case Documentation (Las Vegas): Of the 121 cases for Las Vegas, eighty-five (70.2%) were approved. Of the thirty-six (29.8%) not approved, the reasons were:

- Information not sent by deadline (20 cases or 16.5% of all Southern Nevada cases);
- Over income (9 cases or 7.4% of Southern Nevada cases);
- Submitted too early (3 cases or 2.5% of Southern Nevada cases);
- Failure to respond to information request (4 cases or 3.3% of Southern Nevada cases).⁹⁸

Of those approved, for the clients whose applications were complete and did not require a Request for Information (RFI) and subsequent return of response documentation, the mean time to approval for the Las Vegas office was 54 calendar days. For the clients for whom a Request for Information was necessary, the average time to approval was 66 days.⁹⁹ The goal is 30 days.

Request for Information (Sent and Returned Late) (SFY 2007)			
Office	Client Applications		
	Final Review Sample	Request for Information Sent	Request for Information Late
Carson City	122	45 (37% of Cases)	17 (38% of Sent)
Las Vegas	121	54 (45% of Cases)	20 (37% of Sent)
Total	243	99 (41% of Cases)	37 (37% of Sent)
<p>Note: Applications are shown for the office where processed. Cases are a systematic random sample of all cases for each office. Percentages are rounded to the nearest whole percent.</p>			

Table 29: Request for Information

⁹⁷ All “number of day” calculations are calendar days, not business days.

⁹⁸ The other “Other” reasons are “Moved out of State (1) and “Too early to re-apply” (1).

⁹⁹ All “number of day” calculations are calendar days, not business days.

Uniform Application: In the judgment of the evaluators, all cases exhibited a sufficient amount of consistency to be considered uniform.

Advice & Planning: The Welfare Division and the Housing Division carefully coordinated activities and shared data to provide services during SFY 2007. Planning activity was jointly coordinated, as envisioned in the legislation for the program. There was also an active Advisory Committee, and consultation.

3. *Informal Compliance*

In general, based on participation in planning meetings and discussions with active advocates, the Division of Welfare and Supportive Services is meeting the informal expectations of the representatives of groups within the state that are actively concerned with program operation and the quality of service. There is a climate of general openness, a willingness to listen, and a cooperative orientation in the relationships of the Division with concerned organizations and individual advocates.

F. *Effectiveness & Efficiency*

The Program Year 2007 effort for State Fiscal Year 2007 is summarized in Table 31, which shows Energy Assistance Program funding and participation.

The Energy Assistance Program has been providing services with Universal Energy Charge funding since 2003, and the program is effective in delivering services. Within this general effectiveness, however, a continuing concern is the time it takes to process applications, an area in which management and staff are working to improve. An evident part of the “time to process” problem stems from the high number of applications that are not complete. There are generally more of these in the Las Vegas office. These cases require staff to send a request for information (RFI) for one or more items). Client turnaround of the requests to provide additional information often adds several days or weeks to the processing time of these cases, affecting the overall average processing time for all cases.

Also, responses are to be received within ten days. If the material arrives after the cutoff, the case may not be processed. There are exceptions made in cases in which the client documents inability to comply with the time window due to an external constraint (for example, if Social Security information must be added, the processing time from Social Security is generally longer than ten days). However, the client must communicate the situation to Division of Welfare and Supportive Services for additional time to be granted.

There is also a sense at Division of Welfare and Supportive Services (DWSS) that the program is no longer new and that clients should not receive different treatment

**DIVISION OF WELFARE AND SUPPORTIVE SERVICES
2007 ENERGY ASSISTANCE PROGRAM YEAR STATISTICS
July 1, 2006 through August 31, 2007**

CATEGORIES	STATEWIDE		By County			
	TOTAL	PERCENT	Clark	Percent	All Others	Percent
# HOUSEHOLDS APPLIED	26,607		15,315	57.6%	11,292	42.4%
# HOUSEHOLDS SERVED	18,166	68.3%	10,866	59.8%	7,300	64.6%
*Households with Elderly	7,524	41.4%	4,371	58.1%	3,153	43.2%
*Households with Disabled	8,746	48.1%	5,198	59.4%	3,548	48.6%
*Households with Children 6 and Under	4,226	23.3%	2,737	64.8%	1,489	20.4%
Households with None of the Above	8,654	47.6%	5,396	62.4%	3,258	44.6%
*Social Security Recipients	11,592	63.8%	6,762	58.3%	4,830	66.2%
*SSI Recipients	4,911	27.0%	3,242	66.0%	1,669	22.9%
*Earned Income	4,536	25.0%	2,566	56.6%	1,970	27.0%
*Other	8,106	44.6%	4,791	59.1%	3,315	45.4%
Households that Rent	14,165	78.0%	9,163	64.7%	5,002	68.5%
Households that Buy/Own	4,001	22.0%	1,703	42.6%	2,298	31.5%
House	4,870	26.8%	2,905	59.7%	1,965	26.9%
Mobile	2,571	14.2%	529	20.6%	2,042	28.0%
Duplex	570	3.1%	190	33.3%	380	5.2%
Apartment/Studio	8,935	49.2%	6,032	67.5%	2,903	39.8%
Condo	1,045	5.8%	818	78.3%	227	3.1%
Travel Trailer/Motor Home	125	0.7%	59	47.2%	66	0.9%
Rent A Room	26	0.1%	22	84.6%	4	0.1%
Other	24	0.1%	11	45.8%	13	0.2%
1-2 Person Households	12,104	66.6%	6,942	57.4%	5,162	70.7%
3+ Person Households	6,062	33.4%	3,924	64.7%	2,138	29.3%
0% - 75% Poverty	5,071	27.9%	3,136	61.8%	1,935	26.5%
76% - 100% Poverty	5,526	30.4%	3,230	58.5%	2,296	31.5%
101% - 125% Poverty	4,236	23.3%	2,480	58.5%	1,756	24.1%
126% - 150% Poverty	3,333	18.3%	2,020	60.6%	1,313	18.0%
*Households w/Electric Vendor	17,738	97.6%	10,841	61.1%	6,897	94.5%
*Households w/Natural Gas Vendor	9,268	51.0%	5,080	54.8%	4,188	57.4%
*Households w/Propane Vendor	959	5.3%	24	2.5%	935	12.8%
*Households w/Heating Oil Vendor	74	0.4%	0	0.0%	74	1.0%
*Households w/other sources of Energy	23	0.1%	0	0.0%	23	0.3%
TOTAL FAC PAYMENTS	\$14,535,315		<i>Data Not Available</i>			
Average FAC Payment	\$800		<i>Data Not Available</i>			
**TOTAL ARREARAGE PAYMENTS	\$1,537,258		<i>Data Not Available</i>			
*# of Recipients	3,370		<i>Data Not Available</i>			
Average Arrearage Payment	\$456		<i>Data Not Available</i>			
TOTAL ALL RECIPIENT PAYMENTS	\$16,072,573					
***UEC Recipient Expenditures	\$10,330,413		\$9,075,737	56.5%	\$6,996,835	43.5%
***LIHEA Recipient Expenditures	\$5,742,159		\$6,212,487	60.1%	\$4,117,926	39.9%
			\$2,863,251	49.9%	\$2,878,909	50.1%
# APPLICATIONS DENIED	8,443	31.73%	<i>Data Not Available</i>			
#APPLICATIONS PENDING (includes RFIs)	0	0.00%	<i>Data Not Available</i>			
CASE PROCESSING TIME IN WEEKS	6.8		7.4		6.1	

NOTE: Effective 4/2/07, the Las Vegas office serves Clark county, while the Carson City office serves all other counties. However, due to the large amount of applications that are received in the Las Vegas office, some Clark county cases will be processed in the Carson City office.

* These characteristics may include duplicate counts when appropriate (i.e., if a household member is elderly and disabled they are counted in both categories).

** The Arrearage Statistics Report is unavailable due to system modifications. Subsequently, we are unable to provide any statistics by county. The figures above are based upon a program year end ad-hoc report which reported the actual number of recipients and the total amount of arrears paid.

***The UEC and LIHEA Recipient Expenditure figures do not include any administration costs. They are direct service expenditures only. In addition, these figures do not include any funds returned by the energy vendors.

Corrected by J. Johnson 12-13-07

Table 30: Program Statistics for SFY 2007.

from clients in other DWSS programs. That probably is rational from an overall agency perspective. However, since the evaluation is confined only to the Universal Energy Charge programs, the evaluation team would like to see quicker turnaround of qualification results and as much time as necessary so long as the results to a RFI inquiry are received within three months. There is a legitimate concern at DWSS that waiting too long for results will cause other material in the application to become stale. Three months seems to the evaluators to be much more reasonable limit than ten days. In general, a file missing one piece of information has already been worked on by staff, and if the client finally submits the missing piece, processing should be completed. This is recommended on grounds of practicality and efficiency.

Recommendation 5: Process late cases. In the future, process cases in which responses to the Request for Information arrives late.¹⁰⁰ While processing these cases would result in denial of a small number, for the most part the missing piece of information required for certification is provided (though provided late). Change the actual response limit from ten days to three months.

Overall, for the random sample, “information received late” represents 15.3% of all cases. These cases are not processed to completion because the information arrives late. However, the information does arrive. This typically means that the client has located the missing information, arranged for it to be copied, and mailed to the Welfare Division, but the process has taken more than the administratively permitted number of days (10 days). For some clients, this process is a burden, since many clients are elderly and/or disabled. The limited time for response is considered a request for reasonably patterned responses from clients. Also, when an application is denied for sending in the required information too late, the client is free to begin the application process again, by filing a new application.¹⁰¹

¹⁰⁰ As specified in Section 2.17, Pending Information, of the Division of Welfare and Supportive Services *2008 Energy Assistance Program Manual*, “If all required proof or information necessary to determine program eligibility is not furnished with the application, a Request for Information (Form 2833-EL) is sent to the applicant clearly listing the outstanding information/verification needed and the due date for the information to be returned. The household is allowed a minimum of ten (10) working days to provide the verification. The applicant is required to postmark or fax the requested information by the deadline specified on the Request for Information form. If the due date falls on a weekend or holiday, the due date is extended to the next working day. If the information is not provided, postmarked or faxed within the specified time given, the application is denied. There are extenuating circumstances which can be taken into consideration for failure to provide requested information. They include, but are not limited to: hospitalization of a household member, family illness, being out of town, postal delivery problem, etc., and must be supported by bona fide documentation. Exceptions for non-compliance must be approved by the worker’s supervisor and noted in the EAP narrative.”

¹⁰¹ There is a provision for extending the return date, but it requires an additional request to the Division of Welfare and Supportive Services by the client: “When a household or individual is attempting, but is unable to provide the information by the date specified in writing, the due date can be extended to allow time for the additional information as long as the household has made contact with the program office prior to the RFI expiration date. The caseworker must document the new due date and the reason for the extension in the EAP narrative.” *2008 Energy Assistance Program Manual*, p. 8.

However, on balance, because the cases denied for late information represent embodiment of a substantial amount of staff time and client time in processing the case and securing needed information, it seems reasonable to recapture the effectiveness of the energy expended by processing the applications for which the missing piece of information is provided, even though the information is late.

Recommendation 6: Modify statistical accounting of staff performance.

The statistics kept to show processing time should be split into cases that do not require a subsequent Request for Information (RFI), and cases that require a RFI. Only the first class is a direct indication of the efficiency of the staff since processing time from date of application is fully within staff control. The second class consists of cases in which client response time is the major factor in processing time, and performance for this class should be accounted separately.

G. Staffing

Prior to the UEC, the Welfare Division operated the federally funded statewide program from Carson City with a staff of five state employees. The UEC brought a very substantial increase in caseload. Due to the need for a Las Vegas office to service the increased caseload for UEC, a Las Vegas office was opened.

For Program Year 2007, in addition to the Program Manager and a Program Officer, there were six Caseworkers plus two Clerical workers in Carson City. The Las Vegas office was staffed by a Supervising Caseworker, eight Caseworkers, and four Clerical staff. This number of positions and the mix of skill sets is appropriate to meet the caseload, though as noted elsewhere in this evaluation there is a continuing concern with the rapidity with which cases are processed. When the program was starting up in SFY 2003 and SFY 2004, many of the staff positions were established as contract positions rather than full civil service positions. During Program Year 2007 there was some progress in converting positions gradually to civil service rather than contract positions, though a number of contract positions remain.

Recommendation 7: Continue to propose moving contract positions to full civil service status.

H. Payment Behavior

This evaluation contains a fourth analysis of payments.¹⁰²

¹⁰² For the next few evaluations, each analysis will go deeper. As is usually the case with evaluations of complex programs dependent on multiple data bases (here, data from the different utility data systems) it will take several evaluation cycle to adjust data constraints and analysis methods to reach the optimal analysis.

For the Program Year 2003 evaluation data was not yet available.

In the Program Year 2004 evaluation, Nevada Power (n=175) and Sierra Pacific Power (n=138) households that received a fixed annual credit during Program Year 2003 were shown to have a meaningfully better percentage of bills paid in Program Year 2003 over the prior twelve-month period. For Nevada Power customers, fifty-three percent (53%) of the annual bill was paid prior to participation in the Energy Assistance Program and seventy-three (73%) percent during the year of program participation. For Sierra Pacific customers, fifty-nine percent (59%) was paid in the year prior to participation and 79% in the participation year. The weighted average of these results for both companies was fifty-six percent (56%) in the year prior to participation and seventy-four percent in the participation year.

In the Program Year 2005 evaluation (n=2,364), Nevada Power customers and Sierra Pacific customers together paid fifty-seven percent (57%) of their billed amount in the quarter-year prior to program participation. The Fixed Annual Credit (FAC) then created a positive balance in customer accounts that, on average, lasted through the next half-year following the FAC. After this positive balance ran out, in the third quarter only eight-seven percent (87%) of bill was paid. A few clients made regular payments during the months in which their account showed a positive balance due to the FAC conforming correctly to the way the program is supposed work when working optimally. For these clients, the FAC was enough, with their regular self-payments to take them successfully through the year, paying their utility bills. The average or "typical" client did not. However, the typical client did make up the difference brought their account to payment in full by the end of the year.

Also in Program Year 2005, clients receiving the minimum FAC payment of \$180 showed a different pattern. These clients paid an average of fifty-five (55%) percent of billed amount in the quarter prior to the program and fifty-six (56%) percent of billed amount in the quarter following the FAC payment. We can conclude from this that the minimum FAC payment does not have much effect on proportion of current bill paid.

In Program Year 2006, this payment pattern continued. Again the typical client did not pay the planned equal portion of their utility bill in months that their bills showed a positive balance. They then tend to pay their bill once the positive balance runs out so that, by the end of the year following the FAC payment they are still connected for utility service with bill payment fairly current. As noted in the program logic, a program goal is to encourage client to make regular monthly utility payments. However, unless clients are put special bills that ask for equal payment as a "please pay" amount each month, it is likely that client dollars, which are short in relation to needs will go for other bills when the utility bill shows a credit.

In Program Year 2007, this pattern continued as shown in the examples below.

Example 1	
Feb 2007	4,160.01
Mar	0
Apr	0
May	0
Jun	0
Jul	0
Aug	0
Sep	0
Oct 2007	204.36

Example 2	
Apr 2007	3921.04
May	0
Jun	0
Jul	0
Aug	0
Sep	0
Oct	0
Nov	0
Dec 2007	356.16
Jan 2008	510.62

Example 3	
Mar 2007	4,704.42
Apr	0
May	0
Jun	0
Jul	0
Aug	0
Sep	588.39
Sep 2007	-588.39

The utilities are trying to move Energy Assistance Program customers to an equal payment per month plan. If they are successful in this, it should change the typical payment pattern shown in these examples.

I. Energy Assistance Survey Results

This section of the evaluation presents looks at program effectiveness and at problems with the Energy Assistance Program as perceived from client perspectives. The mini-survey approach employs a very short survey form that is designed to be easy to complete in a very short amount of time.¹⁰³ The Energy Assistance (payment assistance) Program mini-survey was mailed to a random sample of five hundred households that were recorded by the Division of Welfare and Supportive Services as receiving assistance during 2006.¹⁰⁴ This section of the study reports on the results of the survey.

1. Summary Measures of EAP Effectiveness

Of the one hundred ninety-five Energy Assistance Program client households responding, about ninety-one percent (91%) were living in the same home.¹⁰⁵ About eighty-nine percent (89%) said they were having problems paying their utility bills when they received assistance.¹⁰⁶ Slightly over ninety-eight percent (98%) said that the energy assistance program was helpful in paying their utility bills, and slightly over eighty-one percent (81%) said that the Energy Assistance Program helped them to pay for other household bills, such as food bills, medical bills, and bills for medical prescriptions.¹⁰⁷ These results indicate that the Energy Assistance Program is well targeted.

¹⁰³ Mini-surveys are targeted to develop simple proportions, rather than complex multivariate analysis. See Finsterbusch, Kurt, "Demonstrating the Value of Mini-Surveys in Social Research," Pp. 117-136, *Sociological Methods and Research*, Vol. 5, No. 1, August 1976.

¹⁰⁴ The evaluation team sent two-hundred and fifty surveys to Division of Welfare and Supportive Services clients in Northern Nevada and the same number to payment assistance clients in Southern Nevada. Each was sent with a survey form (see Appendix to this report), a cover letter from Dr. Peach, and a stamped return envelope addressed to the evaluation office. Of these, one hundred and ninety-five (39%) were completed by clients and returned. A sample from the 2006 program year is used to insure representation from a full program year in this (2007) report.

¹⁰⁵ The percentage of households that move each year is much higher than this. A large number of the mini-surveys were returned by the post office due to household moves.

¹⁰⁶ Why is this not one-hundred percent? Probably, this reflects the year-around operation of the program. When some households begin to receive assistance it is in the months when seasonal bills are lower and they can manage, while high bills that they cannot manage occur in the winter in the North and in the summer in the South.

¹⁰⁷ This is consistent with results of other studies which document the pattern, especially for senior citizens, to pay mortgage or rent and utility bills first, then skip required medicine and medical visits and cut back on food to make income stretch.

2. Client Perspectives on Problems of EAP

Households that answered the survey were asked if there was anything about the program that was a problem, and for any change that could make the program better. Responses are listed below, and have been grouped by area (Table 31).

SURVEY RESULTS BY PROBLEM AREA		
Area	No.	Percentage
No problems & no changes suggested	105	54.8%
Timing	43	22.1%
Amount of assistance	32	16.4%
Concerns regarding staff	9	4.6%
Problems with the low-income guidelines	5	2.6%
Time to find and reply for missing information	2	1.0%
Other problems	11	5.6%
Other needs	7	3.6%

Table 31: Client Survey Results.

As shown in Table 31, almost fifty-five percent (55%) of households responding to the mini-survey did not mention any problem or suggest any changes to the Energy Assistance Program. Two primary problems were indicated, based on the number of responses in each area:

- About twenty-two percent (22%) mentioned a problem having to do with program timing. These responses in the area of program timing fell into three subcategories: (a) problems with the amount of time it takes to process applications, (b) failure to receive notification for re-enrollment, and (c) problems with the way the program works as a program year ends and the household must reapply (timing for reapplication).
- In addition, slightly over sixteen percent (16%) reported problems with the amount of assistance.

Beyond these two main problem categories of timing and dollar amounts, small percentages of clients responding mentioned concerns with staff, problems with eligibility guidelines, the deadline for providing missing information, and other problems (related to the program or to energy) or other needs (not directly concerned with the program or with energy).

a) Timing of Assistance

There were a number of client comments about processing taking more time than seemed reasonable. The goal is thirty days (30 days) from completion of a full application to placement in the program. However, when some piece of information is not available to complete an application, a request for information is sent and the client must respond with the information within a defined time period. This can add days to processing that are outside staff control. Also, the Las Vegas office fell behind in processing at times and (during those periods) applications were generally delayed. The Carson City office had better turnaround.

PROBLEMS WITH PROCESSING TIME (9.7%)
Maybe not have to wait so long for a response, but I understand that you are processing high volume statewide. We appreciate your services.
It should take only 30 days, as I was told, instead of two or three months to be approved.
More rapid assistance
The time it takes to get the paperwork done, through the system.
There was a long delay the first time I applied (4 months).
Two years ago they said I was eligible for assistance beginning in October of that year and that I would be eligible every twelve months from thereafter. However, when I re-applied the following October, representatives from the Energy Assistance Program said I was not eligible for assistance until December (a loss of two months). Now, this year, representatives say I am not eligible for assistance until February of 2008! (A total loss of another two months). I asked the representatives why the delay again--another wait of 14 months. Their answer was: "It takes two months to process and application."
Expedite the approval process.
Decrease the time it takes to be accepted from the time of the application.
Need to fix the timing on processing applications. If they run behind then our application gets done later each year.
It takes way too long to get the benefits after you apply. It is rather inconvenient getting it four months after you apply. I never received my renewal, so I went down to get the application and had to stand in a long line.
Because there were so many people in need of help, it took a couple of months to be settled. I thank EAP for their help and Nevada Power for the courtesy they showed in waiting for payment.
I sent my application over three months ago and when I called recently they said they are 45 to 60 days behind. I am three months behind on my energy bill (\$800) when I make \$474.40 per month from SSI. My daughter's SSI covers the rent of \$625. Please help us as my daughter sleeps on oxygen. She has leukemia and sleep apnea.
It takes awhile for it to kick in once you are approved. Please expedite the process.
The Energy Department should not be running three months behind.
Make the waiting period shorter for people that can't wait 5 or 6 weeks - a fast track option for people about to have their power shut off.

The only problem is that verifiable disabled and seriously ill people should not be penalized for 3-4 months until their assistance can be reviewed, because they can't pay the required monthly amount. I will have to pay from 12/07 to 3/08 when it is coldest and bills are highest and cannot get chilled.

Approximately a one-month wait.

My assistance did not come until June when it was already hot and I had paid two months of higher electric bills that I could not afford. I had to cut my groceries to \$20 a week.

Table 32: Processing Time.

In addition to problems with processing time, a number of clients reported that they did not receive a notification to re-apply for the following year, or that the timing of receipt of the notification was awkward (Table 33).

NOTIFICATION (7.2%)
Could they mail the next application to me in time to get the copies of things that I need.
Send a notice of when to apply. Give a phone number to use to check status of application.
Be a little faster of getting paperwork out for a person's eligibility for the next year they qualify.
Not being notified when I am eligible to reapply. In old age, you have a poor memory.
Once a year is past since my last assistance, they don't send the application on time like they say. I always have to call. This makes me late applying. Also, I don't think it should take 40-45 days to decide whether you are approved or not.
Send out renewal application automatically.
Problem in renewing the application
Sometimes the application arrives and sometimes it does not.
They did not send me an application last year. My daughter had to go and get one. I haven't received one yet this year.
This year I didn't get any papers to fill out and so I phoned and they promptly sent it, but then it was October. I am waiting for my SSI so I can pay my propane bill.
Speed up the application process. I asked the representatives to send me my application papers two months earlier to allow time for them to process my application -- they refused! As a result, me and everyone else are not eligible for help every twelve months -- it is now fourteen months! That is not what the original contract said!
Need the application earlier.
Notification should be made in advance and all eligible seniors should be made aware.
When the annual program begins, no notification is mailed unless inquiry has been made in advance.

Table 33: Notification Problems.

A related timing issue for clients who are completing a program year is the timing of reapplication. Some of these problems represent client confusion about the nature of

the program. The program was not designed to pay the full energy bill, but only a correctly determined portion. Some clients are looking for help with the total energy bill.

Also, some clients would prefer the program to emphasize the summer season; some the winter season, so that months of highest energy use are covered. This problem is made more difficult if a client does not pay the expected monthly amount and coverage runs out in six or nine months.

TIMING TO REAPPLY (5.6%)
The energy assistance has helped a lot but around November and December it is awfully cold and my assistance does not pick up until February, so I have a hard time paying my utilities. Change the assistance to the very cold months.
If we could reapply before winter (October perhaps).
The problem is waiting so long before you can apply. Winter is almost over.
Keep the application month the same. Apply a month before the one day/evening per year. I prefer September. The program keeps changing the date for application, every year it is a month later. It is the propane I'm concerned about in the winter especially -- harder to get around to apply.
Have to wait too long to reapply for assistance -- more than one year.
I would much prefer to get the program in February as I originally did. They lost one application I sent two years ago and now I have to apply later. Can I move back to applying in February? I am 89 and need to do this.
The program should provide a benefit twice a year.
I would like my benefits to start during March, not September or November. I paid too much for electric in the summertime.
Last year we applied in October and this year we were told we could not apply until November 7th. This makes a hardship on us because the high energy bills start in October. Then it takes a month before we get approved, so it is not available until December 1.
Let me apply earlier than May.
Let people apply early in the fall, and speed up the processing of the application.

Table 34: Problems in Timing of Reapplication.

A few clients perceive the waiting period until they may submit a new application as a penalty levied against them for non-payment. Some may not be able to make their expected payments. However, in part, there is also a built problem in that though the program is designed to operate from year to year, there is generally a break of at least one month between the close of a participation year for the client and the beginning of a new one. Sometimes this break may be two, three, or four months due to problems of processing, notification, and reapplication. Clients would like to have no break in participation.

Together, the three kinds of timing problems (processing, notification, and reapplication) can cause substantial cost to the client because the client must pay full energy bills for the periods between their participation years. Energy bills follow energy use in seasonal patterns. When these periods outside the Energy Assistance Program are from one to four months in duration and occur in the summer in Southern Nevada or in the winter in Northern Nevada, the household energy payment situation can become difficult.

b. Dollar Amount of Assistance

Problems with the dollar amount of assistance (Table 35) are linked to rising energy costs.

AMOUNT OF ASSISTANCE (16.4%)
Increase the assistance amount.
More money. It runs out after nine months.
Every year the utility company gets more raises, but the energy assistance does not help with the increases. Is there any way possible that the energy assistance could go up each time they raise the rates?
Maybe make it two payments, once in the middle of winter and once at the end of summer.
Increase the monthly allowance.
Energy allowance is too small
The assistance amount is decreasing while energy cost is going up.
The benefit amount is not enough -- utilities have skyrocketed
Set the assistance amount slightly higher.
Can you help more to pay the bills?
They do not give me enough assistance for gas and electric.
More assistance would be appreciated. I am 80 and handicapped.
We just wish they could pay more on our light bills (lights went up again).
They reduced the payment from \$1800 last year to \$1400 this year. This makes me come up with an extra \$20 per month in payment. This makes me struggle to get through the month.
Energy is going up. Thanks for the assistance, it is just not enough.
Very grateful, don't know what we would do without the program. Have a concern that general bills increase while benefit decreases.
The Energy Assistance Program should help people for a longer time.
It was so helpful to me. I now have a \$300 balance with the power company that I can't pay at this time so I don't know what I am going to do.
Does not pay enough for power. The assistance should be higher.

I am a senior citizen with a limited income from my retirement. It is true that I received assistance from Energy, but still is not enough especially when summer comes. I paid a huge electric bill because my benefit only lasted six months, even though I tried to control and make the benefit last seven months. My benefit starts after summer and I do not use much electric in the wintertime.
I could use more assistance with my utility bills because what I am receiving doesn't last all year.
More financial assistance is needed.
It helped me catch up on the energy bill, but help was needed afterwards and was not available.
Help older people with more assistance to them and less to the power company. I don't understand how I could get more for energy assistance and then get more than a \$30 raise for my part of the bill. It is like I don't get any assistance at all.
I am not only disabled, but in 2/07 was diagnosed with breast cancer that cannot be treated due to my previous cancer, so am under palliative care and might soon need oxygen. Because of my illness I was unable to pay the \$109 a month. The grant I received is almost gone and we are into cold winter weather - because of non-payment, my grant won't be renewed until March of 2008. I am verifiably ill and wonder what I am going to do.
It is not enough. The problem is the amount of the bill.
It is only good for a short period of time
I wish my assistance amount was better this year because I know my gas bill will be a lot this year, and I only get \$58.32 for gas and \$58.32 for electric. But I am grateful for what I get because it helps a lot.
I would like more assistance as the bills are too high to pay on time (I am a senior).
My assistance was less than one half of previous years. I am disabled.
My assistance goes down each year while the cost of living goes up. I still appreciate any help, greatly. Thank you.
My income cannot afford the bill and I am getting a loan just to pay the electric bill. My credit is failing and I don't want to pay high interest rates but I don't have any way to cope to pay high electric and don't want it to be cut off. Also, my benefit decreases every year. Even my retirement increased from \$20 to \$26 each year, but the decrease in my (energy) benefit was more that I was raised on the SSI benefit.

Table 35: Rising Utility Bills vs. Assistance Amount.

Clearly, based the fundamental resource constraints, energy bills can be expected to continue to rise. The future of energy is unlikely to reflect the declining prices past or slowing rising costs, even though that model is built in to most cost-effectiveness models. Instead, some of the alternative scenarios that represent extreme cases (for example, loss of snow pack) have a near certain higher probability.¹⁰⁸ And, with a

¹⁰⁸ For example, the award winning “DSMore” has been designed to incorporate 8760 hourly load profiles, weather effects, covariance of prices and loads, and non-energy benefits for DSM benefit-cost estimation. While still within a traditional costing framework, it can be used to reflect market pricing. Because it takes more variation and probabilities of extreme events into account it often projects higher benefits than prior calculating methods. This is an example of the beginning of shifts in calculation algorithms that will eventually tie in explicitly and quantitatively to the environmental problems and consequent resource constraints and unusual events that are likely over the next half-century.

worldwide effort to construct energy plants, the competition for materials and technical services has been increasing rapidly. At the same time, the Nevada Energy Assistance Program is the most adequate in the US, for people who are participating in the program. It is likely that some of the concern about assistance amounts represents a focus on energy that is really due a more diffuse general price rise as effects of rising energy cost are reflected throughout the economy. That is, when people say they are having increased problems with their gas and electric bills, this reflects a general rise in the price of food, medicine, health care, and other factors and only partially direct costs of natural gas and electricity

c. Concerns with Staff

Four of the nine comments regarding concerns with staff (Table 36) are suggestions to expand staff. The other four are concerns with service.

CONCERNS WITH STAFF (4.6%)
The arrears program was declined. However, no explanation given or could I get an answer. Note: I have not gotten an arrears agreement.
Make sure the staff is courteous and friendly whether a person qualifies for assistance or not. Staff should try and answer the questions presented to them as best they know how. Thanks for allowing me to express my point of view.
In the past there was a clerk who looked over the application with me to make sure it was filled out correctly. This time they just took my paper work and no one went over it with me. All paper work submitted should be checked over with the applicant to make sure all questions are answered completely.
I called to have them send me an application for energy assistance which I never received. I finally gave up. I am not on welfare
I cannot get them to help me
Because Nevada is growing, maybe they need more help to process the forms.
I don't believe you should have to fill out an application every year if your address is the same. The approval would be faster.
The department should have more people working. The workers have too many files to handle and are way understaffed. The program needs to be extended due to the continuous growth in Northern and Southern Nevada.
Hire more people to efficiently process the applications.

Table 36: Concerns Regarding Staff.

d. Other

A small percentage of clients voiced problems with the low-income guidelines that determine qualification for participation in the Energy Assistance Program (Table 37). Most households that have problems with the income guidelines are not reflected here since they would not have been eligible for program participation.

LOW-INCOME GUIDELINES (2.6%)
Re-evaluate the low-income guidelines.
Increase the income amount so seniors like me would qualify for a little more. I worked hard all my life and am no longer able to, so it is hard to pay for medicine and food, but I understand you must have a basis to qualify.
I think people who are not on assistance and barely making it should be eligible.
Could use a little more assistance. It is hard when you are caught between income guidelines.
I applied this year and they said I wasn't eligible. When I got it before, I was on Section 8 but now that I am not on assistance and paying more for rent, I wasn't eligible for the program.

Table 37: Income Guidelines.

One percent of households responding to the Energy Assistance Program mini-survey mentioned the problem of the time requirement for responding to a request for more information (Table 38). Again, households screened out because they sent required information in beyond the deadline are not reflected in this table.

TIME TO RESPOND WITH FULL INFORMATION (1.0%)
I think more time should be allowed to turn in the requested information.
The application process was difficult. They did not give sufficient time for me to turn in the requested proof. I was one day late and they denied me. I had to appeal. When I did that they just went ahead and approved me.

Table 38: Time to acquire and supply missing information.

In addition, there are a set of individual responses indicating unusual problems which may reflect unique cases. Individual responses that relate to the program or to energy are shown in Table 39.

OTHER PROGRAM OR ENERGY PROBLEM (5.6%)
Because we moved, our power assistance switched over. But the gas didn't and took three months to kick-in. In winter that's a bad thing.
Southwest Gas keeps sending me a rebate that is from Energy Assistance and I have to take the checks to them.
My food stamp social worker took it upon himself to stop my food stamps and turn me in to SSI Disability which is still docking me every month since I got the check from you. I am a cancer and chemotherapy victim.
I am unable to get assistance with weatherization because I do not have documentation that I own my mobile home. I didn't purchase my home. I was given the home in exchange for moving it off the previous owner's property. The previous owner didn't have proof of ownership either so now I can't get help with weatherizing. In the situation of mobile homes there should be some mechanism to make exception in the proof of ownership rules.
It would be nice if the energy (lights) could be set at a fixed bill, because being on low income, disabled, and with six children in the home, a \$200 to \$270 bill is costly. I thank God for this program. It is a blessing.
[Our] heating appliance is 30 years old and far from efficient. Assistance in replacement would surely reduce energy cost.
Utility accounts already have to be established. The EAP does not help those who need assistance with deposit amounts.
Replace old ACs that are not energy efficient.
Maybe you could see if there can be more assistance for those who are on oxygen. I have problems paying the electric bill because of the oxygen and have to cut back on eating the right foods to pay the bill. Your program is excellent - thank you.
I need a blanket for the hot water heater.

Table 39: Other program or energy problems.

In addition, a few clients mentioned that they would like a similar program for water bills and phone bills. And a few mentioned other needs for rent assistance, assistance with food bills, and with bills for medicines.

3. Summary

Performance on the measures for effectiveness in targeting the Energy Assistance Program are very good, showing that the clients are finding help from the program for their energy bills, and a larger percentage (81%) said the program also helped them stretch to pay their bills for food, medical care, and prescriptions. At the same time, perceptions of problems and areas in which the Energy Assistance Program should be improved were largely concerned with timing issues (notification, processing time, and reapplication) and with the amount of payment in the context of rising energy costs.

- As discussed in other parts of this report, management and staff have been working on the timing issues.
- In the case of the assistance amount issue, It is likely that since the general economy is experiencing inflationary pressures and cost of energy will also continue to rise, that amount of assistance will continue to be a client concern into the future. At the same time, management and staff have been working to educate clients on their responsibility to make monthly payment amounts to insure that program assistance will last for a full year. Realistically, though, not all clients are able to make these customer payments. Also, as new household come into the program the education effort is continual to insure clients understand their responsibilities.

FISCAL ANALYSIS

The Universal Energy Charge (UEC) was established by the 2001 Nevada State Legislature, and became effective during State Fiscal Year 2002.¹⁰⁹ The first real program year was SFY 2003. The fiscal analysis for this evaluation is focused in the evaluation window for the report, State Fiscal Year 2007.¹¹⁰ This section of the report relies on by the Nevada Public Utilities Commission, the Division of Welfare and Supportive Services and the Housing Division.

A. *The Charge (UEC) and the Fund (FEAC)*

There are two high-level fund categories:

- **UEC:** The Universal Energy Charge (UEC) represents total collections of the Universal Energy Charge.¹¹¹ Collection is an operation completely separated from program administration. It is separately administered by the Public Utilities Commission. The Public Utilities Commission began to receive Universal Energy Charge payments in the fall of 2001 (early in SFY 2002). Amounts collected are periodically reconciled and then transmitted to the Accounting section of the Welfare Division.

¹⁰⁹ Collection for the UEC was fully functional in SFY 2002, but the programs were not yet functioning under the new designs and were only starting up. The legislation specified that the new program designs would become effective at the start of SFY 2003.

¹¹⁰ Beginning July 1, 2003 and ending June 30, 2004.

¹¹¹ Officially (NRS 702.100), "Universal Energy Charge" means the charge imposed pursuant to NRS 702.170.

- **FEAC:** The Fund for Energy Assistance and Conservation (FEAC) is maintained by the Accounting section of the Welfare Division. The FEAC is the UEC minus the administrative expense for the Commission. In addition, it includes any carry over funds from a prior fiscal year and any interest accrued. It is reduced by the amount of any refunds directed by the Commission.¹¹²

B. The Fifth Program Year (SFY 2007)

Since Nevada Revised Statutes 702 anticipated that the Welfare Division program would go into effect beginning with State Fiscal Year 2003, the perspective in the evaluation is that SFY 2007 is the fifth program year. SFY 2003 was the first full program year.

C. Collections (Public Utilities Commission of Nevada)

The Public Utilities Commission of Nevada (PUCN) is the locus of oversight responsibilities for regulated Nevada utilities. The agency has both investigative and enforcement powers. Commission responsibilities for the UEC include collection, refunds in accordance with legislative provisions, and investigation of collections matters and enforcement of collections matters to the extent necessary. Collections have proceeded smoothly. There has been no occasion for exercise of the Commission’s investigative or enforcement powers through the close of SFY 2007.

The Commission transfers funds to the Fund for Energy Assistance and Conservation (FEAC) which is administered by the Welfare Division. The Welfare Division accounting function then transfers funds to the Housing Division.

Universal Energy Charge (UEC)						
Line	Item	SFY 2003	SFY 2004	SFY 2005	SFY 2006	SFY 2007
		(\$)	(\$)	(\$)	(\$)	(\$)
1	UEC Receipts	10,653,628	11,219,024	11,630,353	12,043,756	12,387,853
2	PUCN Administration	(105,704)	(102,883)	(106,824)	(42,203)	(42,377)
3	Net to Welfare Division	10,547,924	11,116,141	11,523,529	12,001,553	12,345,476

Note: Information provided by PUCN.

Table 40: Top-Level Fiscal Perspective – Universal Energy Charge.

¹¹² Officially (NRS 702.040), “Fund” means the Fund for Energy Assistance and Conservation created by NRS 702.250.

Line 1: UEC Receipts. This is the total collected by the Commission for each fiscal year.

Line 2: Cost of Administration (Public Utility Commission). The cost of Public Utilities Commission administration of the UEC is capped at 3% of UEC receipts. Monies within this authorization that are not spent for PUCN Administration flow through to the FEAC.

Line 3: Net UEC for Transfer to Welfare Division. This is the yearly net amount transferred to the Fund for Energy Assistance and Conservation (not adjusted to account for UEC Refunds).¹¹³

D. The Programs (DWSS & Housing Division)

Overall program funding is shown in Table 41.

Fund for Energy Assistance and Conservation						
Line	Item	SFY 2003	SFY 2004	SFY 2005	SFY 2006	SFY 2007
		(\$)	(\$)	(\$)	(\$)	(\$)
4	Net from UEC (see note)	10,547,924	11,116,141	11,523,529	12,001,553	12,345,447
5	Interest Distribution	159,130	218,826	291,462	327,597	438,920
6	Refunds (Directed by PCUN)	0	(2,556)	0	(122,566)	(28,515)
7	Total UEC Revenue	10,707,054	11,332,411	11,814,991	12,206,584	12,755,852

Note: Information provided by DWSS. There is a \$29 difference between Line 3 (PCUN) and Line 4 (DWSS). This is negligible from an evaluation perspective.

Table 41: Fund for Energy Assistance and Conservation (FEAC).

Line 4: Net from UEC. This is the yearly net amount received by DWSS from PCUN. Once transferred to DWSS, the UEC funds become the Fund for Energy Assistance and Conservation (FEAC).

Line 5: Interest Distribution. This is the interest accrued on unspent FEAC funds.

Line 6: Refunds. Refunds are implemented by DWSS at the direction of PCUN.

Line 7: Revenue. This is the total new revenue for the FEAC programs administered by DWSS and Housing Division.

¹¹³ Refunds, as directed by the Commission and carried out by the Accounting section of the Welfare Division.

Welfare Division expenditure for the Energy Assistance Program is summarized in Table 42.

DWSS Energy Payment Assistance - Expended						
Line	Item	SFY 2003	SFY 2004	SFY 2005	SFY 2006	SFY 2007
		(\$)	(\$)	(\$)	(\$)	(\$)
8	DWSS FEAC New Revenue (line 7)	8,030,291	8,499,307	8,861,243	8,503,892	9,649,968
9	Reserve (from Prior Year)	4,785,180	9,423,147	14,224,098	10,379,148	9,667,728
10	Total FEAC Funding Available	12,815,471	17,922,454	23,085,341	18,883,040	19,317,696
11	Expenditures	3,392,324	3,698,365	13,357,064	9,215,312	11,858,208
12	Percent New Revenue Expended	42.2%	43.5%	150.7%	108.4%	122.9%
13	Percent Total FEAC Available Expended	26.5%	20.6%	57.9%	48.8%	61.4%
14	Carry Forward (to Next Fiscal Year)	9,423,147	14,224,089	9,728,277	9,667,728	7,459,488

Note: Information in this table provided by DWSS. The carry forward from SFY 2005 to SFY 2006 does not match the carry forward in SFY 2006 from SFY 2005 due to an excess draw of \$650,880 of UEC funds in SFY 2005.

Table 42 Amount & Rate of Expenditure (DWSS).

Line 8: DWSS FEAC New Revenue. This is the amount from Line 7, less the amount transferred to the Housing Division. For example, in SFY 2007 \$3,105,883 was transferred from DWSS to the Housing Division.

Line 9: Reserve. These are the funds carried over from the prior fiscal year.

Line 10: Total FEAC Available. This is the sum of FEAC New Revenue (Line 8) plus the Reserve (Line 9).

Line 11: Expenditures. This is the FEAC amount expended, for the DWSS Energy Assistance Program.

Line 12: Percent New Revenue Expended. This is the DWSS FEAC expenditure for the year expressed as a percentage of the FEAC New Revenue for the year (Line 11 divided by Line 8).

Line 13: Percent Total FEAC Available Expended: This is the DWSS FEAC expenditure for the year expressed as a percentage of the total FEAC funding available for the year (Line 11 divided by Line 10). Note that the percentage is increasing.

Line 14: Carry Forward. This is the amount carried forward to the next fiscal year.

Expenditure by DWSS by major budget category for the Energy Assistance Program is shown in Table 43. The major line item budget categories are those established in NRS 702.

DWSS Energy Payment Assistance - Major Line Items						
Line	Item	SFY 2003	SFY 2004	SFY 2005	SFY 2006	SFY 2007
		(\$)	(\$)	(\$)	(\$)	(\$)
15	Administration	101,475	152,033	400,711	460,500	590,575
16	Client Payments	2,967,640	3,350,212	12,533,566	8,373,617	10,967,510
17	Outreach	65,018	154,110	31,636	42,601	87,151
18	Program Design (including computer re-programming)	242,156	0	233,054	217,240	134,025
19	Evaluation	16,035	42,010	138,098	121,354	78,947
20	Total	3,392,324	3,698,365	13,337,065	9,215,312	11,858,208

Note: Information in this table provided by DWSS.

Table 43: DWSS Expenditure for the Energy Assistance Program by Major Line Item.

Information parallel to that provided for the DWSS Energy Assistance Program in Tables 42 & 43 is shown in Tables 44 & 45 for the Housing Division Weatherization Assistance Program.

Weatherization Assistance Program - Expended						
Line	Item	SFY 2003	SFY 2004	SFY 2005	SFY 2006	SFY 2007
		(\$)	(\$)	(\$)	(\$)	(\$)
21	Housing Division New Revenue from FEAC	2,676,764	2,833,102	2,953,748	3,027,075	3,105,883
22	Reserve (from Prior Year)	1,709,947	1,456,464	935,748	1,267,951	288,531
23	Used Vehicle Sales	0	0	0	40,520	0
24	Total FEAC Revenue Available for Weatherization Assistance Program	4,386,711	4,289,566	3,889,496	4,335,546	3,394,414
25	Expenditures	2,930,247	3,352,637	2,621,272	2,803,420	3,109,149
26	Percent New FEAC Revenue Expended	109.5%	118.3%	88.7%	92.6%	100.1%
27	Percent Total Available FEAC Funds Expended	66.8%	78.2%	67.4%	64.7%	91.6%
28	Carry Forward (to Next Fiscal Year)	1,456,464	936,929	1,268,224	1,532,126	285,265

Note: Information in this table provided by Housing Division.

Table 44: Amount & Rate of Expenditure (Housing Division).

Line 21: Housing Division New Revenue from FEAC. This is the amount from transferred by DWSS from FEAC to the Housing Division for the Weatherization Assistance Program. For Example, in SFY 2007 \$3,105,883 was transferred from DWSS to the Housing Division for the Energy Assistance Program.

Line 22: Reserve. These are the funds carried over from the prior fiscal year.

Line 23: Used Vehicle Sales. This was a one-time sale of older vehicles used in the Weatherization Assistance Program.

Line 24: Total FEAC Available for the Weatherization Assistance Program.. This is the sum of Line 21 through Line 23..

Line 25: Expenditures. This is the FEAC amount expended for the Housing Division Weatherization Assistance Program.

Line 26: Percent New FEAC Revenue Expended. This is the FEAC expenditure by the Housing Division for the Weatherization Assistance Program expressed as a percentage of the FEAC New Revenue for the year (Line 25 divided by Line 21).

Line 27: Percent Total FEAC Available Expended: This is the FEAC expenditure for the year expressed as a percentage of the total FEAC funding available for the year (Line 25 divided by Line 24). Note that the percentage is increasing.

Line 28: Carry Forward. This is the amount carried forward to the next fiscal year.

Major line items for the Housing Division Weatherization Assistance Program are shown in Table 46.

Weatherization Assistance Program						
Line	Item	SFY 2003	SFY 2004	SFY 2005	SFY 2006	SFY 2007
		(\$)	(\$)	(\$)	(\$)	(\$)
28	Administration	106,941	112,338	123,996	153,178	177,442
29	Housing Improvements, Weatherization, Energy Efficiency (Subgrantees)	2,772,464	3,072,121	2,400,138	2,546,387	2,846,957
30	Outreach	1,112	34,621	4,566	0	307
31	Program Design (including computer re-programming)	27,456	73,653	20,206	8,612	27,795
32	Evaluation	22,274	58,904	62,367	95,243	56,648
33	Total	2,930,247	3,351,637	2,611,273	2,803,420	3,109,149

Note: Information in this table provided by Housing Division.

Table 45: Housing Division Weatherization Assistance - Major Line Items.

E. Summary

In SFY 2007, the collection process continued to run smoothly.

Twenty-five percent of new funds each year continue to be allocated to the Housing Division Weatherization Assistance Program and seventy-five percent continue to be allocated to the WDSS Energy Assistance program in accordance with NRS 702.

Carry over funds continue to decrease for both the Energy Assistance Program and the Weatherization Assistance Program. Looking across the years, and given that program UEC funding came into place approximately one year before the programs were basically operational, the overall picture is one of progressive effectiveness and efficiency. The Housing Division Weatherization Assistance Program stabilized first, in part because most of its delivery structure was already in place in SFY 2003. The residual reserve carried over to the next fiscal year has reached a size that is approximately optimized given the uncertainties in the funding of the parallel federal Weatherization Assistance Program.

F. Recommendation

Recommendation 8: We recommend that the Division of Welfare and Supportive Services Accounting section and the Commission Staff responsible for the collection function re-establish the quarterly “true-up” meetings that existed at the start of the UEC collections, and continue to meet quarterly.

This quarterly meeting was an early tradition of the program, but has not been maintained as in earlier program years. It is a way to eliminate minor discrepancies between PUCN and DWSS numbers.

BEST PRACTICES COMPARISON

According to NRS 702.260(6)(a), The Division of Welfare and Supportive Services (DWSS) “[s]hall, to the extent practicable, determine the amount of assistance that the household will receive by determining the amount of assistance that is sufficient to reduce the percentage of the household’s income that is spent on natural gas and electricity to the median percentage of household income spent on natural gas and electricity statewide.” Through the fifth program year (SFY 2007), DWSS has implemented this central logic of the Energy Assistance Program.

However, beyond this central logic, NRS 702.260(6)(b) provides that the Welfare Division ... “[m]ay adjust the amount of assistance that the household will receive based upon such factors as: (1) The income of the household; (2) The size of the

household; (3) The type of energy that the household uses; and (4) Any other factor which, in the determination of the Welfare Division, may make the household particularly vulnerable to increases in the cost of natural gas or electricity."

As the Nevada UEC/FEAC/Energy Assistance Program goes forward, it will need to begin to either add funding or adopt control tools such as those listed in NRS 702.260(6)(b). This year for the "best practices" section of the evaluation, we review control tools used for Customer Assistance Programs (payment assistance programs) in Pennsylvania.¹¹⁴ The control tools used in Pennsylvania are designed to limit the cost of the payment assistance program by providing ways to limit assistance per household. In Pennsylvania, payment assistance is administered by the Pennsylvania Public Utility Commission and implemented directly through the utilities rather than through the Pennsylvania Department of Welfare. However, each type of tool implemented in Pennsylvania might be converted into a reasonable Nevada implementation.

(1) **Consumption Limits (Usage Cap).** Limits on energy consumption should be set at a percentage of a participant's historical average usage. A customer may be required to pay for the full cost of the energy used in excess of consumption limits. In addition, if consumption is not brought back within limits or if weatherization assistance is refused, the household may be terminated from the payment assistance program. Exemptions from this control feature are automatic if it can be documented that there has been an increase in household size, a serious illness of a household member, energy consumption outside the ability of the customer to control, or if the energy consumption calculation was based on the usage of a previous occupant.

(2) **Prohibition of Non-basic Services.** Especially during the now past deregulation era, some utilities began to offer value-added additional services outside regulated services. Participants in a customer assistance program are barred from subscribing to non-basic services from their utilities.

(3) **Benefit Caps:** The annual maximum customer assistance program benefit should not exceed \$1,000 if the customer heats with natural gas or \$1,800 if the customer heats with electricity. These maxima were established specifically for Pennsylvania and are adjusted each year using the consumer price index (CPI).

(4) **Minimum Payment Terms:** A minimum regular monthly payment may be set as a condition for continued participation in a payment assistance program.

¹¹⁴ In Pennsylvania, payment assistance programs are under the jurisdiction of the Pennsylvania Public Utility Commission, and structure and rules are documented in 52 PA Code, Chapter 69. The control features are listed in §69.265 after "CAP Design Elements." In Pennsylvania payment assistance is operated through the utilities and guided by the Bureau of Consumer Service section of Commission staff, consistent with state code.

APPENDIX 1. SFY 2007 (PROGRAM YEAR 5) RECOMMENDATIONS

General

Evaluation Recommendation 1: Modify NRS 702.010 to include both the fixed and variable components of commodity cost, continuing to exclude fees and penalties. (See Page 5)

Recommendation 2: In the current (SFY 2007) evaluation, we recommend moving eligibility higher to 80% of state median income (using as a guide the upper limit of eligibility for public housing, as defined by the Department of Housing and Urban Development). This goal has the disadvantage that it does not correspond to current federal legislation governing the federal Low-Income Home Energy Assistance payment assistance and Weatherization Assistance Programs. It has the advantage of corresponding the federal Department of Housing and Urban Development (HUD) definition of the upper income limit for eligibility for public housing and is computed and updated by HUD for each state by local area each year. (See Page 15)

Housing Division

Recommendation 3: We recommend designation of a repair fund outside other cost-effectiveness considerations or tests to meet this real need in rural and older homes. It could also cover some similar, but smaller, costs for non-rural Nevada homes. The basic need is to establish a separate fund for these real needs that is governed by different rules than the weatherization program itself. This could be addressed by proposal to the legislative committees. (See Page 48)

Recommendation 4: The Housing Division, PCUN Commissioners, and the utilities should explore the development of a low-income program variant of the "Total Resource Cost" test that would permit the utilities to leverage on the value of the state's weatherization program without the separate state costs being included in the test. This would follow the proposal of Ernest Nielsen¹¹⁵ and a cost allocation model developed at Oak Ridge National Laboratory. (See Page 49)

¹¹⁵ Ernest K. Nielsen, Attorney, Senior Law Project, Washoe County Senior Services.

Division of Welfare and Supportive Services

Recommendation 5: Process late cases. In the future, process cases in which responses to the Request for Information arrives late.¹¹⁶ While processing these cases would result in denial of a small number, for the most part the missing piece of information required for certification is provided (though provided late). Change the actual response limit for clients from ten days to three months. (See Page 74)

Recommendation 6: Modify statistical accounting of staff performance. (See Page 75)

Recommendation 7: Continue to propose moving contract positions to full civil service status. (See Page 75)

Recommendation 8: We recommend that the Division of Welfare and Supportive Services Accounting section and the Commission Staff responsible for the collection function re-establish the quarterly “true-up” meetings that existed at the start of the UEC collections, and continue to meet quarter. (See Page 94)

¹¹⁶ As specified in Section 2.17, Pending Information, of the Division of Welfare and Supportive Services *2008 Energy Assistance Program Manual*, “If all required proof or information necessary to determine program eligibility is not furnished with the application, a Request for Information (Form 2833-EL) is sent to the applicant clearly listing the outstanding information/verification needed and the due date for the information to be returned. The household is allowed a minimum of ten (10) working days to provide the verification. The applicant is required to postmark or fax the requested information by the deadline specified on the Request for Information form. If the due date falls on a weekend or holiday, the due date is extended to the next working day. If the information is not provided, postmarked or faxed within the specified time given, the application is denied. There are extenuating circumstances which can be taken into consideration for failure to provide requested information. They include, but are not limited to: hospitalization of a household member, family illness, being out of town, postal delivery problem, etc., and must be supported by bona fide documentation. Exceptions for non-compliance must be approved by the worker’s supervisor and noted in the EAP narrative.”

STATE FISCAL YEAR 2007 EVALUATION
OF THE NRS 702

**ENERGY ASSISTANCE PROGRAM
&
WEATHERIZATION ASSISTANCE PROGRAM**