SFY 2009 Evaluation: Energy and Weatherization Assistance Programs

Prepared for the State of Nevada

by

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TABLE OF ACRONYMS

APPRISE *Applied Public Policy Research Institute for Study and Evaluation*

ARRA *American Recovery and Reinvestment Act*

BPU *Bureau of Public Utilities (New Jersey)*

BWR *Building Weatherization Report*

CARE *California Alternate Rates for Energy*

CO *Carbon Monoxide*

DOE *Department of Energy*

DSM *Demand Side Management*

DWSS *Division of Welfare and Supportive Services*

EAP *Energy Assistance Program*

FAC *Fixed Annual Credit*

FEAC *Fund for Energy Assistance and Conservation*

FPL *Federal Poverty Level*

IPV *Intentional Program Violation*

IT *Information Technology*

kWh *Kilowatt hour*

NHD *Nevada Housing Division*

NRS *Nevada Revised Statute*

NRHA *Nevada Rural Housing Authority*

LIHEAP *Low Income Home Energy Assistance Program*

PIPP *Percentage of Income Payment Plan*

POB *Percentage of Bill*

PUCN *Public Utilities Commission of Nevada*

RFI *Request for Information*

SFY *State Fiscal Year*

SIR *Savings to Investment Ratio*

SSN *Social Security Number*

TRC *Total Resource Cost*

UEC *Universal Energy Charge*

USF *Universal Services Fund (New Jersey)*

WAP *Weatherization Assistance Program*

INTRODUCTION

The Weatherization Assistance Program (WAP) and Energy Assistance Program (EAP) are funded jointly by Nevada's Universal Energy Charge (UEC), which was established by the 2001 State Legislature and became effective during State Fiscal Year (SFY) 2002.[1] The first full program year was SFY 2003. The legislation establishing these programs requires an annual evaluation of program efficacy and compliance with legislative requirements. WAP and EAP jointly hired H Gil Peach & Associates and Smith & Lehmann Consulting to conduct this evaluation for the 2009–12 fiscal years. This report represents the first in a series of annual reports that will evaluate program impacts both cross-sectionally and longitudinally. Since the time frame for data collection for this report was highly compressed, this report should be considered a snapshot of program progress and accomplishments. Future reports will include more comprehensive data collection efforts.

The UEC is one of several state energy-assistance funds established over the past 13 years. It logically remedies a severe problem of many Nevada households: the inability to pay for the energy necessary to meet basic household needs—such as moderating natural temperature extremes though home heating and cooling—due to rising energy costs and declining real incomes. In the northern Nevada winter or the southern Nevada summer, ability to secure adequate heating and cooling can be a matter of life and death. Federal Low-Income Home Energy Assistance (LIHEAP) funds, also used for these purposes, always fall 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 northeastern U.S.

Universal Energy Charge

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

1. **Requiring a "Pay In."** It is necessary to pay in to 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 that combines self-reliance with the community pulling together when necessary. (Federal funds and some other state funds are used to the extent available to help households not paying in to the UEC.)

2. **Recognizing the 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 a temporary problem for some households but a chronic problem for others due to insufficient wages for full-time work, accidents, illnesses, and other causes.

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

3. **Establishing Realistic and Fair Assistance.** By setting the UEC payment assistance at the level of the Nevada median household energy burden, the UEC establishes a realistic and fair 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, and the portion above 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 (FPL). Calculations by the evaluation team indicate that the current actual breakpoint for income insufficiency in the United States is 250-350% of the poverty level for most families (a point of increasing consensus arrived at in different studies around the country); some other states are now employing levels of 60% or 80% of state median income, 175% of poverty, 200% of poverty, or 250% of poverty. While 150% was a reasonable level to start the program, eligibility now should be adjusted upward to fit actual need.

5. **Understanding the Long-Term Problem.** Unless a dramatic turnaround occurs in the provision of living-wage jobs (jobs that can support a family, including some provision for meeting medical, transportation, and retirement needs), increasingly large numbers of U.S. households—including those with full-time workers and a good history of bill payment and work discipline—will be unable to 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, either for current households or for newer households as they are formed. For low- and moderate- to upper-middle-income households, real income likely will continue to decline. UEC payment assistance is therefore essential, picking up the part of the energy burden that is higher than that of the median Nevada household.

6. **Recognizing the Benefits of 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. A one-time investment of weatherization, combined with occasional minor maintenance, is designed to provide a *cost-effective* return on investment over 10 or more years. The *investment* nature and the cost-effective return for the "weatherization package" as a whole define the essential characteristics of the Nevada Housing Division (NHD) portion of Nevada's UEC fund.

Weatherization Assistance

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. While funding comes primarily from Nevada's UEC as provided by Nevada Revised Statute (NRS) 702, WAP is administered by the NHD within the Department of Business & Industry. Although utilities may "red tag" a dangerous furnace leaking carbon monoxide to render it inoperable, NHD is the only agency in the state that provides emergency replacement of failed heating and cooling equipment to the resident. Other agencies would require that the resident take out a loan to replace equipment, and therefore could not act in time to ensure health and safety. Also, equipment

replacement loans typically are not available to, nor repayable by, low-income households because of the resident's financial situation.

NHD coordinates funding from the Nevada Fund for Energy Assistance and Conservation (FEAC), with a smaller amount of federal funding received from the U.S. Department of Energy (DOE). In addition, NHD sometimes can assist with Housing Trust Fund monies or other limited funding.

Energy Assistance

EAP helps eligible households pay utility bills. The program is not designed to pay the total cost of energy; each household is responsible for paying a balance.

EAP-eligible households receive an annual benefit (credit), which is paid directly to their energy providers.[2] The program year corresponds to the state fiscal year, which begins each July 1. Applications are accepted through June 30 or until funds are exhausted, whichever comes first. Prior-year recipients may not reapply until approximately 11 months after receiving their last benefit.

Payments from FEAC are keyed to the state median household energy burden; that is, the percentage of household income that the median-income Nevada household pays for its energy bills. The median is updated yearly. Although more steps are involved, these are the primary steps in calculating a household's Fixed Annual Credit (FAC):

1. **Identify Household's Annual Gross Income.** This is performed by the Nevada Division of Welfare and Supportive Services (DWSS), which then applies the median energy burden percentage to determine the amount the household is expected to pay.

2. **Identify Household's Annual Usage in Dollars for All Energy Sources.** During the application, DWSS determines the total annual cost of energy use for the household (including, for example, natural gas, electricity, wood, oil, propane, and kerosene). DWSS generally requests the client to show bills, or it may receive copies of bills directly from energy-supply companies. Applicants are expected to help DWSS obtain billing records when necessary.

3. **Calculate the Difference.** For SFY 2009, if the household's annual dollar usage is greater than the state median percentage of household income, the difference (in dollars) is the Fixed Annual Credit. If the result of the calculation is less than $180, the result is set equal to $180, the minimum payment for eligible households.

Only customers of utilities that require customers to pay the UEC added on their monthly bills are eligible to receive help from FEAC. However, the state UEC program is coordinated with the federal program so that all eligible Nevada households receive equal treatment.[3]

[2] UEC funds are first used for payments to utilities in UEC. Federal LIHEAP and/or other funds are used for payments to non-UEC utilities, such as propane dealers.

[3] 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

Coordinated Impact of WAP and EAP

These programs work in tandem to achieve complementary outcomes. The logic of program synergy is shown in Figure 1 below, which illustrates how the activities of each program support the desired impact of the other program. While EAP's desired outcomes, shown in yellow, differ from WAP's desired outcomes, shown in blue, the primary intended impacts of both programs are the same: to reduce the number of preventable illnesses and deaths owing to temperature extremes, and to maintain utilities for all Nevada residents within the UEC service territory. WAP has the additional desired impact of reducing energy consumption.

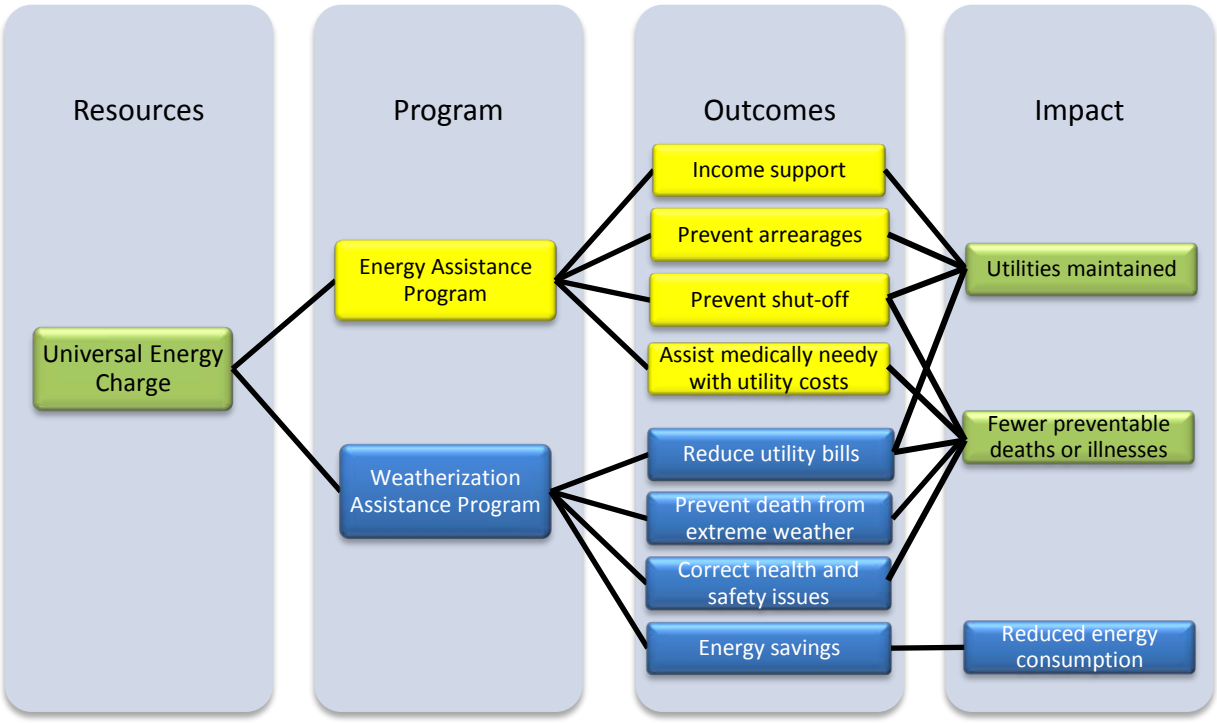

Figure 1. Coordinated Impact of WAP and EAP on Nevada households.

Nevada Context for Preventable Deaths

The most extreme consequences of loss of utilities, or poorly functioning heating and cooling equipment, are death from hyperthermia in the summer and death from hypothermia in the winter. Faulty furnaces can also lead to deaths from carbon monoxide (CO) poisoning. To illustrate the problem in Nevada, the evaluation team obtained 20-year hyperthermia, hypothermia, and gas-poisoning mortality data from the Nevada State Health Division.[4] As shown in Figure 2, hypothermia and

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."

[4] Data obtained in August 2009 from Christine Pool, Health Resource Analyst with the Nevada State Health Division Bureau of Health Statistics, Planning and Emergency Response, Office of Health Statistics and Surveillance.

accidental gas inhalation as causes of death have remained fairly constant since 1987 (1999 for gas poisoning).

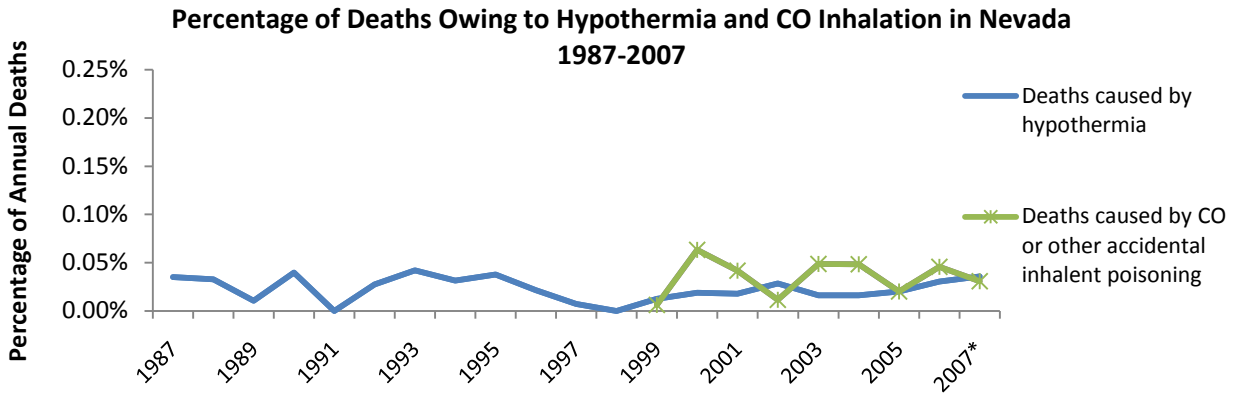

Figure 2. Percentage of deaths owing to hypothermia and accidental CO and other gas inhalation in Nevada, 1987–2007. *Data for 2007 are not final and are subject to change.

The proportion of deaths from hyperthermia, or exposure to extreme heat, out of all annual deaths in Nevada, has increased significantly since 1987, as shown in Figure 3. This indicates that hyperthermia is increasing as a problem in Nevada. The mortality data underscore the importance of the EAP and WAP programs' contribution to the health and well-being of the population.

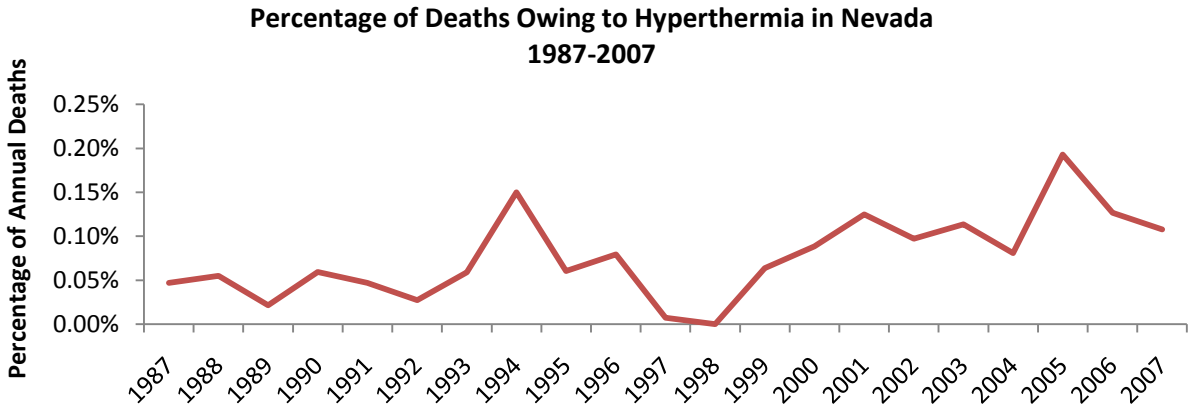

Figure 3. Percentage of deaths owing to hyperthermia in Nevada 1987–2007. *Data for 2007 are not final and are subject to change.

EVALUATION METHODS

This evaluation was designed to assess the implementation efficacy and achievements of Nevada's Energy Assistance and Weatherization Assistance Programs during SFY 2009. To support this goal, the evaluation team used multiple research methods tailored to the specific needs of the evaluation to provide systematic, objective data collection and analysis:

- **Document Review:** Nevada Fund for Energy Assistance and Conservation State Plan 2009, NRS 702, EAP and WAP program and administrative manuals, program applications and associated worksheets and other forms, outreach materials, performance-monitoring guidelines and reports, and program personnel organization charts.
- **Statistical Analysis:** EAP and WAP fiscal and program data
- **File Review:** 150 EAP application files reviewed at the Flamingo Road, Las Vegas, office
- **Office Observations:** DWSS/EAP facilities at Flamingo Road and Carson City, WAP facilities in Carson City, and Nevada Rural Housing Authority (NRHA) offices in Carson City
- **Individual and Group Interviews:** EAP program manager and social services manager, EAP Carson City office supervisor, EAP caseworker staff at the Flamingo Road and Carson City offices, DWSS Information Technology (IT) staff, WAP program manager, WAP grants analyst, WAP inspector/trainer, NHD auditor, NHD Federal programs manager, and NRHA (a sub-grantee) program manager*

** These interviews were conducted in addition to meetings with DWSS and NHD leadership.*

Data Sources

EAP and WAP Qualitative Sources

The evaluation team obtained fiscal data, and data on services provided and clients served for EAP and WAP, directly from the EAP and WAP programs. We evaluated business process operations through site visits, in-person observations, and interviews with staff. IT functioning for EAP was evaluated both through the evaluation team's assessment of IT data quality and through interviews with EAP and IT staff. We evaluated EAP program implementation and achievement through staff and management interviews.

The team assessed WAP program implementation and achievement through staff, management, client, and contractor interviews. Interviews were attempted with nine WAP contractors; a total of seven interviews were completed. For WAP client interviews, we selected a random sample of 20 clients from the subset of clients who had received at least $3,000 in weatherization improvements. Telephone contact was attempted repeatedly with all 20 clients: 11 interviews were completed, six were wrong or disconnected numbers, and three did not respond to attempts to contact them.

EAP Quantitative Data Sources

The following EAP-provided data sets were used for analyses:

- **Eligibility Certification**—including information on 34,743 household applicants certified as eligible or determined to be ineligible, with the dates of determination
- **Family Members Details**—including 77,304 records on the family members of applicants requesting EAP assistance, including dates of application
- **Types of Notices**—with information on 65,194 notices that were sent to the applicants
- **Income Type Details**—of 45,495 applicants

The evaluation team identified each applicant and applicant household by a unique identifier that appeared in the four datasets and that allowed linking of the information where necessary. Since the household is the unit of interest, we "cleaned" the Eligibility Certification data set for unique records, and so there were no repeats in the output per eligibility status (n= 32,156). The data set also contained 2,023 records that were duplicates, determined as "eligibles" and "ineligibles" at some point during SFY 2009. For the analyses, we retained only those records defined as eligibles.

The final count of 30,133 household records has unique participant identifiers and unique eligibility statuses. Among those, 9,334 are ineligibles and 20,799 are eligibles. We linked the household data set with the remaining data sets to obtain information on number of people, disabled persons, children, and individuals ages 60 and over in households served; number of Requests for Information sent; applicant income levels; and application dates.

Processing Applications Days

Since applying for assistance is a dynamic process (applicants submitting records and reapplying), some of the records included more than one application date. The analyses included the first application date and the last determination date, perhaps calculating a longer application processing period. Additionally, 200 records (181 eligibles and 19 ineligibles) had negative values for Processing Applications Days (the determination time minus the application time). One explanation for negative values is that the application date in the files is related to 2010 and not to 2009. The above-mentioned records were excluded from the Processing Applications Days calculations.

Limitations of EAP Data

The business process evaluation, IT evaluation, and implementation and achievement evaluation sections of this report all make reference to the limitations of the EAP data. The evaluators identified data extraction problems in the EAP data. These limitations were related to errors associated with the data conversion process.

- **Validity Issues Within the Dataset.** As described in detail later in this report in the IT evaluation, system limitations on user error correction have left an unknown number of erroneous records permanently embedded within the EAP data system. These erroneous records include duplicate entries owing to data entry error, as well as erroneous eligibility denial owing to user error for at least 390 records.
- **Data Conversion Errors.** The Eligibility Certification data set included field shifts in the columns that included energy usage, energy type, energy amount, and energy provider information. We also detected shifts of columns when the number of energy providers was larger than two, when there was a comma (",") within a data field, or when there was no data on a particular case. These shifts did not allow analyses on those fields of interest, which included arrearage data. The shifts also affected information on poverty level; 1,649 records are missing information on poverty level.

The evaluation team discussed these data problems with EAP management, but the program was unable to make the resources available to correct these data problems in time for the SFY 2009 evaluation

report. Consequently, the analyses in these reports were completed using the uncorrected records, and so they do not necessarily accurately represent the performance of the EAP program. Owing to the unreliability of the converted EAP data, data for EAP application processing times were obtained directly from EAP internal reports.

WAP Quantitative Data Sources

The Building Weatherization Report (BWR) is an ACCESS-based tracking and management tool developed and used by the WAP program. The database contains a wealth of information on DOE- and FEAC-funded weatherization projects. The database was used to extract information on demographics, weatherization activities such as air sealing, conservation, health and safety, and minor home repairs. The BWR application also contains the Savings to Investment Ratio (SIR) program, which calculates savings in kilowatts and therms generated by weatherization activities. The database contains information on weatherized homes only, which did not allow for examination of the application and certification process.

Census Data

Census data were collected from the State of Nevada Demographer Web site[5] and from the U.S. Census Bureau.[6] Year 2000 census information was collected on Nevada state and county populations totals and on population and households with incomes below 150% of FPL. Where available, data were collected on disabled persons, children under the age of 6, and individuals age 60 and over in households living below 150% of FPL. The 2000 data on county population and households with incomes below 150% of FPL were adjusted to 2008 using the Nevada State Demographer data and the 2008 American Community Survey[7] household estimates.

Fiscal Data

The fiscal analysis for the evaluation relies on information provided by the Public Utilities Commission of Nevada (PUCN), DWSS, and NHD.

ANALYSIS OF GOVERNING LAW, REGULATION, AND POLICIES

Nevada Revised Statutes 702

NRS 702 defines and provides primary direction to Nevada's Energy Assistance Programs. It specifies the responsibilities of the Public Utility Commission, the Division of Welfare and Supportive Services, and the Nevada Housing Division.

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[5] The Nevada State Demographer's Office. 2008 Estimates by County. Retrieved July, 2009 from http://www.nsbdc.org/what/data_statistics/demographer/pubs/pop_increase/.

[6] U.S. Census Bureau. Retrieved July, 2009 from http://factfinder.census.gov/home/saff/main.html?_lang=en&_ts=.

[7] U.S. Census Bureau. American Fact Finder. 2008 American Community Survey, U.S. census Retrieved August, 2009 from http://factfinder.census.gov/servlet/DatasetMainPageServlet?_lang=en&_ts=272035502875&_ds_name=PEP_2008_EST&_program=PEP.

Duties of the Public Utility Commission of Nevada: NRS 702 begins with a description of the duties of the PUCN, in the "Universal Energy Charge" (UEC) section. Basically, PUCN is responsible for collection of the UEC, along with any necessary refunds, and with collections enforcement should any collections problems occur. PUCN has powers of enforcement to ensure that collections comply with law.

In addition, each year the Division of Welfare and Supportive Services and the Housing Division are to jointly "[s]olicit advice from the Commission as part of the annual evaluation" of the UEC programs [NRS 702.280(2)(b)].

Duties of the Division of Welfare and Supportive Services: The next section, "Programs of Energy Assistance," describes the FEAC, which is initially constituted by the UEC receipts sent to the DWSS by PUCN after deduction of PUCN costs. PUCN may also direct refunds by DWSS from the Fund as appropriate. DWSS is also charged with ensuring that the Fund is administered "in a manner which is coordinated with all other sources of money that are available from 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 subdivision of this State." All interest to the Fund is to be credited to the Fund.

DWSS is responsible for ensuring that seventy-five percent (75%) of the fund is distributed to DWSS and twenty-five percent of the fund is distributed to the Housing Division. Except for administrative expenses, DWSS is to use its part of the FEAC to:

- Assist eligible households in paying for natural gas and electricity.
- Carry out activities related to consumer outreach.
- Pay for program design.
- Pay for the annual program evaluations.

To the extent practicable, DWSS is to determine the amount of assistance that a 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.

DWSS may adjust the amount of assistance by such factors as:

- Household income;
- Household size;
- Type of energy used in the household; and
- Any other factor which, in the determination of the Division, may make the household particularly vulnerable to costs of these fuels.

DWSS must:

- Solicit advice from the Housing Division and other knowledgeable persons;
- Identify and implement appropriate delivery systems to distribute money from the Fund and provide other assistance;

- 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;
- Establish a process for evaluating the programs;
- Develop a process for making changes to the programs; and
- Engage in annual planning and evaluation processes with the Housing Division.

Duties of the Nevada Housing Division: NHD receives twenty-five percent (25%) of the money in the FEAC. Of this, six percent (6%) may be used for administration. NHD may use the balance of funding only to:

- 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[8].
- Pay for appropriate improvements associated with energy conservation, weatherization and energy efficiency.
- Carry out activities related to consumer outreach.
- Pay for program design.
- Pay for the annual evaluations.

Generally, with some exceptions, to participate in this program, a household must have an annual income not more than 150% of the federal poverty level as determined by NHD. The NHD may provide 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 the unit of housing in which the household dwells or a component or system of the unit of housing in which the household dwells. Such emergency assistance may be rendered in good faith if the household is otherwise believed to be eligible to receive assistance. The NHD is to adopt regulations to carry out and enforce these provisions.

In carrying out the provisions of this section, the Housing Division is required to:

- Solicit advice from the Division of Welfare and Supportive Services and from other knowledgeable persons;
- Identify and implement appropriate delivery systems to distribute money from the Fund and to provide other assistance pursuant to this section;
- 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 used by those other agencies.

[8] Load management entails balancing the supply of electricity by reducing peak demand through strategies such as increased rates or automatically cycling household appliances during peak demand periods.

- 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;
- Establish a process for evaluating the programs conducted pursuant to this section;
- Develop a process for making changes to such programs; and
- Engage in annual planning and evaluation processes with the DWSS.

Joint Duties of DWSS and NHD: Together, DWSS and NHD must establish an annual plan to coordinate their activities and programs. In establishing each annual plan, the Divisions are to solicit advice from knowledgeable persons. The annual plan must include, without limitation, a description of:

- The resources and services being used by each program and the efforts that will be undertaken to increase or improve those resources and services;
- The efforts that will be undertaken to improve administrative efficiency;
- 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 and conservation to low-income persons; and
- The efforts that will be taken to address issues identified during the most recently completed annual evaluation of the UEC programs.

In addition, the Divisions are to jointly:

- Conduct an annual evaluation of the UEC programs;
- Solicit advice from the Commission as part of the annual evaluation;
- Prepare a report concerning the annual evaluation and submit the report to the Governor, the Legislative Commission, and the Interim Finance Committee.

The joint report is to include, without limitation:

- A description of the objectives for each program;
- An analysis of the effectiveness and efficiency of each program in meeting the objectives of the program;
- The amount of money distributed from the Fund for each program and a detailed description of the use of that money for each program;
- An analysis of the coordination between the Divisions concerning each program; and
- Any changes planned for each program.

Consumer Bill of Rights & the Public Utility Commission of Nevada

Impact of Consumer Bill of Rights: Nevada's utility customer Bill of Rights may also have policy impact on the operation of NRS 702. The mission of the PUCN is stated as follows:

> "To enable universal access to affordable, efficient, safe and reliable utility service in Nevada, the Public Utilities Commission ('Commission') will ensure that all of its decisions are based on a fair and impartial examination of the evidence, as well as exhaustive investigation. The

commission will balance the interest of customers and shareholders of public utilities by providing utilities with the opportunity to earn a fair return on their investments while providing customers with just and reasonable rates."

In carrying out this mission, PUCN has established a Consumer Bill of Rights "… designed to obtain utility services and to keep those services on." The Bill of Rights recognizes that utilities provide vital services which must be made available to all. The Bill of Rights:

- Eliminates deposits unless the customer has poor credit history.
- Limits the size of the deposit and allows for installment payments.
- Requires utilities to offer a "budget billing"[9] program.
- Requires payment plans for needy customers.
- Offers special protection for the elderly and handicapped.
- Postpones service termination when health is at risk.
- Provides third-party notice prior to service termination.
- Allows customers to apply for service via phone or mail."

A more full presentation of the Consumer Bill of Rights is at Nevada Administrative Code 704.358 (NAC 704.358).

Impact of Public Utility Commission Oversight of Rights, Notice, and Termination: PUCN, under NRS 704, may also have an impact on the NRS 702 programs because these programs affect bills and payments. In particular, the timeliness of payments is affected by the timeliness of DWSS processing, which may ultimately affect termination of utility services. According to NRS 704.1835:

1. For the purposes of protecting the health of residential customers who receive gas, water or electricity from public utilities, the Commission shall adopt or amend regulations that: (a) Establish the criteria that will be used to determine when a public utility is required to postpone its termination of utility service to the residence of a residential customer who has failed to pay for such service. Such criteria may be based in part upon the residential customer's ability to pay. (b) Require a public utility to postpone its termination of utility service to the residence of a residential customer who has failed to pay for such service if the residential customer satisfies the criteria established by the Commission and termination of the utility service is reasonably likely to threaten the health of an occupant of the residence of the residential customer.

2. In addition to the regulations adopted pursuant to subsection 1, for the purposes of regulating public utilities that provide gas, water or electricity to landlords who pay for the utility service and who distribute or resell the gas, water or electricity to one or more residential tenants, the Commission shall adopt or amend regulations to require a public utility to use its best efforts to post, in a conspicuous location, notice of the intent of the public utility to terminate utility service because the landlord has failed to pay for such service. Such notice must provide sufficient information to allow residential tenants or their occupants to contact the public utility

[9] Budget billing enables a customer to pay the same fixed amount each month throughout the year.

if termination of the utility service is reasonably likely to threaten the health of an occupant of the residence of a residential tenant.

3. A public utility shall not terminate utility service for gas, water or electricity without complying with the regulations adopted by the Commission pursuant to this section.

Policy Factors

In addition, each year a Plan for the operation of NRS 702 payment assistance and weatherization assistance programs is adopted for the following State Fiscal Year, and in years in which the Legislature meets there may be bills that change or affect program operations. In addition, both DWSS and NHD have internal procedures and policies that affect day-to-day program operations.

Discussion

The Consumer Bill of Rights has not been updated since the introduction of the UEC. It would be timely to update the Consumer Bill of Rights with the UEC taken into account. Also, NRS 702 is missing a PUCN oversight role (as in, for example, New Jersey, where the Bureau of Public Utilities (BPU) oversees the parallel New Jersey fund).

Recommendation: We recommend that the Advisory Committee undertake a discussion with all relevant parties on whether or not it would be advisable to request an update of the Consumer Bill of Rights to include elements of and standards for the operation of the UEC and LIHEA Fund payment assistance programs, and to establish an ongoing oversight role for PUCN. PUCN oversight would be focused primarily on policy coordination to ensure that the Nevada payment assistance program is optimally coordinated with utility credit and collections practices (determined by PUCN), and that no "Catch 22" situation be permitted to develop between these two sets of procedures. These changes would probably require legislative action. The coordination developed by DWSS which melds the EAP and the LIHEA programs to provide uniform services throughout the State of Nevada should be continued. The coordination of programs follows the directive provided by NRS 702.250(3) and provides for a fair and equal application of services.

FISCAL ANALYSIS OF UEC DISTRIBUTION

There are two high-level fund categories:

1. **UEC** collection is an operation completely separate from program administration. It is administered separately by the PUCN, which began to receive UEC payments in fall 2001 (early SFY 2002). Amounts collected are periodically reconciled and then transmitted to the DWSS Accounting office.[10]

2. **FEAC** is maintained by the DWSS Accounting office. FEAC serves as the UEC minus the administrative expense for the PUCN. It also includes any carry-over funds from a prior fiscal

[10] Per NRS 702.100, "Universal Energy Charge" means the charge (UEC) imposed pursuant to NRS 702.170.

year and any interest accrued. It is reduced by the amount of any refunds directed by the PUCN.[11]

Collections (PUCN)

The PUCN is the locus of oversight responsibilities for regulated Nevada utilities. The agency has both investigative and enforcement powers. PUCN responsibilities for the UEC include collections, refunds in accordance with legislative provisions, and investigation and enforcement of collections matters as necessary. Because collections have proceeded smoothly, there has been no need for the PUCN to exercise its investigative or enforcement powers through the close of SFY 2009. The PUCN transfers funds to FEAC, which is administered by DWSS, the Accounting office of which then transfers funds to NHD.

In SFY 2009, $12,357,755 was received for the UEC by PUCN. After deducting $53,610 for administrative costs, PUCN transferred $12,304,145 to the welfare division for FEAC. An additional $79,840 in interest was added to this amount, while $50,038 in PUCN-directed refunds was subtracted. The total FEAC revenue to be distributed between EAP and WAP for SFY 2009 was $12,333,947.[12]

Statute dictates that 75% of FEAC be allocated to EAP while 25% be distributed to WAP. The distribution of principle UEC funds follows this allocation formula. The distribution of UEC fund interest follows a separate formula, initiated in SFY 2006. This formula is as follows:

1. The average balance of the fund is determined by adding the fund balance at the beginning of a period to the fund balance at the end of that period. This sum is then divided by two to obtain the simple average balance of the fund.

2. The Housing Division's simple average balance is calculated by dividing the Housing Division's principle distribution by two.

3. The Housing Division's simple average balance is divided by the total fund's simple average balance during the period. This percentage is then multiplied by the total interest earned during that period. The result is the amount of interest that is distributed to the Housing Division.

Note: Of the $12,304,145 transferred from PUCN for the FEAC, $2,618,343 was not received until the first quarter of SFY 2010; therefore, these funds will be expended during SFY 2010.

[11] Per NRS 702.040, "Fund" means the Fund for Energy Assistance and Conservation (FEAC) created by NRS 702.250.

[12] See Table A in Appendix for the UEC receipt history since its inception.

EAP EVALUATION

Fiscal Analysis

As shown in Figure 4, $12,304,114 was spent by EAP in 2009. Of this total, 2.6% was used for program administration, 5.4% was used for program design, 0.6% for outreach, and 0.8% for program evaluation. The remainder of the funds was spent on case processing and client assistance. Carry-forward funds from SFY 2008 were used to complete the processing of backlogged cases.

EAP did not receive $1,940,242 of the SFY 2009 funds until the first quarter of SFY 2010: $136,966 was used for year-end expenditures, and the $1,803,275 remaining from these funds will be spent in SFY 2010. (See Table B in Appendix for full fiscal data tables.)

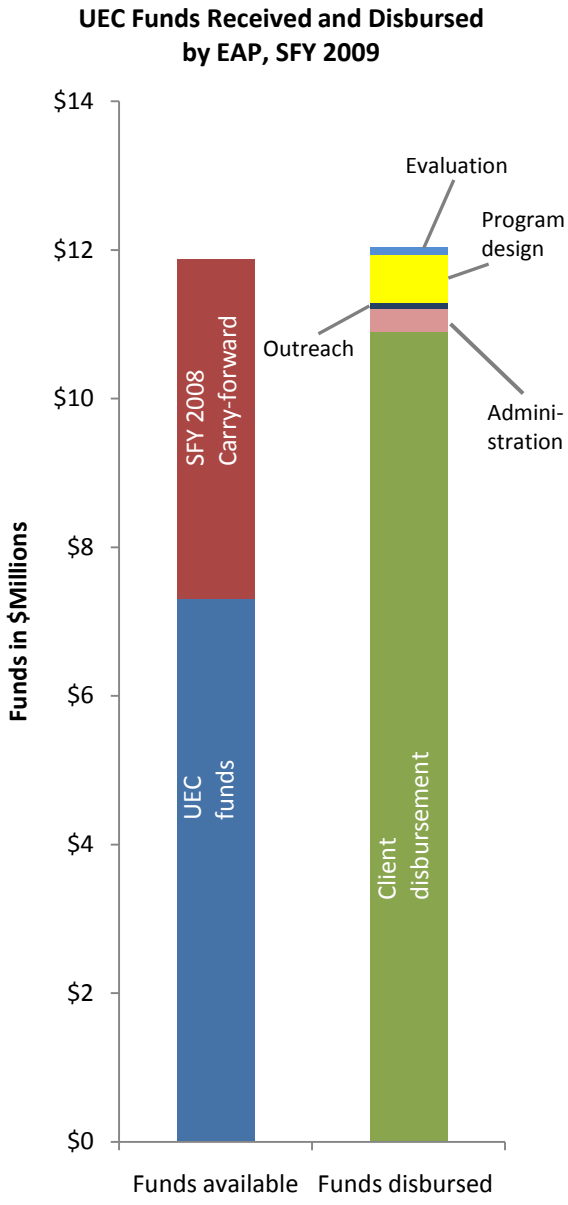

Figure 4. UEC funds received and spent by EAP.

Business Processes Analysis

EAP operations experienced a high level of procedural change during SFY 2009 as management addressed serious performance issues stemming primarily from understaffing and inadequate management oversight. The magnitude of this year's progress, and the evidence of ongoing positive change, is an extraordinary accomplishment that must be highlighted.

The problems were formidable at the start of SFY 09: With too few staff, application processing times were reaching four- and six-month intervals, with a case backlog in the *thousands.* Clerical as well as caseworker staff often were underprepared to perform basic case-processing and filing functions. Performance monitoring was virtually nonexistent.

To improve the situation, management established the following clear goals and took a consistent approach in developing policies and procedures to reach those goals, a critical foundation for successful program change on this scale:

- Eliminating backlog
- Reducing processing time to within 30 days for vulnerable clients (households with elderly/disabled members or children under 6) and 60 days for all others

- Providing high-quality, consistent training for staff
- Monitoring performance

Figures 5 and 6 depict how application-processing activity accompanied staffing ramp-up and procedural change during January through May 2009.

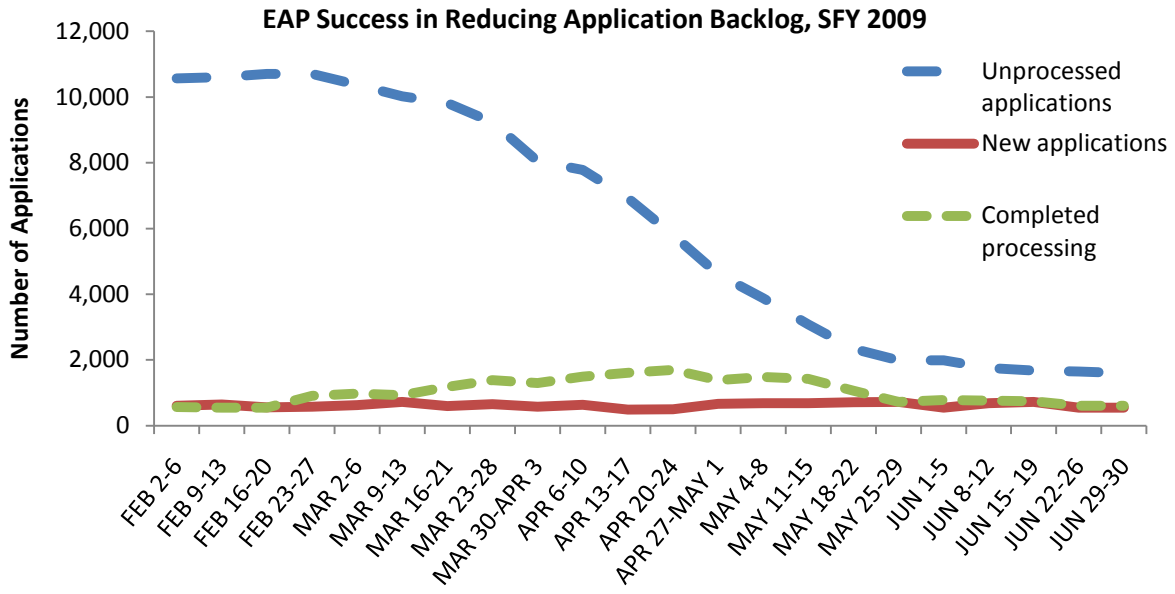

Figure 5. Weekly progress by EAP in reducing application backlog, February-June 2009. Data obtained from EAP management reports.

Eliminating backlog. EAP opened a temporary processing office staffed with temporary clerical and caseworkers in the Reno area to assist in processing the case backlog. As shown in Figure 6 (page 22), there was a 13-week ramp-up time to improve processes and train temporary workers to process cases efficiently. Once the backlog was reduced, this site was closed.

Reducing processing time. In addition to hiring temporary staff to bring the backlog under control, EAP streamlined procedures across the application life cycle to bring processing time within the 30/60-day goal.

- Contracted application intake sites were provided with training on and checklists of appropriate documentation required in the application. Monetary incentives were offered to intake sites to encourage the compiling of complete application packets.
- Client contact was redirected from EAP offices to customer service call centers and DWSS service counters, improving efficiency and reducing distraction within the EAP offices.
- Clerical support was reorganized to function more efficiently, with dedicated staff to input applications, assist clients on the telephone, and provide general office support.
- Caseworker functions were reorganized to provide faster initial review for appropriate documentation prior to full eligibility review.

- File pick-up and completion areas in the program offices were reorganized, and better maintenance procedures were instituted.

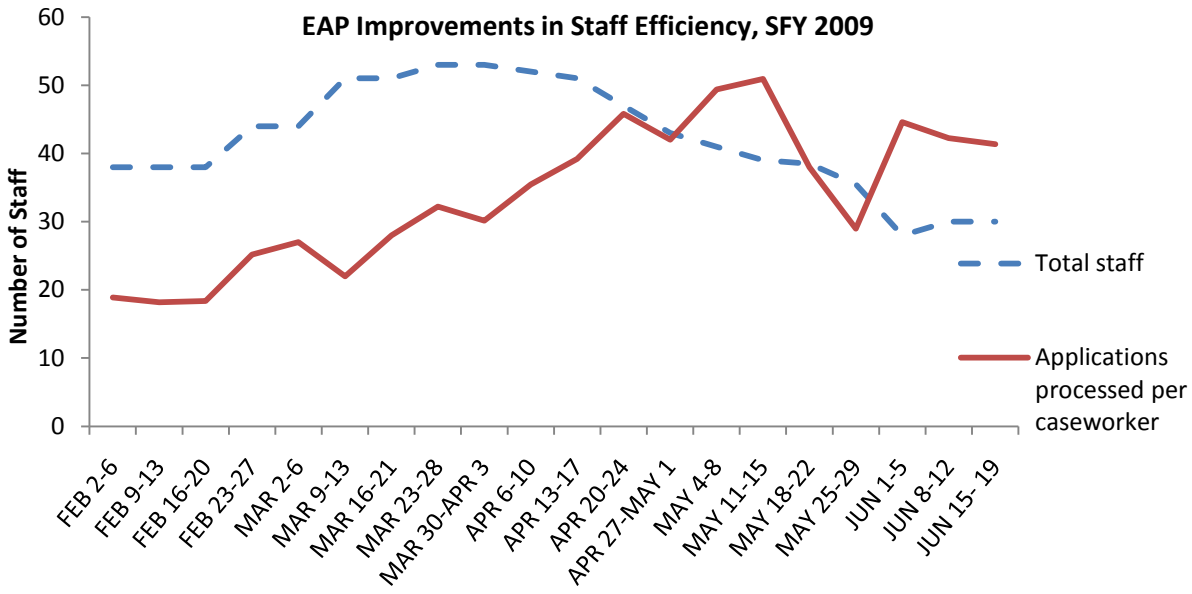

Figure 6. EAP staff numbers and caseworker efficiency in reducing application backlog, February–June 2009. Data obtained from EAP management reports.

On the application side, several procedures were introduced to accelerate processing. Households with vulnerable members—the majority of program applicants—which are eligible to reapply in a following year, are sent a short "redetermination letter" that expedites the application process. Other benefit-calculation worksheets, forms, and informational fliers were redesigned to streamline data collection and analysis and clarify program requirements for clients.

Training. EAP management established formal, mandatory training sessions for all staff, including intake-site staff, clerical workers, and caseworkers at all levels of experience and expertise. Formal training procedures were put in place for new employees, using the skills of more experienced workers in an apprenticeship model. Training sessions have been incorporated into regular staff meetings as procedures continue to be fine-tuned.

Performance monitoring. Multiple steps were necessary to achieve an effective performance-monitoring environment and system. First, clear behavioral and performance levels and consequences were established and communicated to all staff. Formal performance-review procedures then were instituted on several levels, including daily observation of all staff to ensure smooth office functioning, monthly file review for caseworkers to check for accurate and appropriate decision-making, and biannual management evaluation to address higher-level program performance issues. All new caseworkers' files are reviewed until they demonstrate a specified level of prudent judgment. Seven to 10 files per experienced caseworker are selected at random for ongoing review each month.

There are several issues that remain in need of attention as the program continues on its positive development course:

Request for Information response. The EAP Manual states that "the household is allowed a minimum of 10 working days" to provide required verifications or other information. Currently, this date is computed automatically by the computer system, which inserts a deadline for the client response exactly 10 working days from the date the Request for Information is executed. The computer does take into account weekends and holidays when calculating a response due date, and responses postmarked by the due date are accepted. In addition, if a client calls prior to the due date, it is established policy to allow an extension.

Turnover. High staff turnover at the Flamingo Road office is a critical factor adversely affecting EAP's ability to process cases. Program management has voiced an ongoing concern about the ability of Flamingo Road to operate effectively given the high proportion of temporary to state workers (currently 23 temporary and 12 state employees program-wide) and the highly transient nature of the local labor force in southern Nevada—temporary hires frequently leave without notice. Program management therefore is under constant pressure to train and support new workers who require much higher levels of supervision and guidance. EAP has just been granted approval to fill two permanent and two temporary positions, which will help to alleviate this stress.

Space. Inadequate storage space for current as well as archivable files increases the chance of filing errors and lost files. Program management indicates that storage issues are being addressed in SFY 2010.

Business Processes Map

The current operational processes of EAP are depicted in Figure 7 on page 24. This diagram displays the series of major activities that occur during the EAP life cycle. The cycle begins with the major funding streams into EAP (primarily UEC and LIHEAP), and then program outreach makes applications for assistance available in various locations. Contract intake sites assist clients with filling out applications, and intake sites and local social services offices accept applications. Applications are processed at EAP offices in Carson City and on Flamingo Road. Once in the processing queue, applications are input into the computer system and passed to a screener for "first touch" Request for Information screening for completeness. If information is missing, clients are issued a Request for Information. When applications are complete, they are passed to a caseworker for eligibility determination and energy-usage and benefit calculations. Clients then are notified of the decision, and funds are dispersed.

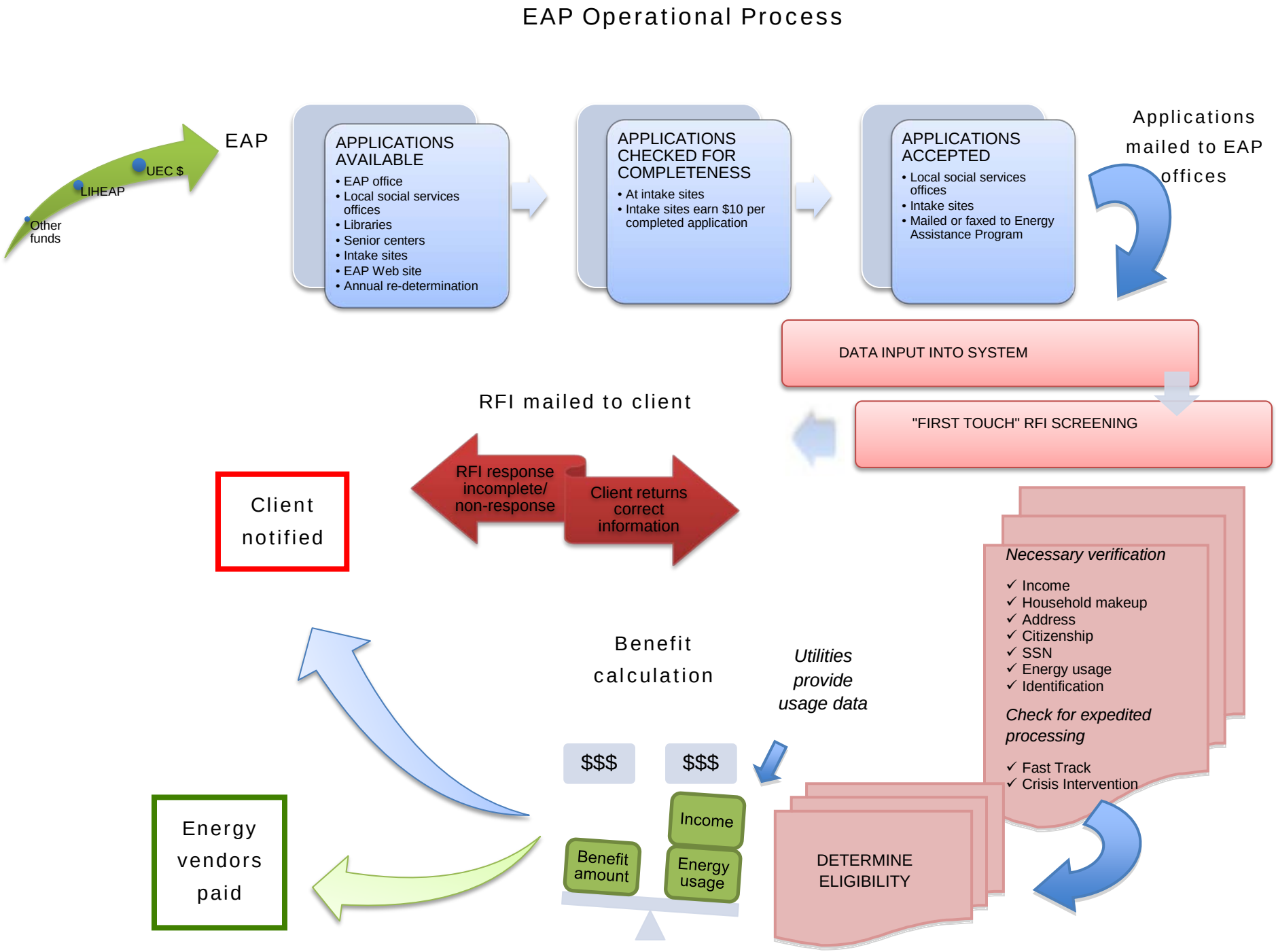

Figure 7. EAP Business Processes Map

IT System Evaluation

The evaluation team interviewed EAP management staff and DWSS IT staff to determine the efficacy of the EAP IT system. Overall, the case-processing functions of the IT system appear to be working well. The system has the capacity to import data from the NOMADS, a system that provides income data from the Nevada Department of Employment, Training & Rehabilitation Welfare-to-Work program; this capacity considerably speeds up eligibility processing. However, tracking, reporting, and archival functions in the IT system are inadequate for current EAP program needs, and manual recalculation is necessary to produce required reports.

Reporting

The accuracy and timeliness of information extracted from the IT system depends on the nature of the request. Routine reports are generated on time and are accurate, within the limitations of the system (as described in the methods section). However, the system for producing ad hoc reports is cumbersome, and there are not clear understandings between EAP staff and IT staff as to who should be accountable for report accuracy.

Contrasting Views

EAP staff believes that it is incumbent upon IT to produce accurate reports, regardless of whether the request is routine or ad hoc. From the EAP perspective, EAP should be able to send an ad hoc report request to IT, and IT should produce an accurate report. This process is shown in Figure 8. As illustrated in this figure, EAP believes the correct report protocol involves error-checking performed behind the scenes by IT. EAP does not expect to receive the report until accuracy has been verified by IT staff, so that EAP may immediately use the report to meet federal and state requirements.

In contrast, IT staff understands ad hoc report generation to be a joint process between EAP and IT. The IT staff describes an iterative process whereby the report goes to EAP, EAP determines if the report is

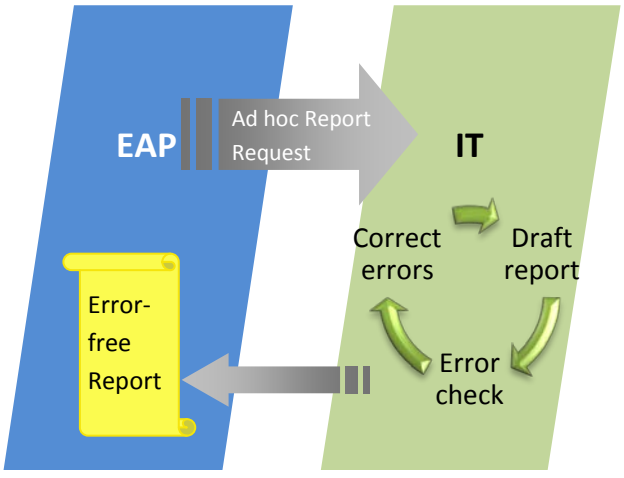

Figure 8. EAP perspective on appropriate process for developing ad hoc reports.

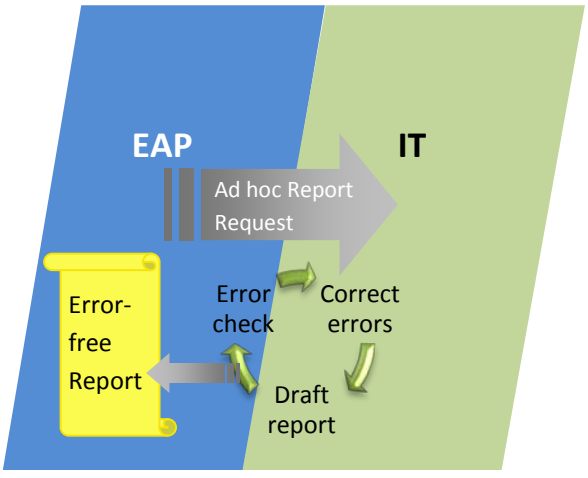

Figure 9. IT perspective on appropriate process for developing ad hoc reports.

correct, and, if not, they send it back to IT, which would then produce a corrected report and return it to EAP for review, as depicted in Figure 9. IT staff believe that it is the responsibility of EAP program staff to validate the accuracy of ad hoc reports, and that it is not within the IT staff's scope to verify the data.

There are several consequences to these divergent perspectives. The most important consequence is that it is difficult for EAP to respond to federal requests for data, which must often be submitted within a very short time frame. This lack of agreement between EAP and IT upon the appropriate report-generation protocol has led to tension between IT and EAP, as EAP does not view IT as being sufficiently responsive, while IT does not see its performance as a problem because IT believes it is following an appropriate protocol.

The transition to Crystal Reports (planned for 2010, as described on page 28) will change the nature of the report-generation process by clearly placing full responsibility on EAP, as shown in Figure 10. Until this transition has been completed, however, it is important for IT and EAP to clarify expectations for report generation. EAP and IT need to determine explicitly which process (Figure 8 or 9) will be used to generate ad hoc reports, and then EAP and IT each need to allocate appropriate staff and time resources to produce reports in a timely way.

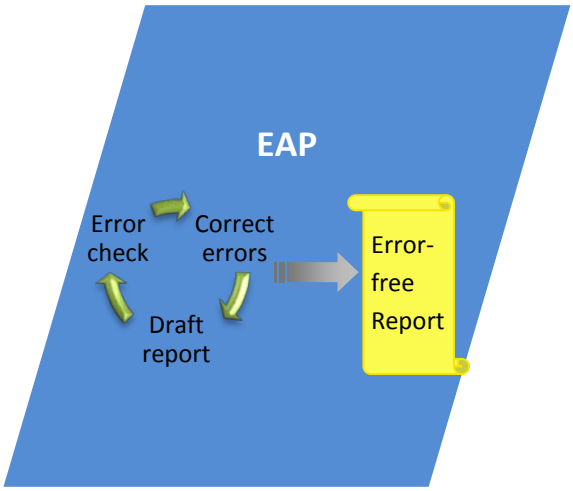

Figure 10. Process for developing EAP reports after Crystal Reports launch.

The experience of the evaluation team with the data system confirmed the lack of quality control procedures in ad hoc reporting. The current IT system cannot produce a simple Excel data file with data in the correct columns. IT staff did express confidence in the stability and the integrity of the data, but we found misunderstanding between EAP and IT regarding responsibility for protocols to ensure veracity of data reports. Quality control procedures should be specifically described by EAP and IT to ensure error-free reporting, and accountability for quality control needs to be clearly specified as being within either EAP's or IT's realm.

Data Entry Error Handling

Accuracy of data is another serious problem with the current IT system, which includes an unknown quantity of erroneous records, owing to the inability of EAP staff to delete records with data-entry errors—such as mistyped Social Security Numbers (SSNs). The inability to delete these erroneous records also causes inefficiencies. For example, EAP staff must manually count all incorrectly entered SSNs and then manually subtract this sum from the total caseload to find the true number of applications, approvals, and denials.

Additionally, the current system includes erroneous denials caused by inaccurate Request for Information "non-returns." The system has been designed to create a date-stamp that results in automatic rejection for applicants who do not respond to a Request for Information within 10 days. In at least 390 cases in SFY 2009, the applicant did return the requested information within the time allotted, but the caseworker—the person responsible for processing the information and determining EAP eligibility—neglected to close out the Request for Information in the system. The applicant was granted an award, but, because the caseworker forgot to "turn off" the open Request for Information, the system "saw" a non-return and generated an automatic termination of eligibility when the 10-day limit expired.

This means there were at least 309 cases in the system that achieved eligibility and received assistance but *also* received system-generated ineligibility certification owing to caseworker error. The result of this for EAP is a cost in time and accuracy because the data system contains these instances of erroneous ineligibles. These erroneous ineligibles must be deleted by hand from monthly reports in order to ensure accurate reporting. Data cleaning is a cumbersome, time-consuming activity. It not only wastes EAP staff time to repeatedly re-calculate reports, but also increases the potential for reporting error resulting from errors in manual calculations.

One system change that is in the works is to require that workers close out an open Request for Information before they can declare a case to be eligible for benefits. This will effectively solve this problem for the future. However, in order to establish an accurate archive, the archival data will need to be cleaned. Otherwise, analysts who are unaware of erroneous content will unwittingly produce inaccurate reports. It is not possible to have true program accountability when the veracity of the data is questionable.

Tracking

Our evaluation identified another inefficiency involving household relocation. If an EAP recipient moves, the money goes first to the household's vendor and then is returned to EAP—because the household is no longer with that vendor. Currently, EAP must track this process manually, which is very paperwork-intensive, and EAP can track only what goes out. EAP would like to automate the process and gain the abilities to track both what is returned and what goes out a second time to a new utility.

Case Processing

The evaluation also indicates case-processing inefficiencies for the IT system in the following areas:

- The system does not track Intentional Program Violation (IPV) and utility fraud. Currently, Intentional Program Violations are tracked separately in an Excel spreadsheet and must be cross-checked manually against people in the system. This means, in effect, that some people with a history of fraud could still receive payments, leaving less money for honest applicants.
- System pop-up screens are not tied accurately to the screens; *e.g.*, to enter a denial, the caseworker must enter inferred utility data, which skews the reporting. It is important to note

that while this results in the storage of inaccurate data, it does not cause an error in payment. Still, to correct this, false utility data should be cleaned out of the archive.

- The EAP Pending Reports is inaccurate. It does not include cases in Request for Information status, and it does not have a search function to identify these cases.
- Archival functionality is lacking. The current system allows case histories for current clients only. It provides no history function beyond the previous year for previous clients. In addition, the application dates within the data system are not always applicable to the current year. Some application dates were for the next fiscal year (2010) rather than the present (2009), causing determination dates to appear to precede the application date.

Planned Improvements

EAP plans to enact a slate of improvements to bring about faster case processing, more accurate data records, fewer mistaken payments to households with Intentional Program Violations, and fewer management time sinks, especially for manual data recalculation. The most critical planned changes revolve around Request for Information close-outs, money/refund tracking, and Intentional Program Violation/fraud tracking. Other planned improvements include:

- New coding to recognize benefit CAPs
- New screens to add and track histories of client-authorized representatives
- New scroll capability to increase available space in text boxes
- New manager-delete functionality, enabling supervisors to remove erroneously entered SSNs (as long as there has never been a decision entered under that number)
- New vendor-allocation capability, enabling EAP to designate how money should be split among multiple vendors
- Accountability improvements for caseworker reports
- Request for Information-screen enhancements, including better wording

Crystal Reports

The planned 2010 launch of Crystal Reports should transform reporting issues for EAP to a certain extent, although the solution is not without potential challenges, including EAP staff training and capacity as well as EAP management ability to assume data-reporting functions from IT staff. EAP management already is busy with supervisory tasks; will management have the time and capacity to learn and effectively use Crystal Reports—and then to provide staff training on the new system? Crystal Reports is expected to reduce IT costs to EAP in generating reports, but will it increase the time burden on EAP management? Additionally, new hires will need to be made with the ability to run Crystal Reports in mind.

Automation

Another change currently under consideration is the future opportunity to expand use of DWSS technology initiatives to improve service delivery to EAP customers. These include use of a web-based application, document imaging, electronic workflow and electronic data sharing between all DWSS program types. While EAP uses annual income for certification, the eligibility system uses monthly income. In addition, EAP requires applicant utility data and a copy of the household rental agreement signed by a landlord. While automation is a worthwhile consideration for the future, we recommend that EAP first focus resources on ensuring that Crystal Reports is implemented using valid data.

Recommendations

The evaluation team offers the following recommendations to improve the EAP IT system:

- Thorough cleaning of archival data to eliminate erroneous entries including erroneous rejections caused by inaccurate Request for Information "non-returns," incorrect SSNs, and data-entry-errors that result in duplicate records
- Creation of a new, accurate archive using clean data, relegating the old archive to permanent backup
- Development of interim procedures for producing ad hoc reports, clearly delineating quality control processes, clearly assigning responsibility for producing error-free reports, and clearly establishing appropriate time targets for report development, from the time of report request through the production of a final, error-free report.
- Thorough testing of Crystal Reports to ensure accurate data output and to eliminate the need for manual re-calculation.
- Sufficient training of management in the use of Crystal Reports and ongoing support for Crystal Reports. Management work plans will need to accommodate the additional time needed to learn Crystal Reports and to complete the in-house error-checks to ensure error-free reports.

Implementation Evaluation

EAP faced significant challenges in SFY 2009. There was a backlog of over 10,000 unprocessed cases, which presented obstacles to efficient case processing. Case-processing times were initially well in excess of the 60-day goal, as shown in Figure 11 on page 30. Average processing time was greater than four months for applications submitted August–November 2008, with a range of four days to 10 months. What this means in practical terms is that a client who was having difficulty paying an electric bill in the August heat, and who might be skipping meals or medication in order to avoid having their utilities terminated, would have to wait from August until December to learn whether their application

was approved. Assuming that many EAP applicants are among the 10% of Nevadans experiencing food insecurity,[13, 14] four to 10 months is an unacceptably long time.

DWSS addressed this issue by establishing a temporary office in Reno to process the backlog of applications, as described in the Business Processes Analysis section. As seen in Figure 11, this effort was highly successful; by March 2009, the average processing time for applications was brought within the 60-day target.

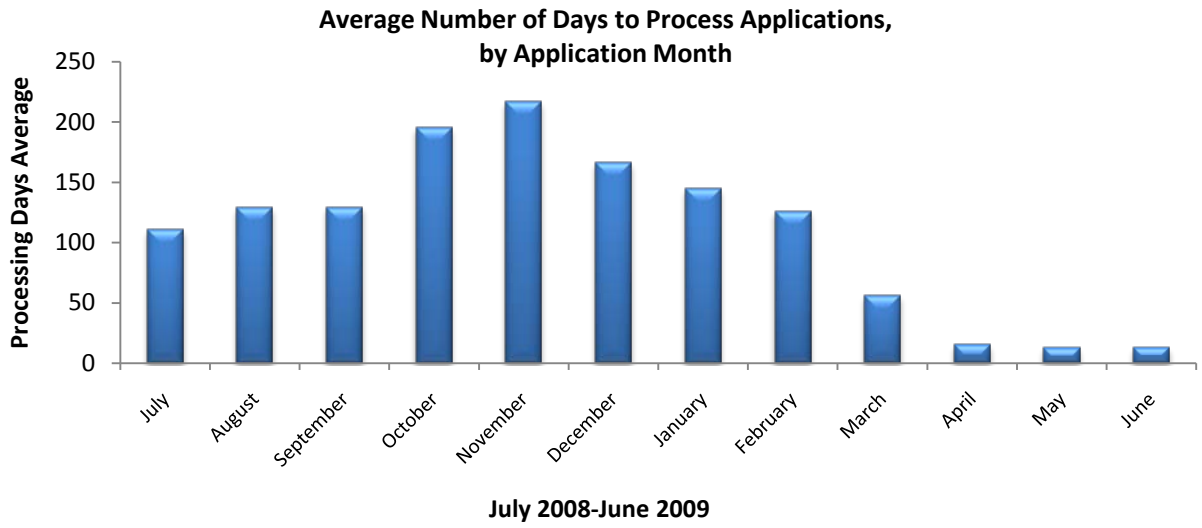

Figure 11. Average number of days EAP took to process applications by month of application.

Vulnerable Households

The average processing time for households with elderly, disabled, or young children did not differ with statistical significance from the processing time for non-vulnerable households. The state target for processing the applications of vulnerable households is 30 days.

Overall, the drop in processing time is a commendable accomplishment for EAP, which appears to have mastered the ability to meet the 60-day processing target for all applications. The evaluators recommend that EAP continue its success in processing general applications and devise ways to speed processing for the vulnerable populations in order to consistently meet the 30-day target.

[13] Food insecurity is defined as skipping meals or reducing portion sizes owing to insufficient funds to purchase food, or concern that food will run out before money is available to purchase more groceries.

[14] Nord M; Andrews M; Carlson S (2008). Household Food Security in the United States, 2007. Economic Research Report No. (ERR-66).

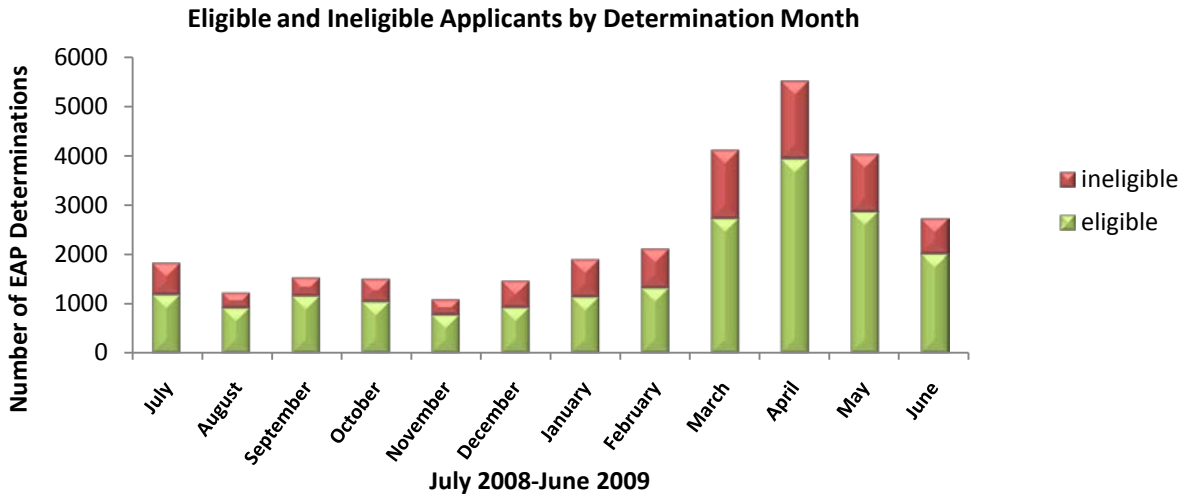

Figure 12. Number of EAP applications determined to be eligible and ineligible by determination month. Please see EAP data limitations discussion on page 12.

As seen in Figure 12, the number of determinations remained fairly stable throughout most of 2008, until a nearly 100% increase in determinations appeared in March through May 2009. During December, January, and February, when the huge backlog of cases was being processed, 37%, 40%, and 37% of applications, respectively, were determined to be ineligible. As the backlog was eliminated and cases were processed more rapidly upon receipt, the proportion of ineligibles also declined to between 26% and 30% of all applications.

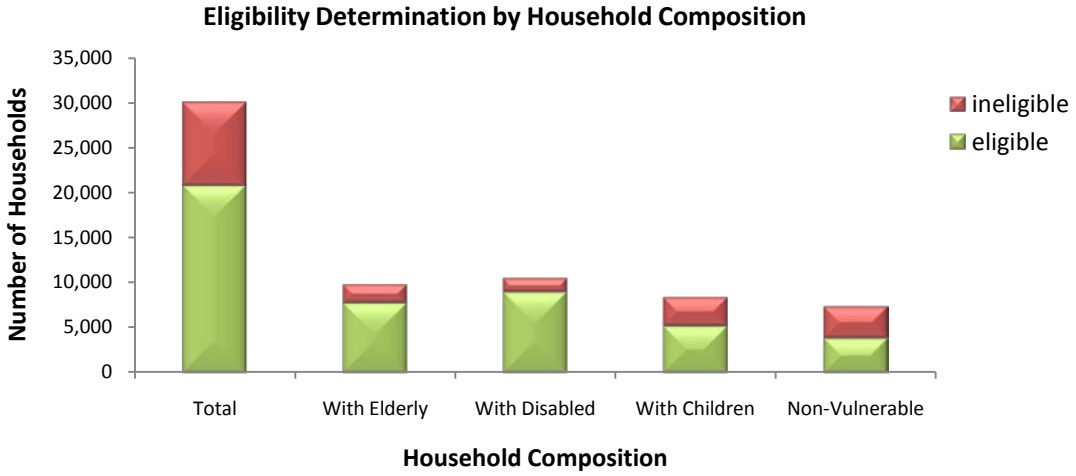

Figure 13. Number of EAP applications determined to be eligible and ineligible by household composition. Please see EAP data limitations discussion on page 12.

Household Characteristics

More than 30,000 households applied for energy assistance during SFY 2009, as shown in Figure 13. Of those, 20,799 (69.0%) were determined to be eligible, and 9,334 (31.0%) were determined to be ineligible. The main reasons for ineligibility were “Request for Information not received” (non-response) and “other,” which also could have included a “Request for Information not received” entry.

Figure 14 shows that household applicant incomes ranged between those at less than 75% of FPL (46.7% of all applicants) and those at 125-150% of FPL (18.7% of all applicants). The largest proportion of ineligible applicants reported no income. Most applicants in this category did not respond to Requests for Information, including requests for income information. Of those who supplied income information, the majority of very-low-income applicants (under 125% FPL) were certified as eligible.

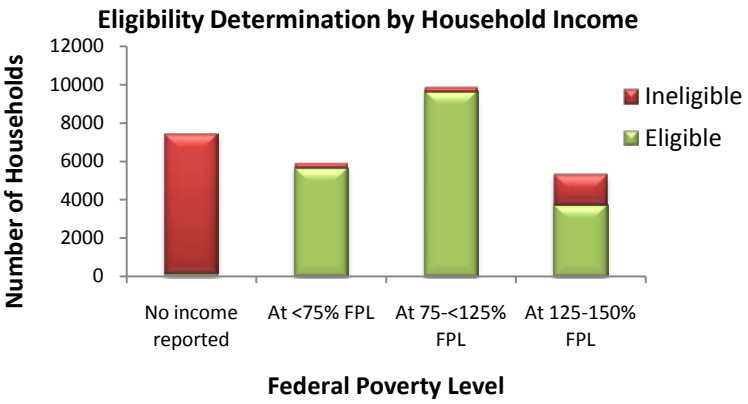

Figure 14. Number of EAP applications determined to be eligible and ineligible by household income. Please see EAP data limitations discussion on page 12.

Households Served

Most of the households served included the following vulnerable populations: elderly (37.6% of all households served), children younger than 6 (25.1% of all households served), or disabled (43.4% of all households served). This is shown in Table 1. The number of household members ranged between one and twenty, with a median of two.

Vulnerable Populations Served		
	Number of Households	**Percent of Total**
With Elderly	7,814	37.6
With Disabled	9,024	43.4
With Children	5,229	25.1
Non-Vulnerable	3,882	18.7
Total	**20,799**	

Table 1. Number of EAP households with vulnerable and non-vulnerable members. The above percentages do not add to 100% since the vulnerable populations are not mutually exclusive, *i.e.* some of the households may include elderly and disabled, or some other combinations, and are thus counted more than once. Please see additional EAP data limitations discussion on page 12.

The majority of the households served were in Clark County (62.0% of all households served), followed by Washoe County (19.6%). However, the jurisdictions within which the largest percentages of households below 150% of FPL were served by the EAP program were Lyon, Churchill, and Carson City. Figure 15 shows the counties' percentages of households served.

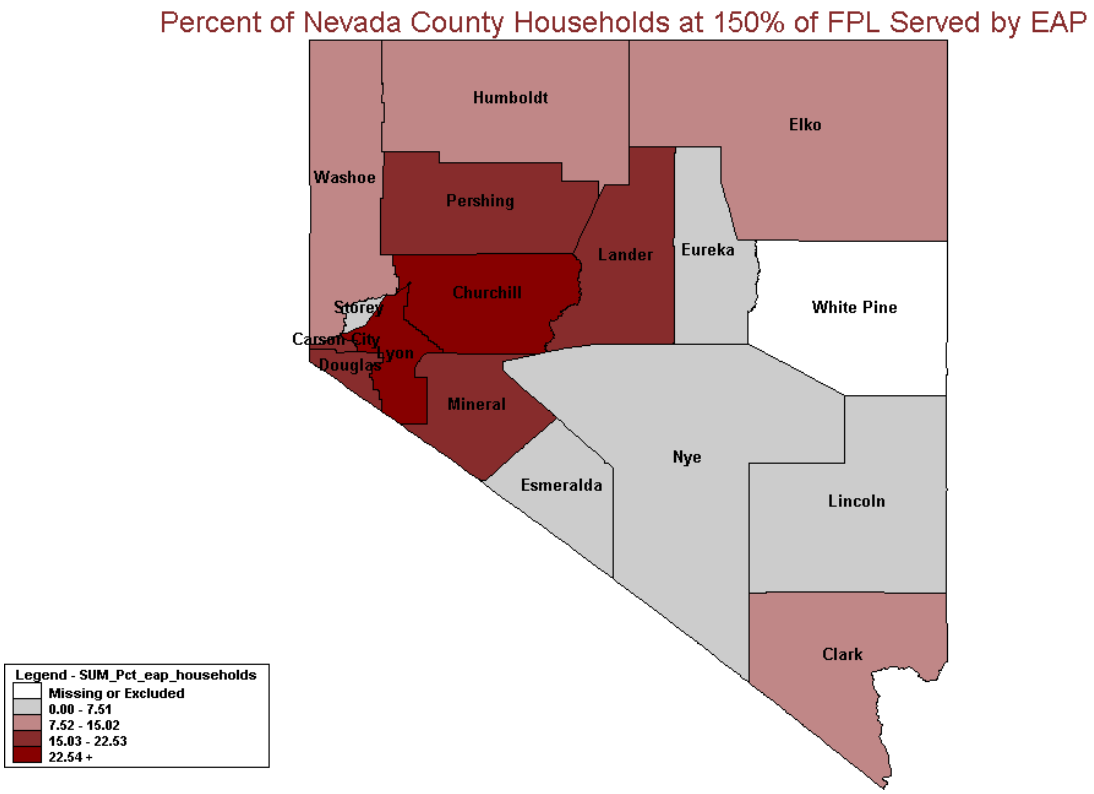

Figure 15. EAP participants at 150% of FPL by county. Please see EAP data limitations discussion on page 12.

The majority of the households served by EAP were living in rented homes (80.1%; see Table C in Appendix), primarily apartments (49.3%; see Table 2). The main energy source used by EAP households was electricity (99.8%), followed by natural gas (64.5%); see Table 3).

Dwelling Type		
	Number of Households	Percent of Total
Apartment	10,256	49.3
House	6,132	29.5
Mobile Home	2,278	11.0
Condo/Townhouse	1,195	5.8
Duplex	619	3.0
Studio	180	0.9
Other	127	0.6

Table 2. Number of EAP households by type of dwelling. Please see EAP data limitations discussion on page 12.

Energy Type		
	Number of Households	Percent of Total
Electric	20,763	99.8
Natural Gas	13,407	64.5
Propane	721	3.5
Heating Oil	69	0.3
Other*	23	0.1

Table 3. Number of EAP households by type of energy. * "Other" fuel types include wood, pellets, and kerosene. Please see EAP data limitations discussion on page 12.

Meeting Needs

Is Nevada's EAP meeting the statewide need for energy assistance? As seen in Figure 16, there are 192,855 households in Nevada below 150% of FPL.[15] Approximately 11% of those in need are receiving EAP assistance, and 13% of the elderly and 15% of the disabled in need are receiving EAP funds. Approximately 18% of children in need are in households that receive EAP support.

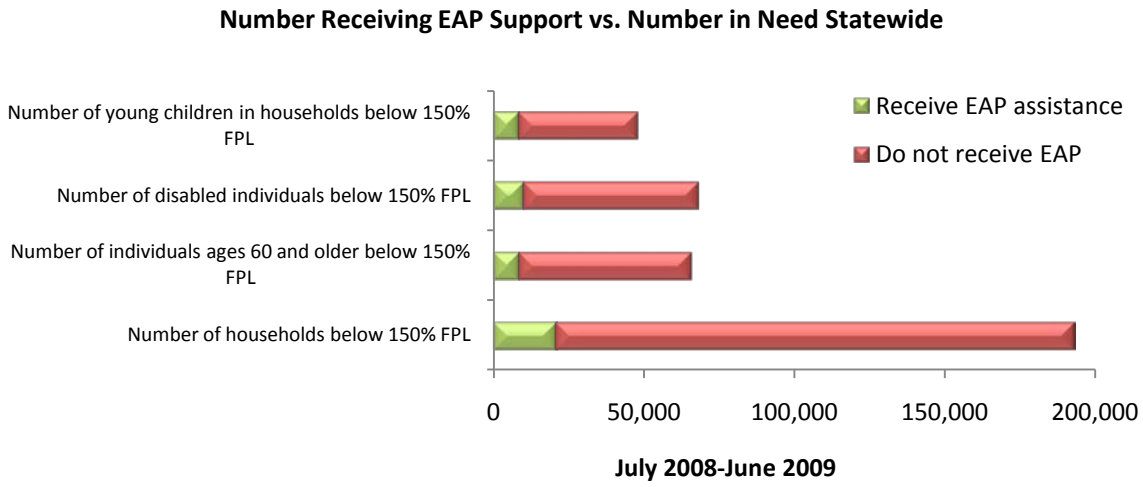

Figure 16. Number of EAP participants/households by vulnerable status, compared with number in poverty statewide. Please see EAP data limitations discussion on page 12.

[15] Poverty data were estimated by using the 2005-2007 American Community Survey 3-year U.S. Census data [http://factfinder.census.gov/servlet/STTable?_bm=y&-context=st&-qr_name=ACS_2007_3YR_G00_S0102&-ds_name=ACS_2007_3YR_G00_&-CONTEXT=st&-tree_id=3307&-redoLog=false&-geo_id=04000US32&-format=&-_lang=en] and the 2008 Nevada State Demographer statistics at http://www.nsbdc.org/what/data_statistics/demographer/pubs/pop_increase/].

Achievement Evaluation

The EAP's logic model is shown in Figure 17. The model was developed through discussion with EAP staff. EAP's ultimate goals are to maintain utility services for low-income households throughout the state, and to maintain health and safety, including moderating temperature extremes and operating medical equipment. To make progress toward these objectives, EAP provided support to 20,799 households throughout UEC-paying regions in the state in SFY 2009, as seen in Table 4 (page 36), which gives a demographic view of EAP recipients.

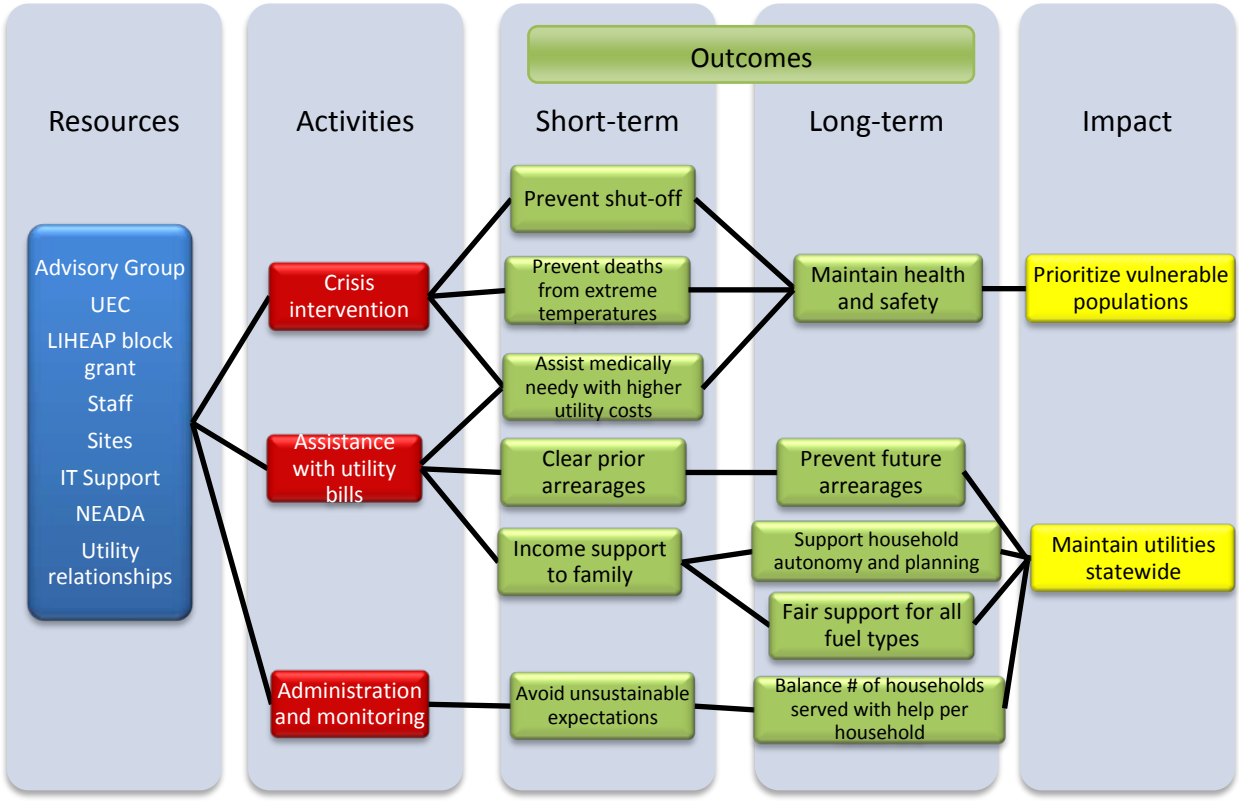

Figure 17. EAP Logic Model.

Table 4 also shows that nearly half of households receiving EAP funds had a disabled member. More than one-third had an elderly member, and just more than one-quarter of households had at least one child under age 6.

Demographic Data for EAP Households					
	Households with young children	Households with disabled member	Households with elderly member	Households with no vulnerable members	All Households
Number Served	5,229	9,024	7,814	3,882	20,799
Average Benefit	$961	$676	$566	$813	$734
Total Awarded	$5,027,573	$6,098,232	$4,425,406	$3,156,876	$15,269,376

Table 4. Demographic data for EAP households. The numbers do not add to totals since the vulnerable populations are not mutually exclusive, *i.e.* some of the households may include elderly and disabled, or some other combinations, and thus are counted more than once. Please see additional EAP data limitations discussion on page 12.

Impact of Benefit Caps

EAP is designed so that the energy burden for program participants should be equivalent to the median energy burden for a median-income Nevada household: 2.55%. In SFY 2009, EAP instituted spending caps in order to maximize the number of clients served. These spending caps, based on family size, were higher for households with a vulnerable member. As a result, the energy burden for participating households averaged somewhat higher than the statewide median.

Percentage of Income EAP Participants Are Expected to Spend on Energy After Assistance, by Household Composition, SFY 2009		
	Average % Income Expected to be Spent on Energy	Range % of Income Expected to be Spent on Energy
With Children	5%	0-137%
With Disabled	5%	0-124%
With Elderly	5%	0-39%
Non-Vulnerable	6%	0-156%
Statewide median	**2.5%**	

Table 5. Percentage of income spent on energy by household composition. The expected energy burden can be above 100% if household income is very low and energy consumption is very high. These households are unlikely to afford their utility bill even with EAP assistance.

As shown in Table 5, the mean energy burden of program participants ranged between 5% and 6% of their incomes, depending on whether they were in a household with a vulnerable member (the number of households in each category is shown in Table 4). Owing to the caps, 49 households' energy consumption was so high and their income so low that they were expected to contribute more than half their income to energy costs. This included 22 households with small children and 4 households with a disabled member. Three households with a disabled member had energy costs totaling between $3,200 and $7,400 for the year. The annual incomes for these households were less than $7,000 for the year,

making it very unlikely that these households would be able to pay their energy bills even with EAP assistance.

As shown in Table 5, households with an elderly member had the lowest maximum energy burden, remaining at under 40% of household income. In all cases, the minimum energy burden was 0%, for households in which the minimum benefit exceeded their energy costs. Additionally, the program participant energy burden varied according to % of FPL, as shown in Figure 18.

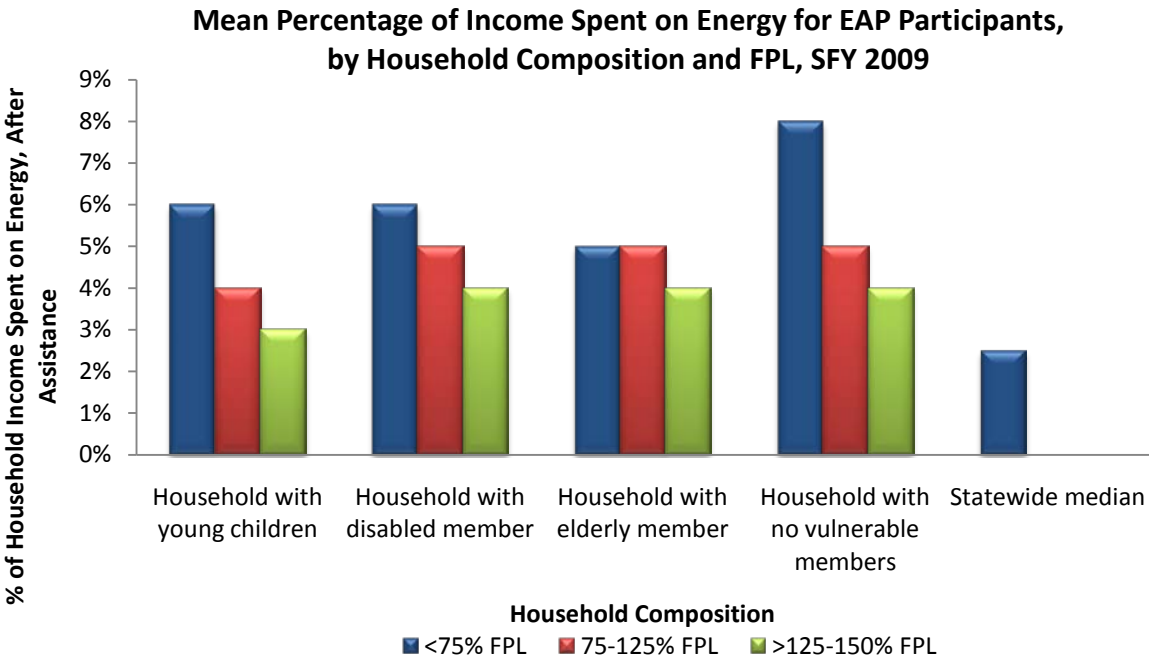

Figure 18. Percentage of income spent on energy by household composition and FPL. Please see EAP data limitations discussion on page 12.

Households with higher incomes were expected to contribute a lower percentage of their incomes to utility bills than households with lower incomes (Figure 18). For households with elderly members, there was very little discrepancy in energy burden between the most and least impoverished seniors. Households with young children or with no vulnerable members saw the greatest discrepancy between the poorest and the less poor: Households in both categories that were <75% FPL had twice the energy burden as households between 125% and 150% FPL. (Note: Please see "Narrative and Statistical Comparison to Other States" on page 52 for a description of benefit calculation methods to avoid this problem which are used in some other states.)

Discussion

The EAP program has been faced with many challenges over the past year. Personnel issues in the Las Vegas office contributed to a momentous case-processing backlog. Problems in the data entry system led to ongoing issues with data accuracy. Misunderstandings between IT and EAP regarding accountability for report accuracy created frustration and delays in meeting federal reporting

requirements. And amidst the long-standing challenges, benefit caps were newly introduced in an effort to balance increased program participation against full coverage for individual households.

EAP is to be lauded for its efforts to improve program functioning and administration. EAP launched an effort to reduce the backlog that involved increasing supervision of caseworkers, establishing performance benchmarks, and hiring temporary staff to complete case processing. Data system problems are being addressed through system work items to solve ongoing problems and increase accuracy of data. Delays in data report production will be reduced through the implementation of Crystal Reports.

Balancing Quantity Served Against Energy Burden

Currently, the program is only serving 10% of eligible clients. EAP is currently trying to determine whether it is better to help more clients pay a relatively small portion of their energy bill, or to help fewer clients pay a higher portion of their energy bill.

Benefit caps were introduced in an attempt to spread the EAP program across more participants. However, an unintended consequence of the benefit cap was to increase the energy burden of the lowest-income households. Of particular concern are the household members with disabilities who have very high energy usage[16] (the three highest energy users in SFY 2009 were all disabled households with incomes under $7,000 per year, with energy bills between $3,200 and $7,400 per year). EAP and WAP could work together to ensure that the energy efficiency of these homes is increased to the maximum extent possible, in order to mitigate the potential energy cost of medical equipment for elderly and disabled household members. We recommend that EAP and WAP jointly conduct a semi-annual review of all high-energy-using households, to ensure that none of these households have fallen through the cracks. This will enable WAP to identify high-energy-usage households that have not yet received weatherization, so they can be actively encouraged to participate.

[16] There are a variety of reasons a household could have high energy bills (*i.e.*, bills greater than $2,000 per year). Medical equipment could account for high energy use, as could problems in the home like broken windows or no insulation, and inefficient appliances. For the disabled, high energy usage could also be related to accessibility issues, such as windows or doors that require force to open or close properly, or heating and AC controls that are not within easy reach of someone with limited mobility.

WAP EVALUATION

Fiscal Analysis

As shown in Figure 19, $3,070,152 was received by WAP from FEAC. $3,733,725 was spent by WAP in SFY 2009, which included reserve funds. 7.2% of this was for program administration,[17] 0.4% was on program design, 0.1% was on outreach and 2.5% on program evaluation. Subgrantee administration used 8.7% of funds, and the remaining 81.1% of the funds were spent on weatherization. (See Table D in Appendix for full fiscal data tables.)

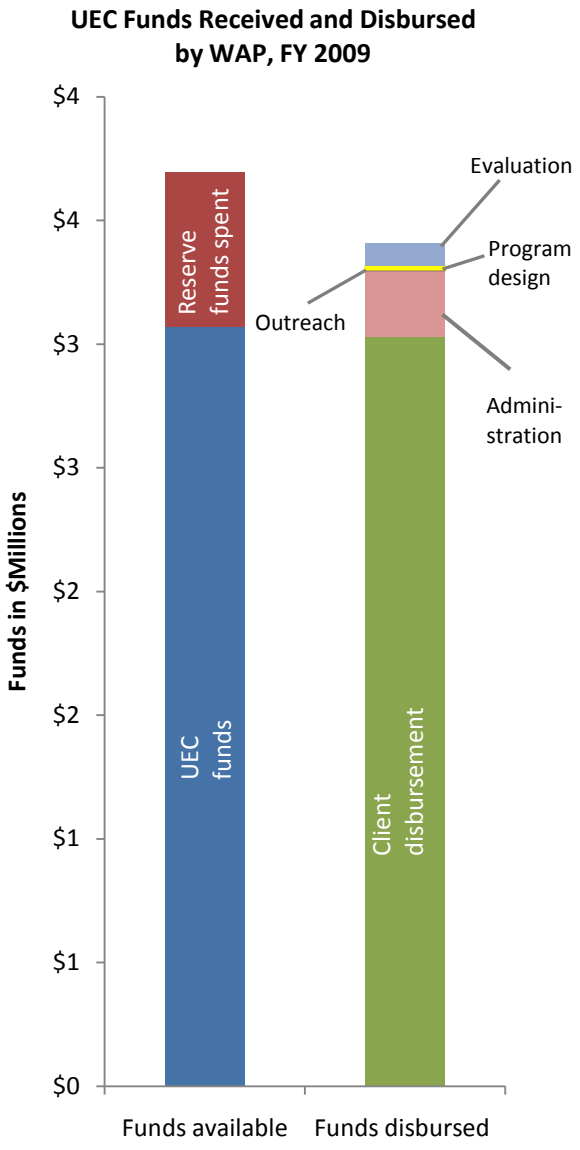

Figure 19. UEC Funds Received and Disbursed by WAP, SFY 2009

Business Process

In contrast to EAP, WAP experienced a relatively stable year in terms of procedural change, with no significant issues or problems to report in terms of operations. Monitoring reports indicated positive findings for all subgrantees, demonstrating full compliance with all state, federal, and program rules and regulations, as well as reporting and fiscal requirements.

Program management noted that WAP staff contended with several emerging issues during the year, including the need to work intensively with incoming state legislators on pertinent energy issues and to address the potential impact of forthcoming American Recovery and Reinvestment Act (ARRA) funding on WAP. WAP staff spent a substantial amount of time during spring responding to questions from legislators and providing testimony related to the omnibus energy bills AB 522, SB 358, and SB 152. WAP management also took steps to clarify the weatherization program's identity, purpose, and functions in relation to the EAP. New language in the legislation clarifying the transfer of funds should help to address prior misconceptions.

[17] Administrative funds in previous years were underspent. Additional administrative costs were incurred in SFY 2009 owing to extensive involvement of WAP staff in key legislative efforts. These costs were covered by carrying forward the administrative reserve funds from previous years.

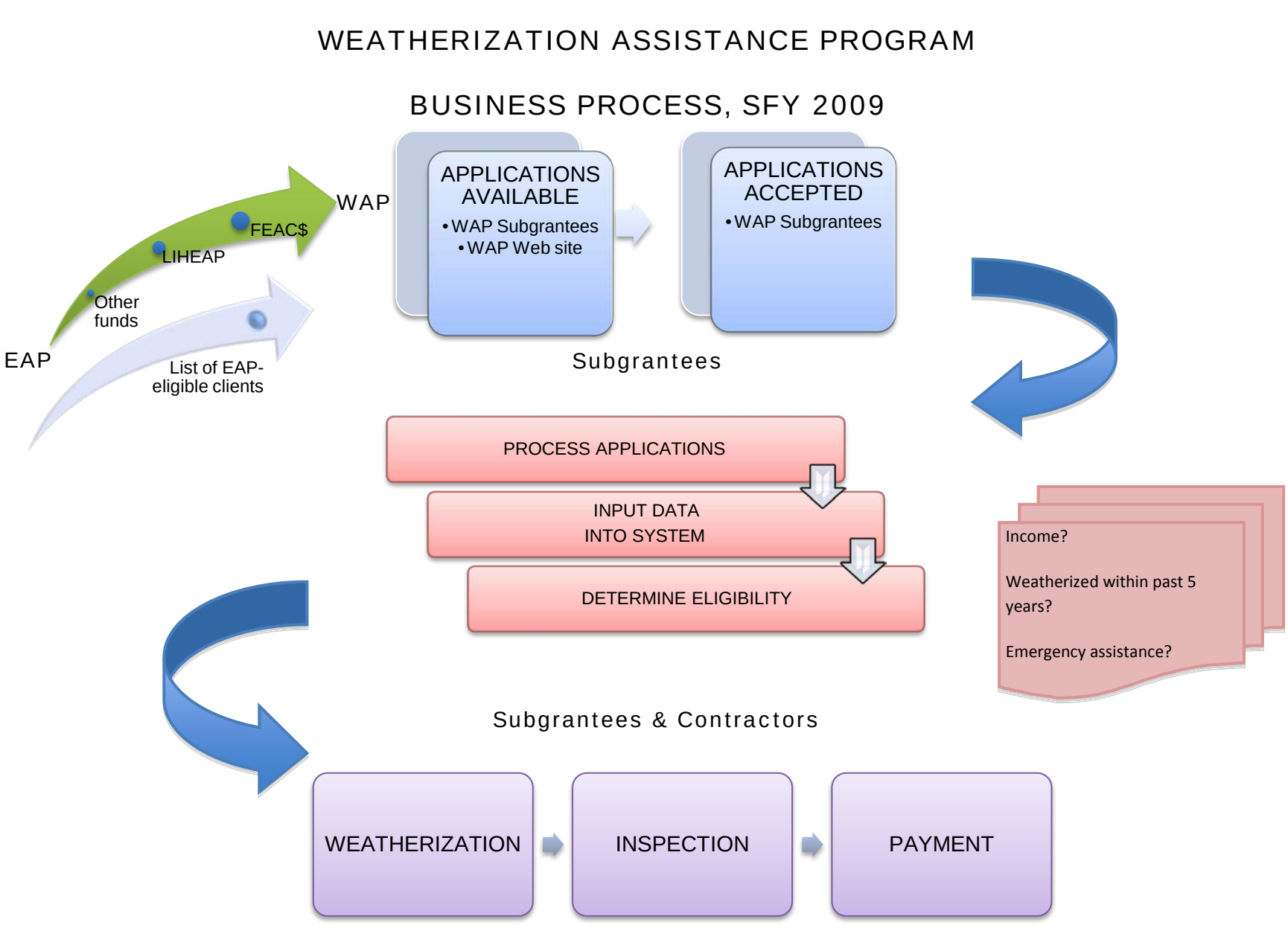

Figure 20. WAP Business Process Map

Other challenges included program understaffing, which was exacerbated by the time required to address the above legislative activity. ARRA funding will allow WAP to hire five temporary staff through 2012.

Collaboration and Cooperation

WAP continues to work with EAP on several levels to improve program performance, mainly through data sharing. EAP sends WAP a monthly file identifying eligible households, which WAP subgrantees then contact via postcard with weatherization information. In the future, WAP would like to work with EAP and the utilities to identify and target high-energy users for weatherization services.

WAP, its subgrantees, and NHD communicate frequently to monitor program performance and to address client questions and complaints. NHD management observed that WAP is in general "very well organized" and that its fiscal projections are usually "right on target."

Looking forward, WAP management discussed its desire to better support program policy development by exploring how unit cost relates to the efficacy of various energy-conservation and weatherization measures. Pursuing grants to increase outreach to the community, particularly schools, also is desired.

The current operational structure of WAP is shown in Figure 20 on page 40. This diagram displays a high-level summary of the major activities that occur in the life of WAP. The cycle begins with the entry of funding and client data by EAP. Program applications are provided to clients on request to WAP subgrantees and through the WAP Web site. Subgrantees accept applications on behalf of WAP and are processed in subgrantee offices. Client data is input into the computer system, and eligibility is determined by income level and weatherization history. Clients are contacted for an initial assessment, and the appropriate weatherization work is completed and inspected. Funds are then issued to the subgrantees.

WAP Implementation Evaluation

WAP Household Characteristics

During SFY 2009 1,107 homes were weatherized. As seen in Figure 21, most of the households had vulnerable populations: elderly (57.6%), disabled (58.5%), high energy users (39.7%), and young children (12.3%). The number of household members ranged between 1 and 8 with an

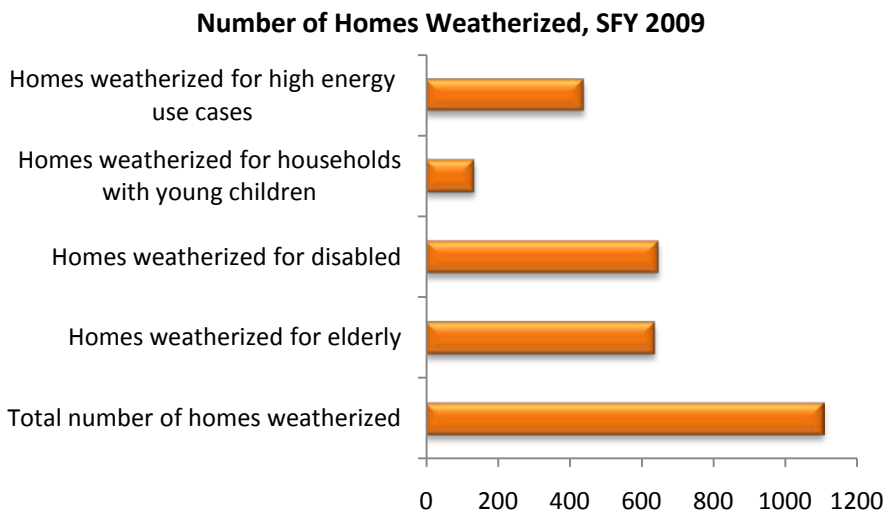

Figure 21. Number of homes weatherized by WAP, by vulnerable status, SFY 2009. Categories are not mutually exclusive: a household could include a member who is both disabled and elderly.

average of 1.9 members per household.

Figure 22 shows the geographic distribution of weatherized homes. The majority of the weatherized homes were in Clark County (72.4% of all households served), followed by Washoe County (14.1%). The counties with larger percentages of households below 150% of FPL that were weatherized by the WAP program were in the following order: Lyon, Pershing, and Mineral.

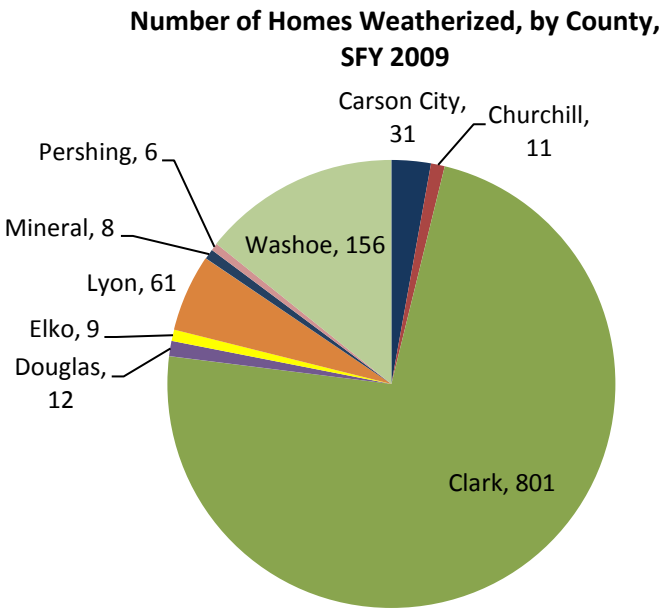

Figure 22. Number of Homes Weatherized by WAP by County, SFY 2009. Counties with fewer than 5 weatherized homes are excluded from the graph.

The majority of the households receiving weatherization were owner-inhabited (60.8%). As shown in Table 6, the highest percentage of recipients was living in mobile homes (34.4%), and the primary energy source related to weatherization was natural gas (60.6%).

Housing Type	Energy Type			
	Natural Gas	Electric	Other*	Total
Mobile Home	294	36	51	381 (34.4%)
Single Family	268	57	15	340 (30.7%)
Apartment	68	246	0	314 (28.4%)
2-4 Family	41	30	1	72 (6.5%)
Total	671 (60.6%)	369 (33.3%)	67 (6.1%)	1107 (100%)

Table 6. Type of residence and fuel type of homes receiving weatherization, SFY 2009. *Other includes propane, oil and wood/coal.

WAP Providers

Table 7 illustrates the amount of weatherization work completed by each WAP subgrantee. The majority of the weatherization work was done by HELP of Southern Nevada (HELP) (61.2%), followed by Nevada Rural Housing Authority (NRHA) (23.5%). Neighborhood Services and Rural Nevada Development Corporation (RNDC) combined completed 15% of the work.

	Number of Homes	Percent of Homes
HELP	677	61.2
NRHA	260	23.5
Neighborhood Services	124	11.2
RNDC	46	4.2
Total	1107	100.0

Table 7. Number of homes weatherized for WAP by subgrantee, SFY 2009.

WAP Achievement Evaluation

The WAP's program logic is shown in Figure 23. This logic model was developed through discussion with WAP staff and subgrantees. The ultimate goals of the WAP program are to maintain health and safety related to temperature extremes and appliance safety, and to reduce utility costs for and lower energy consumption by low-income households. Additional WAP goals include job creation and client satisfaction with weatherization improvements.

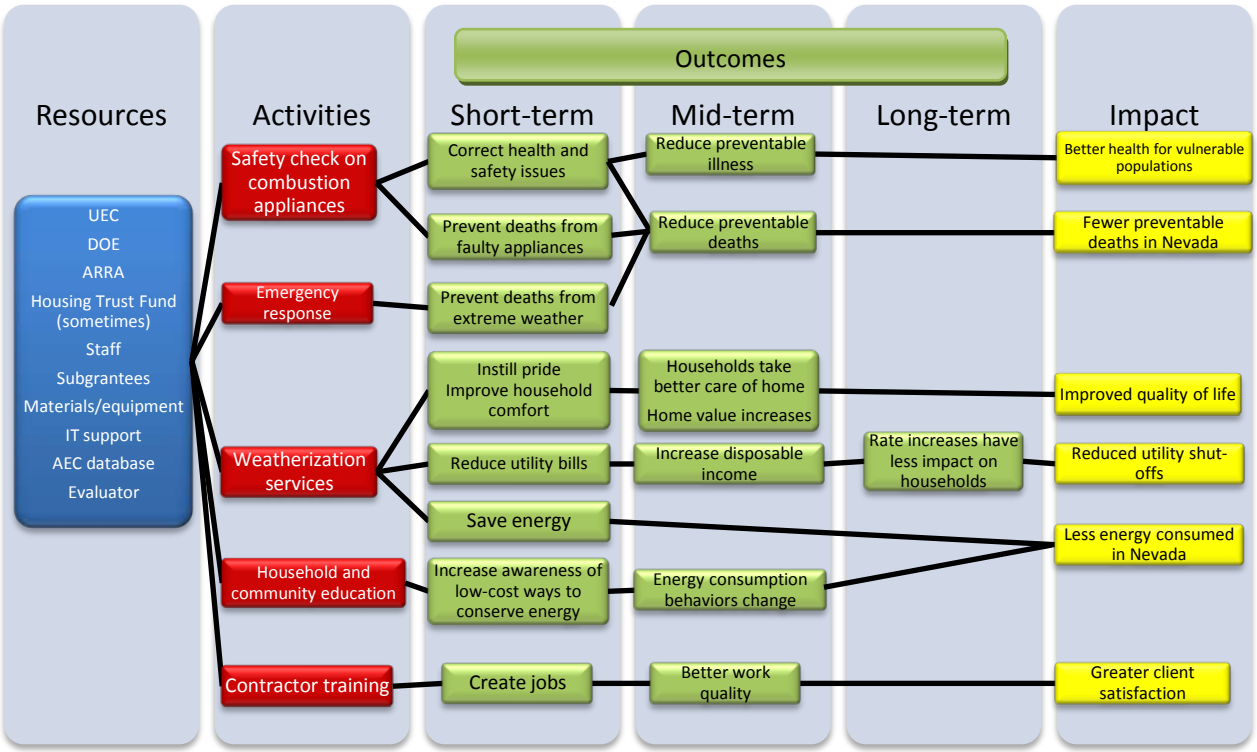

Figure 23. WAP Program Logic and Impacts, SFY 2009.

Improved Health and Safety

In order to preserve health and safety, WAP contractors perform a number of health and safety checks to ensure safe functioning of existing gas-powered appliances. In addition to inspections, WAP contractors install carbon monoxide detectors to ensure

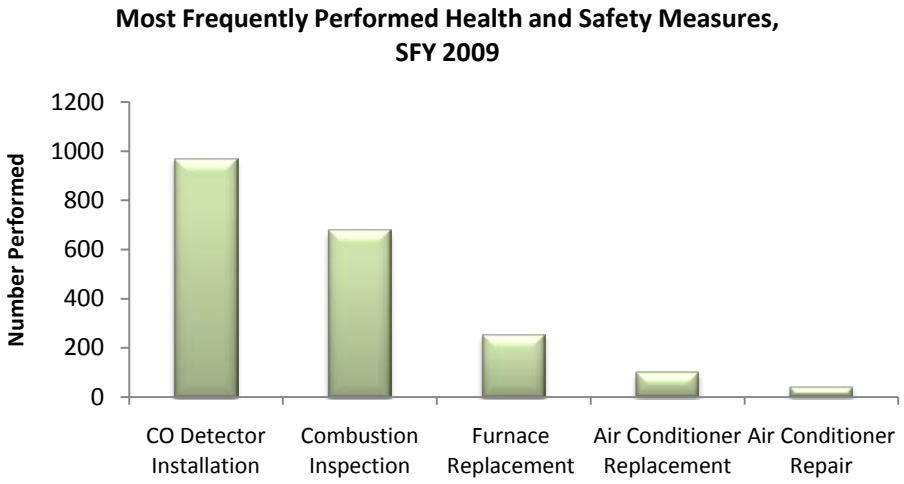

Figure 24. Health and safety measures most frequently performed by WAP contractors, SFY 2009.

ongoing safety following weatherization. The most common health and safety measures are shown in Figure 24. The impact of these is summed up in the following anecdote from a WAP contractor:

> "We had a client in Henderson with a family of four, and one of them was a newborn baby. The other child was about 2 years old. All the children have been in and out the hospital, especially the newborn. Through our testing, we found that the heater was pumping carbon monoxide poisoning into the home. After we installed a new heater, the kids didn't have to go back to the hospital."

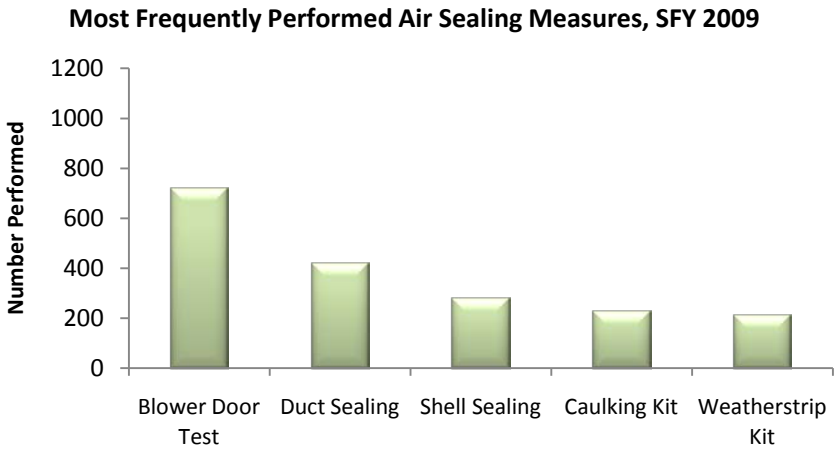

Figure 25. Air sealing measures most frequently performed by WAP contractors, SFY 2009.

WAP contractors also performed air sealing measures (Figure 25) and conservation measures (Figure 26). Two clients reported air quality improvements in their homes after the weatherization program fixed windows or other sealing measures. One client attributed an improvement in asthma to the new windows that keep dirt out of the house, while another client reported being able to breathe better after the drafts were eliminated in the home.

As two clients reported:

> "I'm in a wheelchair, and it's [the AC] not only at the right height for me, but it's also easy to use. It seems less drafty for sure when it comes to some of those winds that may have been blowing through."

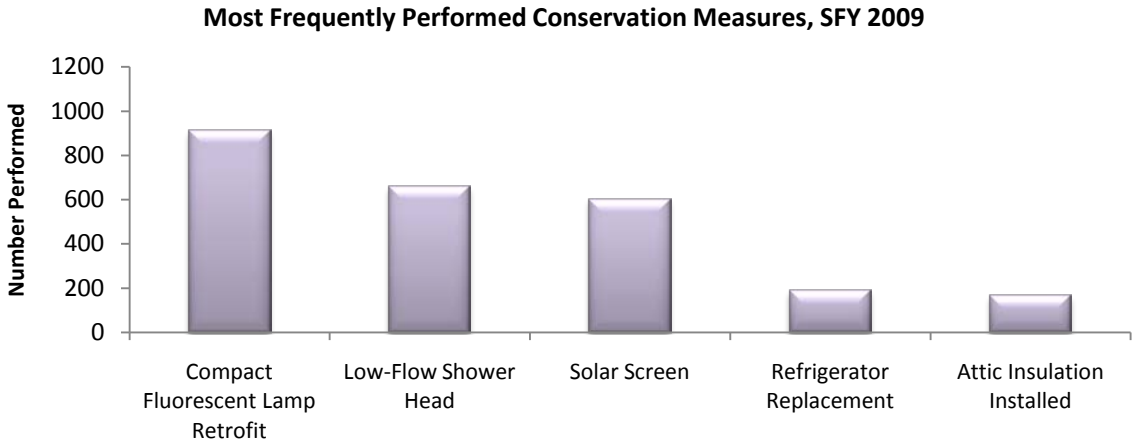

Figure 26. Conservation measures most frequently performed by WAP contractors, SFY 2009.

"I set it at 78 degrees and it comes on and off by itself. I was (uncomfortably hot) before the weatherization program. It was also a lot warmer in the winter. Nevada can get very cold in the winter. I noticed a huge difference then too. Because of all the broken windows, all of my heat was going outside so I was heating the outside."

Client Need

There is a clear need for this program among the clients interviewed. Clients are living in poverty and would be unable to afford repairs like this on their own. For the majority, their financial deprivation is severe: Seven out of 11 reported being worried that they would run out of money for food during SFY 2009. One client reported reducing the size of meals or skipping meals in order to save money. Another client with diabetes reported being unable to go to the doctor for blood sugar monitoring owing to lack of health insurance and money. Two other clients skimped on their medications by cutting pills in half or by taking medications every other day in order to save money. A savings of even $25 a month in utility costs for these clients can have an impact on their ability to eat or take medications.

Additionally, our evaluation of the EAP revealed that a number of clients are very high energy users, and that households with disabled members are disproportionately high energy users. WAP could target these high energy users, particularly those who are disabled or elderly, to ensure that those households are prioritized for weatherization. It is also possible that WAP could raise the weatherization caps for particularly needy clients, to ensure that the maximum work possible is done to reduce their energy usage.

Increased Energy Efficiency

As shown in Figure 27, the weatherization program will save an estimated 314,916 therms and 3,445,211 kilowatt hours (kWh) per year over the life of these improvements. These improvements have resulted in practical reductions in individual clients' bills. Ten out of eleven clients interviewed noticed a decrease in their utility bills after the weatherization project was completed. All 11 clients reported that they were able to maintain their homes at comfortable temperatures during the summer after the weatherization. Three clients were not yet able to report on winter performance because the work had been done on their homes during the summer months, but other clients reported comfortable

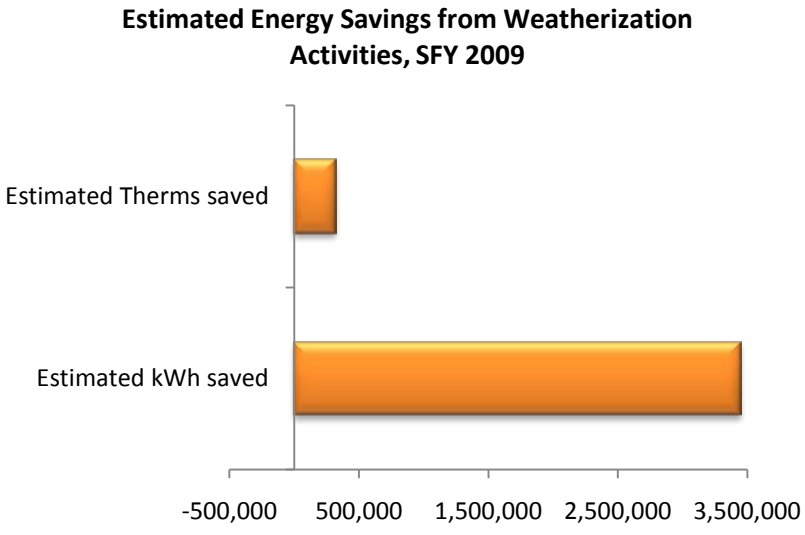

Figure 27. Estimated energy savings from weatherization activities, SFY 2009.

winter temperatures as well.

Contractors also believed that the weatherization program promoted significant energy savings. As one contractor described the impacts of his labor:

> "One lady in Fallon, Nevada, averaged about a $350 a month heating bill. I saw it. When we got done, the last bill was $125. We have about a half dozen like that throughout the state. We work in about five counties. The comfort of living goes way up and cost goes down."

Client Satisfaction

All clients interviewed were grateful for the weatherization program. All but one thought the application process was very easy—the one divergent opinion was that the process had taken a long time. Another person found the application itself to be easy, but said it had been challenging to learn about the program in the first place. The only improvement that was recommended was to improve the advertising of the program. One client reported that the thermostat in her air conditioner did not appear to work properly as her home became too cold. Overall, however, clients were very satisfied with the work itself. Every client interviewed said they would recommend this program to other people. "They work with some really good venders. They explained everything ahead of time and had everything on schedule. They did a great job."

Providing Jobs

The weatherization program has been a very important source of income to the contractors who have been involved in the past year. As construction work in Nevada has plummeted,[18] the majority of WAP contractors have found the program keeping them afloat. Six out of seven contractors interviewed attributed the WAP to helping them stay in business during the economic downturn. WAP work comprised between 30% and 100% of the contractors' business during SFY 2009. As one contractor emphasized: "Without the Weatherization, I'd be unemployed and bankrupt, so that's how grateful I am to be working with them."

"Without the Weatherization, I'd be unemployed and bankrupt, so that's how grateful I am to be working with them."

-WAP Contractor

While the WAP has been essential given Nevada's current economic woes, a few contractors were concerned that the Savings-to-Investment-Ratios (SIRs) were not keeping up with costs. In the words of one contractor: "Profits have dropped because we had to drop the prices to meet the SIRs that were needed." The issue of SIRs limiting profitability could be a concern in an economy in which more contractors are dependent upon WAP for their livelihood: If SIRs limit profit too stringently, and more profitable contracts are

[18] The Associated Press. "23 States Report Higher Unemployment in September." **The New York Times**. October 21, 2009, online ed.: Politics.

not available, it could drive struggling businesses under.

Contractor View of WAP Impact

The contractors we interviewed also reported the extreme need of some of the households. One contractor described a client who had not had air conditioning for two years. This client had built a tent in his bedroom to keep the air cool and never left this room. Another contractor described the extreme need:

> "We have clients that have literally no windows. We also have clients with leaky roofs and although it doesn't rain a lot in Nevada, when it did, their homes flooded."

"I'm in a wheelchair, and [the new air conditioner] is not only at the right height for me, but it's also easy to use."

-Weatherization client

These contractors believed that their work through the WAP program was providing tangible and essential quality-of-life benefits to WAP clients. Another contractor saw the non-measurable non-monetary impact of the program as being equally important. When asked if WAP helps people, the contractor replied:

> "Oh my gosh. That is why we do the program. It's all about helping people. We take people's trash out. We sit and talk to them because we work with a lot of elderly. It takes a special kind of people. We have little old ladies that have not talked to anyone in six months. You have to be patient and understanding in all aspects. Helping people is a huge passion. Fifty percent is the mechanical, and 50% is customer service."

Improvements Recommended by Contractors

Overall, the contractors were satisfied with WAP and believe it benefits both the community and their businesses. "I think the existing subgrantees and housing division have an excellent program developed and the delivery system works really well." Some contractors found the paperwork to be cumbersome, and WAP staff concurred that there is some duplication in the paperwork owing to different state and federal reporting requirements.

Another contractor believed that more frequent trainings from the Compliance Audit Investigator with Nevada Housing Division would be beneficial. This contractor felt that while the quality of the training was good, more frequent trainings are needed to keep up with the changes in laws and policies.

A number of contractors would like to see the cap on improvements lifted so that more can be done for some homes. Contractors reported that the heating and air conditioning take up the majority of the money, but some homes could use much more work to improve their energy efficiency.

LOW-INCOME ENERGY ASSISTANCE ADVISORY GROUP

The Low-Income Energy Assistance Advisory Group (Advisory Group) met periodically throughout SFY 2009, coordinated by Co-Chairpersons Karen Ross from Community Affairs at NV Energy in Reno and

Debra Gibson from Las Vegas. Bob Cooper at the Bureau of Consumer Protection is the Secretary. The Advisory Group provides a primary means for DWSS and NHD to implement mandates in NRS 702 for consultation with knowledgeable persons and for coordination with other programs offering low-income programs and low-income funding.

Membership and attendance at the Advisory Group overlaps with that of the NV Energy DSM (Demand Side Management) Collaborative low-income working group, but the two groups have different purposes. Each meeting of the Advisory Group begins with the reading and approval of the minutes of the previous meeting, and at each meeting both DWSS and NHD give reports of activity in their UEC Fund programs to date, usually with comparison to activity to the same date in the prior year. Other reports, including a summary of evaluation recommendations from the previous evaluation and plans for coordination, were presented and discussed. Meetings were well attended by the primary UEC delivery agencies (DWSS and NHD), staff of the Public Utilities Commission of Nevada (PUCN), many of the Housing Division subgrantee agencies, agencies involved with the payment assistance program, and other interested parties.

Short-term fluctuation in funding is a serious problem for NHD because training crews for weatherization work is a long-term process.

Throughout SFY 2009, NHD reported that it was "on track" for progress to that portion of the year; it remained on schedule throughout the year. At the March meeting, it reported an average cost of $3,350 per job. While single-family homes and apartments should be kept separate for reporting purposes, the outcome did show overall consistency with planned targets. As it became clear that ARRA funds would be available for SFY 2010, it appeared that the total number of Housing Division jobs would increase from 1,107 to 2,999 next year and that the average cost would increase to $5,000 per home including current state, federal, and one-time ARRA funding. The one potential hitch in planning for SFY 2010 is that ARRA funds are subject to the Davis-Bacon Act, and it is projected to take several months for the federal determination of an appropriate wage rate for persons working on ARRA. Also, a good portion of ARRA funds were projected to be spent on training new weatherization staff, and Housing Division expected this to be coordinated with a state bill to facilitate training.

Any short-term fluctuation in funding is a serious problem for NHD because training crews for weatherization work is a long-term process. There was some expressed desire to spend federal ARRA funds first, and then tap into the banked UEC funding. In contrast, a federal ARRA weatherization official in the Obama administration portrays ARRA funding as only a first "down payment" in a dramatic ramp-up that will be needed to address climate change. For ARRA funds, which must be spent within three years, NHD will serve households up to 200% of the federal poverty level, rather than the 150% of poverty limit for UEC and LIHEAP funding.

SW Gas noted that it had filed for a natural gas weatherization program that would serve households with income up to 200% of the federal poverty level. Later, in early SFY 2010, SW Gas announced that the PUCN had granted its request and that it would coordinate with Housing Division for the program implementation.

Case processing was also addressed at Advisory Group meetings. DWSS reported that to pick up the 10,000-plus application backlog in February 2009, a number of temporary caseworkers had been added, bringing the number of caseworkers from 15 to 45. Later, in early SFY 2010, DWSS reported that the backlog had been reduced to fewer than 2,000 by the start of June 2009.

DSM COLLABORATIVE AND COORDINATION

The original DSM Collaborative was established by Nevada Power and Sierra Pacific Power Company, which later became NV Energy. For the most part, the collaborative concerns only the Nevada Housing Division. Over the years, the Housing Division has had cooperative program efforts with NV Energy. These continuing cooperative efforts are mandated by NRS 702, specifically by NRS 702.275(5)(a, c & d).

In past years, NV Energy has expressed concern that some joint efforts with Housing Division have resulted in work that is associated with a Total Resource Cost (TRC) test value of less than one. Specifically, an early cooperative air conditioner replacement project had a TRC of about 0.4 for electricity, or 0.8 if both gas and electricity were included in the calculation. Since then, NV Energy has discontinued cooperation on that project and instead contracted directly with a private-sector ("for profit") vendor and changed its focus to low-income clients in a slightly higher income bracket. For this period, the Nevada Housing Division has continued to treat homes up to and including households at 150% of the federal poverty level as mandated by NRS 702; NV Energy has treated homes above 150% of the federal poverty level and up to 200% of the federal poverty level. Since studies show that the need for such aid often runs above the program eligibility level of 150% of poverty, this has in some ways resulted in a productive division of labor.[19]

The primary reason NHD work results in a low TRC value (NHD is not subject to the TRC test, but NV Energy is) is that the Housing Division emphasizes treatment of health and safety problems. Often, in fact in about 40% of homes, the allowable funding per home is taken up by a replacement of an old or red-tag (turned off by law for safety reasons) furnace in Northern Nevada. This is not actually an energy efficiency measure under the definitions used in the TRC test because the replacement furnace is an 80%+ efficiency furnace rather than a 90%+ efficiency furnace. Similarly, when senior citizens cannot stay in their homes due to heat in Southern Nevada, NHD may replace a whole-house air conditioner or room air conditioners. These also do not count as energy efficiency measures because standard units are used (it has been found that the current higher-efficiency units cost too much to install in old homes relative to the efficiency gains they offer over the standard units, which now offer a higher baseline efficiency). Nevertheless, these costs are entered into the denominator of the TRC test without correspondingly large savings values in the numerator of the ratio. The reason 80%+ efficiency furnaces are installed is that they require much less maintenance, and yearly maintenance is not likely in a low-income home. In addition, the cost is much lower than a 90%+ furnace, so more homes can be reached.

NV Energy is also concerned with health and safety but would be unlikely to focus on furnace replacements, so its independent TRC results are naturally higher. The Public Utility Commission of

[19] See Table E, Appendix.

Nevada (PUCN), which requires utilities to use the TRC test, does not actually require a TRC of one or greater for a low-income program, but NV Energy regards it as prudent to strive for a TRC of one or better.

For SFY 2009, Housing Division and NV Energy have been discussing and developing a new low-income pilot based on a coordinated approach initiated by Ernie Nielsen, a member of the Advisory Group and advocate for senior citizens. Progress was made on developing this proposal in SFY 2009.

In August 2009, NV Energy DSM program development was put on temporary hold by PUCN due to an order to develop a new forecast that takes the current economic baseline of serious economic recession into account. It is expected that the new cooperative project will resume development once the PUCN accepts the new forecast and the new projected TRC values based on the new forecast and program designs and costs.

Also, as work starts up again, the evaluation team will continue to follow developments in the overall collaborative (such as the recent addition of SW Gas and the Water Authority for the Las Vegas area to the effort). Specifically, the evaluation team follows the work of the collaborative low-income working group and the inter-utility working group. In addition, the team participated in discussions at PUCN among parties concerned with the improvement of the TRC test, and is alert to new developments in the utility benefit-cost test areas, such as Michigan's and Utah's adoption of the Utility Cost test in place of the TRC test. (For a full discussion of these tests, please see the SFY 2008 evaluation).

AGENCY-UTILITY COORDINATION

There are two central concerns about agency/utility coordination for SFY 2009. The first is how well DWSS coordinates with the Collection function at participating utilities. Coordination is mandated by NRS 702.260(8)(a & c) and is necessary to improve overall effectiveness and efficiency of the payment assistance program. The second is how well the utilities coordinate with the Housing Division's Weatherization Assistance Program for UEC-eligible customers and other low-income customers. Coordination is mandated by NRS 702.280(5)(a & c & d).

The Collection Function and Consumer Bill of Rights

For DWSS, the basic issues revolve around coordination with the Collection function at the utilities. As noted in the section on governing legislation (NRS 702), NRS 702 appears deficient in that it lacks an explicit requirement to ensure close coordination with utility Collections functions. These functions are governed by the Consumer Rights developed by the PUCN, other concerned state agencies (for example, the Office of the Attorney General), and other concerned parties; as well as internal utility Collections policies (please see Nevada Administrative Code 704.302).

When a utility customer becomes delinquent on payments, many steps and notices are required before utility service can be terminated. In such a case, the key to success for the client, the utility and the State of Nevada is to coordinate DWSS internal performance goals and policies with the utility Collections function to ensure smoothly working cooperation. In this view, success occurs if an eligible client is

found to be eligible on a ***very timely*** basis, *i.e.*, no service terminations occur for customers who are found eligible for payment assistance by DWSS.

There are provisions for designating fast-track and crisis cases such as customers facing imminent disconnection from utility service. Also, there is nearly constant communication among DWSS client contact staff and their counterparts at the utilities. However, it is not clear how service lags in SFY 2009 impacted the utilities' processing of cases in the Collections process. It is clear from interviews with Collections managers that service lags were noticed. One utility manager stated that if DWSS had informed the utility that it was behind on processing applications, and had identified the clients who were subject to delayed processing, the utility could not have delayed termination proceedings until processing had been completed; however, it might have been possible to set a lower temporary payment amount.

Recommendation: We recommend a meeting of DWSS UEC management with the utility Collection managers at which the Consumer Bill of Rights and the collections processes are presented and discussed. This might be a separate meeting with limited participation, or it could be scheduled through the regular meetings of the Advisory Group.

Other Issues

Closing of the Social Marketing Web Site: One issue that emerged in SFY 2009 was the independent decision by DWSS to shut down the Nevada Energy Connection Web site that had been developed several years earlier for an intensive social marketing campaign to make eligible households aware of the benefits of the UEC program. Both Southwest Gas and NV Energy had links from their corporate Web sites to the Nevada Energy Connection Web site for payment-troubled customers to find help. When the Web site was taken down, this was not first discussed with the utilities. DWSS could have first called a meeting with the utilities or with the Advisory Group to discuss whether to take down the site, to consult on how this would affect the utilities and their processing of payment-troubled customers, what the implications would be for changes at the utilities, and how to address these changes.

Changing of the Customer Contact Number: DWSS changed the phone number for information at the same time that the Web site was taken down; this also was not discussed in advance or carefully coordinated with the utilities' Customer Service and Collections functions. More verbal and direct interaction and cooperation among DWSS, the utilities, and the Advisory Group concerning changes to the processing of low-income utility customers would ensure that these organizations are always "on the same page."

Placement on the DWSS Web Site: The information from the social marketing Web site was transferred to the DWSS Web site, but it does not stand out and is not easy to find. The DWSS site is very "wordy" and addresses multiple programs and separate concerns. The current placement is something of a barrier to a person who may not be Internet-savvy, such as an older person who might be referred to the DWSS Web site. This should be discussed in the Advisory Group and within DWSS.

Domino Effect on Fixed Annual Credit: When customers are delayed on yearly recertification, either by delays in processing at DWSS (as occurred in SFY 2009) or for some other reason, such as time taken to gather follow-up information in response to a Request for Information, they tend to accrue unpaid or partially paid bills. When the Fixed Annual Credit comes through for the next year, a portion goes to cover this accumulated arrearage. From year to year, this can create a domino effect, with more and more of the Fixed Annual Credit (designed to be sufficient for a year, given regular customer payment of the customer portion of the bill) to slip into coverage for the previous year. This, again, has much to do with timeliness of processing from one year to the next and should be discussed in the Advisory Group and within DWSS.

NARRATIVE AND STATISTICAL COMPARISON TO OTHER STATES

Twenty-two out of the fifty states plus the District of Columbia have Universal Service/Public Benefit funds for low-income energy assistance and/or weatherization assistance programs. For this 2009 report, we will focus only on payment assistance programs. These programs vary widely among the states.[20]

Wide Variation in Payment Assistance Program Types

The goal for assistance in Nevada is to bring a household to the same level of energy burden as the median household energy burden in the state.[21] No other state has implemented its program directly according to the principle of equity.

Payment assistance programs have been mandated by the state legislature in some states, such as Nevada and New Jersey. In others, such programs have been ordered by the state public utility commission. A few states, such as Pennsylvania, administer payment assistance (as distinguished from the federal Low Income Home Energy Assistance Program (LIHEAP)) directly through utilities. Assistance is administered by state agencies in other states, such as Nevada.

Where the program is administered through utilities, some states permit a range of program variations. For example, payment assistance may take the form of a simple and uniform discount from an established cost-of-service rate (California, Maine, New York, Texas, District of Columbia, Montana and some utilities in Utah), or a special low-income rate, sometimes including a tiered rate structure (as with some Pennsylvania utilities such as PECO Energy and the Philadelphia Gas Works). New Jersey, Ohio, and the new program in Illinois are Percentage of Income Payment Plans (PIPPs). Some utilities have

[20] Primary information for this section is from Kay Joslin of the National Center for Appropriate Technology (NCAT). There have been few comparison studies across the states, although each state (or each utility in states where variation by utility is permitted) has periodic program evaluations. The most recent useful comparison study is: APPRISE with Fisher, Sheehan & Colton, *Ratepayer-Funded Low-Income Energy Programs: Performance and Possibilities*. Princeton, N.J.: APPRISE, July 2007 (http://www.appriseinc.org/multi_sponsor_study.htm).

[21] Each year, the Division of Welfare and Supportive Services (DWSS), with assistance from the State Demographer and with data supplied by the utilities calculates the median household energy burden. This median becomes the target for assistance for the following program year. In years in which funding runs short, DWSS is permitted to vary from this target.

experimented with a Percentage of Bill (POB) plan, or a mixture (POB/PIPP). Other combinations of programs are possible.

For major utilities in large cities, payment assistance from a state-mandated payment assistance program is often supplemented with additional payment assistance from a local low-income helping organization, such as a Community Based Organization (CBO). Utilities also often offer some limited direct help in negotiating payment arrangements and may offer some credits (financed, in part, by utility customer and shareholder contributions). Religious organizations may offer very limited financial help to families in need.

Maine, Wisconsin, Texas, and Maryland only have payment assistance for electricity bills. Georgia's program covers only gas bills.

For the SFY 2009 evaluation, we confine comparisons to California, the neighboring state that Nevada often uses as a reference; and New Jersey, the state with the program most similar to Nevada's. In future evaluations, we will expand our comparison to selected additional states.

Profile: California's CARE Program

Inclusion: *The current California CARE (California Alternate Rates for Energy) program began in 2002. It includes households with income up to and including 200% of the federal poverty level.* The program is administered through the utilities by order of the California Public Utility Commission (CPUC).*

Type: *The program type is a discounted utility bill, with a simple POB 20% discount on each utility bill for participating households. Since federal LIHEAP is run in tandem with this program, LIHEAP may be viewed as functionally integrated, but not in the full sense developed in Nevada.*

Enrollment Process: *In a ruling on July 17, 2002, the California Public Utility Commission mandated automatic enrollment in CARE (as determined by the LIHEAP database) to reduce administrative costs and increase participation. The commission subsequently ordered utilities to increase enrollment attempts through categorical eligibility,** which the commission had approved in December 2006. In 2008 another Commission decision added more programs for automatic certification. More recently, California has adopted a procedure for customers to self-certify for the program and does not require them to recertify. This provision results in a high participation rate; the current participation goal is 90% of eligible households.*

Participation: *As of December 2008, according to utility reports to the CPUC, the CARE participation rate averaged around 78 percent of eligible households for the four largest utilities*

* For further detail on California, please see: http://liheap.ncat.org/dereg/states/california.htm.

** Categorical eligibility permits customers to document that they or someone in their household are recipients of any of several government means-tested programs, rather than having to provide documentation of income.

Profile: New Jersey's Universal Services Fund

The program most similar to Nevada's is the New Jersey Universal Service Fund (USF) program. Rather than being based on an empirically measured principle of equity subject to re-calculation each year as in Nevada, payment is based on an idealized calculation of theoretical need. In past years, national housing legislation suggested that housing should cost about thirty percent (30%) of a household's annual income to be affordable. One-fifth of this, or six percent (6%) of household income, is estimated as an idealized cost of energy. This is set as the fixed credit amount in the New Jersey program. [22]

Inclusion: *New Jersey's USF began in October 2003 by order of the Bureau of Public Utilities (BPU), implementing state legislation that required establishment of the Fund. The program includes households with income up to and including 175% of the federal poverty level.* [23] *It is administered through state agencies. As in Nevada, New Jersey's payment assistance program is directly integrated with LIHEAP.*

Type: *The program type is a Percentage of Income Payment Plan (PIPP).*[24] *The program is designed to reduce the utility bills of eligible customers to six percent (6%) of household income: For a home with both natural gas and electric service, this would be three percent (3%) for gas and three percent (3%) for electricity. The size of the total PIPP payment per household is capped at $1,800 per year. The cost of administration for the USF program is capped at ten percent (10%) of the program budget.*[25] *The USF bill credit is applied monthly by each utility, so the "please pay" amount on each bill is the amount required to be paid after the USF credit and any other credits have been calculated. Only direct-pay electric and natural gas bills are covered by the program; other energy sources are not included. The program is fully integrated with the state LIHEAP program.*[26] There is also a separate Lifeline program that provides an energy bill credit of $225 per year to senior citizen households and households that receive Social Security Disability income and thus qualify as disabled. [27] A partial arrearage forgiveness program called "Fresh Start" was added in 2004. Under this program, if a household pays utility bills in full for an entire year, prior pre-program arrearage is forgiven. [28]

[22] This is in contrast to the approximately three percent (3%) median household energy burden calculated for Nevada each year (2.55% for SFY 2009).

[23] For additional detail on New Jersey, please see: http://liheap.ncat.org/dereg/states/njersey.htm. As in Nevada, the inclusion criteria are generic and a utility customer does not need to demonstrate a pattern of payment trouble to be admitted to the program. However, New Jersey's program has not made provision for customers whose bills are paid by landlords and it is restricted to electric bills and gas bills.

[24]New Jersey has a "Fixed Credit Percentage of Income Payment Plan." In a "Fixed Credit" program, clients are motivated to lower bills each month because an increase in energy use will cause a corresponding increase (beyond the fixed credit amount) on the next energy bill. This is in contrast to Nevada where the yearly payment is typically a lump sum, creating a mixed signal to the customer on each energy bill.

[25]New Jersey is a very populous state with a very large low income population; this provision results in an administrative budget that would be regarded as very large in absolute amount in comparison with Nevada.

[26] This integration is not as smooth as it is in Nevada, since LIHEAP is a seasonal program in New Jersey but a year-round program in Nevada.

[27] Lifeline is administered by the New Jersey Department of Health and Senior Services (DHSS). The Universal Services Fund (USF) program is administered by the Department of Community Affairs (DCA), which also administers LIHEAP for New Jersey. Lifeline eligibility is set at two-hundred percent (200%) of the federal poverty level for a one-person household and two-hundred twenty-five percent (225%) for a two person household.

[28] Program arrearage is not forgiven. The current arrearage forgiveness program applies only to "pre-program" arrearage.

Enrollment. *Enrollment was automatic when the program started, rolling over the households in existing LIHEAP and Lifeline programs plus others identified by the utilities as income-eligible. Since 2004, however, a manual application has been required.*

Participation. *According to Applied Public Policy Research Institute for Study and Evaluation (APPRISE), a total of 646,192 New Jersey households, or about twenty percent (20%), were income-eligible for participation in USF in 2004.*[29] *Of these, fifty-six percent (56%) qualified for participation by direct payment of a portion of their utility bills to their gas company, their electric company, or both. The remaining 44% were disqualified for having a net energy burden that was too low (30%) or for having no electric or gas bill—for example, it is paid by a landlord (14%). Of the approximately 360,000 eligible households, about 177,000 received at least some USF benefits (electric or natural gas or both) from October 2003 through July 2005.*[30] *We estimate the participation rate at approximately forty-nine percent (49%) of eligible households in New Jersey. If New Jersey used Nevada's more generous eligibility criteria, many more households would be income-eligible; assuming no change in the number of participating households, the former state would cover only twenty-seven percent (27%) of its income-eligible households.*

Section Summary

None of the programs discussed in this section (for Nevada, California, and New Jersey) completely meet need, either in coverage of all qualifying households or in meeting the full needs of qualifying households. The twenty percent (20%) Percentage of Bill (POB) simple discount in California leaves eighty-percent (80%) of the bill to be paid regardless of energy burden. Participation in California is much higher than in the other states due to the new self-certification provision and the lack of a recertification provision. Though the direct benefit provided is small, it is probably reasonable for regions of California that are not subject to extreme heat or extreme cold.

The six percent (6%) fixed credit PIPP in New Jersey is based on an idealized calculation that was approximately correct in the late 1960s, a time of economic expansion when housing affordability was already pressing beyond the federal guideline of thirty percent (30%) of income.

Today, housing costs are often far in excess of the old guideline. Though conservative mortgage lenders may still advise that mortgage cost plus mortgage insurance and property tax be approximately thirty percent (30%) of *net* income, with utilities also fit within that limit if possible, in many markets that guidance is unrealistic. The original guideline, was thirty percent (30%) of *gross* income, and that guideline did not include utilities. Therefore, before considering such a program design for Nevada, a study of actual costs of families of different sizes and types, with members of different ages, should be conducted to fully understand both housing burden and energy burden.

[29] Table 3.1, Households Income Eligible for USF (2004), P. 20. APPRISE, Impact Evaluation and Concurrent Process Evaluation of the New Jersey Universal Service Fund, Final Report, Prepared for the New Jersey Board of Public Utilities. Princeton, New Jersey: APPRISE, April 2006.

[30] See Page vii, APPRISE, *Impact Evaluation and Concurrent Process Evaluation of the New Jersey Universal Service Fund, Final Report*, Prepared for the New Jersey Board of Public Utilities. Princeton, New Jersey: APPRISE, April 2006.

The advantage of the Nevada program is that it is self-indexing, since the median household energy burden is calculated each year.

However, the payment assistance programs in the United States were not designed for a severely depressed economy with the prospect of a multi-year "jobless recovery." Each of the programs discussed in this section can help a range of households with stable income meet energy needs, but none were designed for a situation in which household income may be very sporadic or even drop to zero for a number of years.

Certainly, it would be potentially productive to discuss these new kinds of problems in the Advisory Group and at the Division of Welfare and Supportive Services (where the mission is short-term assistance) and to see if changes to program design can be developed to address them until the economy significantly improves.

Only 11% of eligible households in Nevada participate in EAP. The UEC is not sufficiently funded to cover the majority of eligible households. Nevada can look to other states for ideas about increasing participation while still preserving the health and safety of current participants.

RECOMMENDATIONS FOR PUBLIC UTILITIES COMMISSION OF NEVADA (PUCN)

The PUCN has traditionally deferred to the DWSS and the NHD regarding operation of the programs that benefit low-income residents that are funded by the UEC. The Commission has seen its role in the process, at this point, as ensuring that the appropriate public utilities and retail customers remit all owed UEC money to the Commission so that it can be forwarded to the Welfare Division in a timely manner. In addition, the Commission provides forecasts to the Welfare Division that project what level of increases, or decreases, in energy usage are anticipated over the next few years to help Welfare and Housing in their budget and program development.

Some Suggestions for Improving Effectiveness

A More Direct PUCN Oversight Role: For this evaluation, however, we will raise the possibility of further involvement. What is lacking in Nevada Revised Statues 702 is a more vigorous role for PUCN (as in New Jersey). This role would include more direct oversight of the relationship between DWSS and the Consumer Bill of Rights (NAC 704.302), including termination procedures. In fact, the Consumer Bill of Rights has not been updated since the institution of the UEC.

One of the things that is clear about the UEC is that it is ***not sufficiently funded to have high coverage of the eligible households***. In this evaluation, we find the coverage is approximately eleven percent (11%). This contrasts with California with seventy-eight percent (78%) and New Jersey with approximately forty-nine percent (49%). In brief, while Nevada has the most equitable program design among the states, it also has very low coverage.

Combination with Tiered Rates: For this reason (low coverage), and to ensure that the current UEC payment assistance program effectively helps people pay their energy bills and remain connected for service, we propose that PUCN consider authorization of a low-income rate design to supplement the needs of low-income customers. Although the PUCN can take income into account, it is likely that moving to a tiered-rate structure would require initial legislative enactment to permit PUCN to work with utilities and parties to develop equitable and workable rate structures to complement the UEC programs. Such rates are in effect at utilities in other states, and the rate tariffs of PECO Energy and the Philadelphia Gas Works (both in Philadelphia) provide a workable model from which to begin development.

Bottom-End Low-Income Customers: Specifically, customers with incomes in the range of 0-50% of the federal poverty level generally cannot pay energy bills consistently, no matter the payment assistance program design, unless the rate design calls for a token energy payment. For example, for customers from 0-50% of poverty for homes without electric heat and without electric central air conditioning, the payment for base-load electric service could be set at five dollars ($5.00) per month. Homes with electric central air conditioning might pay twenty dollars ($20.00) per month in Southern Nevada during the summer months, and homes with electric heat in Northern Nevada might pay $20 a month during the winter months.

Middle Low-Income Customers: Customers from 50% to 75% of the federal poverty level and from above 75% to 100% might constitute a second tier, with rates discounted but closer to cost-based rates.

Timeliness and Administration: Another question about PUCN oversight of the UEC program concerns the timeliness of application processing and of payment by DWSS; and the more general need to integrate the processes and actions of DWSS into the collections and termination processes of the utilities and with the Consumer Bill of Rights. When processing time slips at DWSS, the best the utilities can do is try to work out payment arrangements with customers whose applications are under review. They cannot suspend the process that leads to termination of service based on applications under review, but can suspend termination when they have definite confirmation from DWSS that the customer is eligible for payment assistance and payment is on the way from the utility to DWSS. ***This situation inherently raises the question of whether the payment assistance portion of the UEC best resides with DWSS or should reside within the utilities***. There are clearly advantages and disadvantages with either placement. The advantage of placement with the two larger utilities is that everything would be on a single computer system and processing delays would probably not occur. On the other hand, this placement would likely only work in combination with a carefully crafted tiered-rate system to ensure the funding would stretch to cover all eligible customers.

In general, this program is different from normal DWSS programs in that conformance with internal DWSS processes and standards, though important, is not sufficient to ensure that the program is working for the utility customers and the utilities. The national criteria of success for a low-income payment assistance program are, first, that the customers are kept connected to affordable service, and second, that they are able to return to a stable pattern of making full monthly utility payments, though these payments would be to satisfy “please pay” requests on each bill that are smaller than full cost of

service payments. NV Energy's current successful "budget billing" process, which integrates the UEC portion of the payment, is such an example.

Recommendation: We recommend the Advisory Group take up these items for discussion prior to the next legislative session, and begin by asking SW Gas and NV Energy Collection Managers to offer presentations on the steps of their regulated collection and termination processes. Then, discuss whether the payment assistance part of the UEC would be better placed within the utilities. Finally, discuss raising the UEC to cover at least ninety percent (90%) of eligible customers (as is the current goal in California's program).

Current Economic Baseline: A further question that should be explored and discussed by the Advisory Group and within the DWSS is the question of how the UEC payment assistance program might be restructured to address the current economic baseline. UEC has been shown to work very well for households on fixed incomes, and seniors on Social Security have been among the best at making regular utility payments on adjusted bills for which the UEC amount is treated as a monthly portion rather than as a single lump sum. But the current economic situation is different than it was when the program was designed; this should be discussed and considered. It is likely that any changes in the program design would require legislative enactment and would benefit from more active oversight by PUCN.

During SFY 2009, EAP made remarkable gains in caseworker efficiency, largely eliminating an enormous backlog of applications

Mandatory Budget Bills: Currently, although utility customers have a right to budget billing, there is no obligation to treat the UEC payment amount as a budget billing arrangement. In other words, the customer may elect to budget bill their payment or to treat it as a lump sum; approximately 95% of customers elect to treat it as a lump sum. Perhaps PUCN should order that it be structured as a budget billing arrangement (as is done in New Jersey). The Advisory Group and DWSS should discuss the pros and cons of making the UEC payment assistance amount only in a budget billing format.

SUMMARY AND RECOMMENDATIONS

EAP

DWSS has been grappling with a number of significant challenges in administering the EAP program. Caseworker performance in processing applications had been problematic, and ongoing problems with the IT system have contributed to burdens on EAP management. During SFY 2009, EAP made remarkable gains in caseworker efficiency, largely eliminating an enormous backlog of applications. EAP has also laid out plans for improvement in the IT system: It has ordered a number of system improvements aimed at further increasing case processing efficiency and improving the validity of the data. Plans to transition to Crystal Reports are expected to facilitate reporting for federal and state documentation. DWSS's much-

needed focus on internal improvements, however, has come at a cost to external communications and coordination.

The evaluation team recommends a number of steps for SFY 2010, which builds on EAP's successes in the previous year, and allows the program to improve services:

- In conjunction with IT management, development of an efficient process for producing ad hoc reports, to be used as an interim procedure until Crystal Reports has been fully implemented. This process should clearly specify accountability for quality control, for producing accurate reports, and for clearly specifying appropriate timelines for delivery of error-free reports
- Thorough cleaning of archival data to eliminate erroneous entries, including erroneous rejections owing to Request for Information non-response, incorrect SSNs, and data-entry errors that result in duplicate records
- Creation of a new, accurate archive using clean data, relegating the old archive to permanent backup
- Sufficient training of management in the use of Crystal Reports and ongoing support for Crystal Reports. Management work plans will need to accommodate the additional time needed to learn Crystal Reports and to complete the in-house error-checks to ensure error-free reports.
- Thorough testing of Crystal Reports to ensure accurate data output and to ensure that manual recalculation is no longer necessary
- Continued success in processing general applications within 60 days. Devise ways to speed processing for the vulnerable populations in order to meet the 30-day target.
- Meeting of DWSS UEC management with the utility Collection managers at which the Consumer Bill of Rights and the collections processes are presented and discussed. This might be a separate meeting with limited participation, or it could be scheduled through the regular meetings of the Advisory Group.
- Improve communication between DWSS and the utilities
  - Notify utilities when application processing lags beyond 60 days
  - Coordinate changes to marketing Web sites, informational phone numbers
- Improve DWSS Web interface for EAP social marketing materials, so that less Internet-savvy clients (such as the elderly) can quickly find the information they need
- Conduct semi-annual reviews of high-energy-usage households, jointly with WAP, to ensure that these households have or are participating in WAP services.

WAP

NHD operations appear to be very streamlined, and the systems in place support program management and accountability. NHD's primary difficulties stem from being understaffed, but plans are in place to hire additional temporary staff with ARRA funds.

Recommendations:

- Consider raising weatherization caps to provide additional weatherization services for high-energy-using households. Collaborate with DWSS in semi-annual reviews to identify high-energy-use households that may have slipped through the cracks, particularly those households with disabled or elderly members. Actively encourage these households to participate in WAP.
- Use at least one temporary staff hire to provide support to the Compliance Audit Investigator for training and inspection.
- Recognize that in this economic climate, contractors may not have other, more profitable sources of revenue available to balance low-profit jobs. Ensure that contractors are paid sufficiently for their labor to remain in business.

PUCN

PUCN has not been deeply involved in the administration of the EAP. We suggest that PUCN consider taking an active role to consider a number of program improvements:

- Request of an update of the Consumer Bill of Rights to include elements of and standards for the operation of the UEC Fund payment assistance program, and to establish an ongoing oversight role for PUCN. These changes would probably require legislative action.
- More direct oversight by PUCN over EAP
- Authorization of low-income rate design to work in tandem with EAP.
  - 0-50% FPL, $5-20/month baseline charge
  - 50-100% FPL, discounted rates
- Consider mandating UEC payment as budget billing
- Consider whether the payment assistance part of the UEC would be better placed within the utilities.
- Consider how the UEC payment assistance program might be restructured to address the current economic baseline in a time of serious economic recession accompanied by an eventual "jobless recovery." Explore the feasibility of striving for 90% coverage of Nevadans in need.

APPENDIX

Table A: UEC Funds Distributed Between EAP and WAP, SFY 2009

UEC Distribution	2003	2004	2005	2006*	2007	2008	2009
Total UEC principle amount after refunds	$ 10,547,924	$ 11,113,583	$ 11,523,529	$ 11,878,766	$ 12,316,341	$ 12,425,888	$ 12,254,107
UEC interest	$ 159,130	$ 218,826	$ 291,462	$ 327,597	$ 438,920	$ 299,431	$ 79,840
75% UEC principle	$ 7,910,943	$ 8,335,187	$ 8,642,647	$ 8,909,075	$ 9,237,256	$ 9,319,416	$ 9,190,580
Principle amount to DWSS	$ 7,871,161	$ 8,281,933	$ 9,203.878	$ 8,281,817	$ 9,237,240	$ 9,319,361	$ 9,190,580
Interest amount to DWSS	$ 159,130	$ 218,826	$ 291,462	$ 263,374	$ 412,138	$ 287,965	$ 73,214
25% UEC principle	$ 2,636,981	$ 2,778,396	$ 2,880,882	$ 2,969,692	$ 3,079,085	$ 3,106,472	$ 3,063,527
Principle amount to NHD	$ 2,676,764	$ 2,831,650	$ 2,319,651	$ 3,596,949	$ 3,079,101	$ 3,106,527	$ 3,063,527
Interest amount to NHD				$ 64,223	$ 26,782	$ 11,466	$ 6,626
*welfare amount includes $650,880 advanced from 2005 SFY							

Table B: EAP Funds spent, SFY 2009

EAP Funds Disbursed, SFY 2009		
	Amount	Percentage of Funds Disbursed
Administration	316,478	3%
Client Payments	10,896,744	91%
Outreach	71,650	1%
Program Design (including IT re-programming)	644,611	5%
Evaluation	104,631	1%
Total	12,034,114	

Table C. Number of EAP households that own vs. rent their homes. Please see EAP data limitations discussion on page 12.

Home Ownership		
	Number of Households	Percent of Total
Rent	16,654	80.1
Buy/Own	4,133	19.9

Table D. WAP Funds spent, SFY 2009

WAP Funds Disbursed, SFY 2009		
	Amount	Percentage of Funds Disbursed
Administration*	269,314	7%
Subgrantee Administration	324,602	9%
Client Disbursement	3,029,862	81%
Outreach	2,049	0.06%
Program Design	1,524	0.04%
Evaluation	92,658	2%
Total	3,720,009	

*Note: Administrative funds in previous years were underspent. Additional administrative costs were incurred in SFY 2009 owing to extensive involvement of WAP staff in key legislative efforts. These costs were covered by carrying forward the administrative reserve funds from previous years.

Table E. Living Wage as a Percentage of Federal Poverty Level

Living Wage Expressed as a Percentage of Federal Poverty Level					
Place	**One Adult**	**One Adult, One Child**	**Two Adults**	**Two Adults, One Child**	**Two Adults, Two Children**
Reno	173%	244%	198%	262%	268%
Las Vegas	182%	249%	206%	266%	271%
Carson City	157%	219%	182%	237%	242%
Elko	148%	215%	174%	234%	239%

The federal poverty level metric is generally acknowledged to be poorly calibrated to household experience of actual economic need; the living wage and the self-sufficiency standard better reflect the realities of everyday life. Both cover most immediate needs of a family at a minimal level of living, at a

lifestyle lower than middle class, without special (for example, medical) problems or provisions for retirement, college for children, and similar costs. The living wage can be shown as a percentage of the official federal poverty level that individuals must earn to support their family, if they are the sole provider and are working full-time (2,080 hours per year). These percentages are computed based on tables developed for states and cities by Dr. Amy K. Glasmeier at Pennsylvania State University. Dr. Glasmeier converts poverty level into an equivalent hourly wage. For the table shown, we divide Dr. Glasmeier's hourly living wage by the poverty-equivalent hourly wage to express living wage as a percentage of the official poverty level. For Dr. Glasmeier's tables, please see http://www.livingwage.geog.psu.edu. For the Wider Opportunities for Women Self-Sufficiency Standard, an alternate measure that produces much the same results, see http://www.sixstrategies.org/states/states.cfm. For a basic introduction to why the current system of federal poverty level calculation is inadequate, please see the fact sheet developed by Sarah Fass of the National Center for Children in Poverty in April 2009 at http://www.virtualcap.org/downloads/US/US_Living_Wage_NCCP_Measuring_Poverty_in_the_US.pdf.