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# SFY 2015 Evaluation: Energy and Weatherization Assistance Programs

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Prepared for the State of Nevada by

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## TABLE OF CONTENTS

Table of Acronyms .....	1
Background .....	2
EAP Program Compliance with Legislative Requirements (NRS 702) .....	2
EAP Assessment of Program Effectiveness .....	14
EAP Summary and Conclusions.....	19
EAP Recommendations.....	20
WAP Overview .....	21
WAP Program Compliance with Legislative Requirements (NRS 702) .....	35
WAP Assessment of Program Effectiveness .....	45
WAP Summary .....	48
DWSS and NHD Compliance with Joint Requirements .....	49
Summary of Recommendations.....	57
Evaluation Summary .....	58

## **TABLE OF ACRONYMS**

ARRA *American Recovery and Reinvestment Act*

BPI *Building Performance Institute*

BWR *Building Weatherization Report*

CSA *Community Services Agency*

CSBG *Community Service Block Grant*

DSM *Demand Side Management*

DWSS *Division of Welfare and Supportive Services*

EAP *Energy Assistance Program*

EFSP *Emergency Food and Shelter Program*

ESG *Emergency Shelter Grant*

FAC *Fixed Annual Credit*

FEAC *Fund for Energy Assistance and Conservation*

FPL *Federal Poverty Level*

IT *Information Technology*

kWh *Kilowatt hour*

LIHEAP (LIHEA Program) *Federal Low-Income Home Energy Assistance Program*

NAC *Nevada Administrative Code*

NHD *Nevada Housing Division*

NRHA *Nevada Rural Housing Authority*

NRS *Nevada Revised Statute*

PUCN *Public Utility Commission of Nevada*

RFI *Request for Information*

RNDC *Rural Nevada Development Corporation*

RTCA *Rebuilding Together with Christmas in April*

SAFE *Special Assistance Fund for Energy*

SSI *Supplemental Security Income*

SFY *State Fiscal Year*

UEC *Universal Energy Charge*

USDHHS *US Department of Health and Human Services*

USDOE *US Department of Energy*

WAP *Weatherization Assistance Program*

## BACKGROUND

Nevada's Weatherization Assistance Program (WAP) and Energy Assistance Program (EAP) are funded jointly by the state's Universal Energy Charge (UEC), which was established by the 2001 State Legislature and became effective during State Fiscal Year (SFY) 2002.<sup>1</sup> 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. Nevada's Division of Welfare and Supportive Service and the Nevada Housing Division jointly hired H. Gil Peach & Associates and Smith & Lehmann Consulting to conduct this evaluation for the 2015 fiscal year.

## EAP PROGRAM COMPLIANCE WITH LEGISLATIVE REQUIREMENTS (NRS 702)

Evaluation of EAP compliance and efficacy were determined using a variety of sources. The following EAP-provided data sets were used for analyses:

- ◆ **Eligibility Certification**—including information on 47,278 applicant records determined to be eligible, ineligible, pending, or in Request for Information (RFI) status with the dates of determination, with eligibility information of one record missing. This data set was used to define the case eligibility status.
- ◆ **Family Members Details**—including 104,851 records on the family members of applicants requesting EAP assistance, including dates of application.
- ◆ **Income Type Detail** – including 61,332 household income entries.

The **Eligibility Certification** and **Family Members Details** and **Income Type Detail** data sets were merged in different steps of the analyses in order to obtain comprehensive program and client information.

- ◆ The **Eligibility Certification** data set was used to characterize clients as eligible or ineligible in all cases. The eligibility groups were processed to remove duplicate IDs, with remaining n=27,118 unique eligible cases and n=13,383 unique non-eligible cases. This data were also used to analyze demographic and other characteristics of the EAP recipient population.
- ◆ **Energy Burden** analyses were conducted on 27,342 records of eligible households with merged **Eligibility Certification** and **Family Members Details** that included population household composition such as children, disabled, and aged. Eligibility cases with calculated negative values for energy burden were excluded from the analyses.
- ◆ **Household Income Data** merged with **Eligibility Certification** data were used to determine the relationship between social security income and program eligibility.

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<sup>1</sup> Universal Energy Charge (UEC) is granted by the [State of Nevada Assembly Bill 661 \(2001\), Section 26](#), et al, effective 07/17/2001, as codified in the Nevada Revised Statutes 702.010 through 702.170 and regulations adopted by the Public Utilities Commission of Nevada, as codified in the Nevada Administrative Code 702.010 through 702.450.

**1.1. Did DWSS ensure UEC funds were administered in a coordinated manner with all other sources of money available for energy assistance?**

[Reference: NRS 702.250.3, Deliverable 3.4.1]

The Department of Welfare and Supportive Services (DWSS) receives money for energy assistance from two sources. The Universal Energy Charge (UEC) is a charge on customer bills and is collected by the participating utilities and sent to the Public Utilities Commission of Nevada (PUCN). PUCN deducts its collection and oversight cost and transfers the funds to the Fund for Energy Assistance and Conservation which is maintained by the Division of Welfare and Supportive Services. In addition, the program receives funding from the Federal Low-Income Home Energy Assistance Program (LIHEAP or LIHEA Program). The Fund for Energy Assistance and Conservation is maintained by DWSS; funds are distributed according to NRS 702 through the Energy Assistance Program. Other funding sources have been from LIHEAP only.

**1.2. Was interest and income earned appropriately credited to FEAC?**

[Reference: NRS 702.250.4, Deliverable 3.4.1.1]

Table 1 shows the distribution of FEAC interest between DWSS and NHD. Interest was distributed to each Division according to their unspent balance of Principal.

Table 1. FEAC interest received and distributed between DWSS and NHD for SFY 2015.

FEAC Interest Received and Distributed, SFY 2015	
	Amount
Amount Remaining for Distribution Following Refunds	\$11,017
Amount Distributed to NHD	\$ 1,020
Amount Distributed to DWSS	\$9,997

*Interest earned was credited appropriately in this fiscal year.*

### 1.3. Were FEAC funds distributed as mandated in NRS 702.260?

[Reference: NRS 702.260.1 Deliverable 3.4.1.2]

Table 2 shows the distribution of FEAC funds between DWSS and NHD.

**Table 2.** FEAC principal funds received and distributed between DWSS and NHD for SFY 2015.

FEAC Principal Received and Distributed, SFY 2015		
	Amount	Percentage of Funds Disbursed
FEAC Amount Received by DWSS from PUCN	\$12,183,226	
Refunds (Directed by PUCN)	\$6,152	
Amount Remaining for Distribution Following Refunds	\$12,177,073	
Amount Distributed to NHD	\$3,044,268	25%
Amount Distributed to DWSS	\$9,132,805	75%

*FEAC funds were distributed as mandated in NRS 702.260.*

### 1.4. Were 75% of the FEAC funds distributed to DWSS?

[Reference: NRS 702.260.1 Deliverable 3.4.2]

As shown in Table 2, \$9,132,805, or 75% of FEAC funds, were distributed to DWSS.

*75% of FEAC funds were distributed to DWSS.*

### 1.5. Did DWSS use no more than 5% of FEAC funds for administrative expenses?

[Reference: 702.260.1 Deliverable 3.4.2.1]

As shown in Figure 1 and Table 3, \$9,142,802 was received by EAP from FEAC funds and earned interest. Reserve funds of \$3,688,751 were available from the prior fiscal year. The available funds in SFY 2015 represent an increase from SFY 2013 and SFY 2014. DWSS used 3.4% of total FEAC funds for program administration.

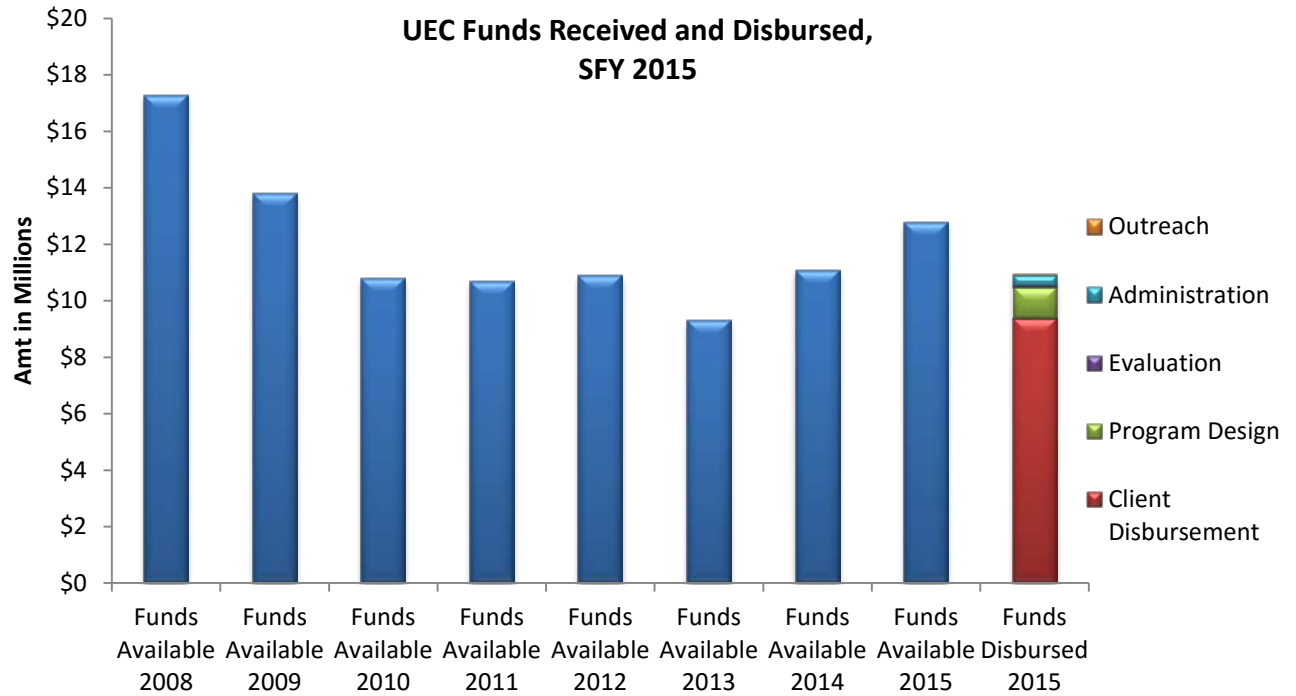


Figure 1. Amount of UEC funds received by year, 2008-2015, and disbursed in 2015.

Table 3. EAP funds spent, SFY 2015.

EAP Funds Disbursed, SFY 2015		
	Amount (\$)	Percentage of Funds Disbursed
Administration	370,919	3.40%
Client Payments	9,362,971	85.73%
Outreach	25,444	0.23%
Program Design (including IT re-programming)	1,110,650	10.17%
Evaluation	51,348	0.47%
<b>Total Spent</b>	<b>10,921,332</b>	
<b>Total Received</b>	<b>12,831,553</b>	

DWSS did not use more than 5% of FEAC funds for administrative expenses.

**1.6. Did DWSS use FEAC funds (after the no more than 5% deduction for administrative expenses) to assist eligible households in paying for natural gas and electricity?**

[Reference: 702.260.2(a) Deliverable 3.4.2.2]

As shown in Figure 1 and Table 3, \$9,362,971 was used to assist eligible households in paying for natural gas and electricity.

*DWSS used 85.7% of FEAC funds to assist eligible households in paying for natural gas and electricity.*

**1.7. Did DWSS use FEAC funds (after the no more than 5% deduction for administrative expenses) to carry out activities related to consumer outreach?**

[Reference: 702.260.2(b) Deliverable 3.4.2.3]

Figure 1 and Table 3 show that 0.23% of funds were used for consumer outreach.

*DWSS used FEAC funds for consumer outreach.*

**1.8. Did DWSS use FEAC funds (after the no more than 5% deduction for administrative expenses) to pay for program design?**

[Reference: 702.260.2(c) Deliverable 3.4.2.4]

Over ten percent (10.17%) of funds were used for program design, as seen in Figure 1 and Table 3.

*DWSS used FEAC funds for program design.*

**1.9. Did DWSS adjust the amount of assistance a household receives based upon the following factors: Household income; Household size; Energy type used, and other factors determined to make household vulnerable to increases in natural gas or electricity costs?**

[Reference: 702.260.6(b) Deliverable 3.4.5.1]

DWSS developed eligibility tables based on household income and household size. DWSS developed benefit caps, which varied based on both household size and the type of energy used. In addition, \$50 per month was added to the benefit cap for “vulnerable/targeted households” which includes the elderly, households with children younger than 6 years of age, and disabled persons. These tables remained the same in SFY 2015 from SFY 2014 and SFY 2013.



**Table 4.** DWSS EAP eligibility tables

Household Size	Maximum Annual Gross Income					Maximum Monthly Income* (150% Poverty)
	75% Poverty	100% Poverty	110% Poverty	125% Poverty	150% Poverty*	
1	\$8,753	\$11,670	\$12,837	\$14,588	\$17,505	\$1,459
2	\$11,798	\$15,730	\$17,303	\$19,663	\$23,595	\$1,996
3	\$14,843	\$19,790	\$21,769	\$24,738	\$29,685	\$2,474
4	\$17,888	\$23,850	\$26,235	\$29,813	\$35,775	\$2,981
5	\$20,933	\$27,910	\$30,701	\$34,888	\$41,865	\$3,489
6	\$23,978	\$31,970	\$35,167	\$39,963	\$47,955	\$3,996
7	\$27,023	\$36,030	\$39,633	\$45,038	\$54,045	\$4,504
8	\$30,068	\$40,090	\$44,099	\$50,113	\$60,135	\$5,011
Additional	\$3,045	\$4,060	\$4,466	\$5,075	\$6,090	\$508

\*Annual Income Limit for 2015 Eligibility

**Table 5.** Benefit Cap for Households Using All Other Energy Sources, July 1, 2013 – June 30, 2015

Household Size	Benefit Cap <75% of poverty	Benefit Cap 75-125% of poverty	Benefit Cap 125-150% of poverty
1	\$1,136	\$634	\$571
2	\$1,196	\$668	\$601
3	\$1,259	\$703	\$633
4	\$1,325	\$740	\$666
5	\$1,391	\$777	\$699
6	\$1,461	\$816	\$734
7	\$1,534	\$857	\$771
8+	\$1,611	\$899	\$810

**Table 6.** Benefit Cap for Households Using Propane and Oil, July 1, 2013 – June 30, 2015

Household Size	Benefit Cap <75% of poverty	Benefit Cap 75-125% of poverty	Benefit Cap 125-150% of poverty
1	\$1,336	\$834	\$771
2	\$1,396	\$868	\$801
3	\$1,459	\$903	\$833
4	\$1,525	\$940	\$866
5	\$1,591	\$977	\$899
6	\$1,661	\$1,016	\$934
7	\$1,734	\$1,057	\$971
8+	\$1,811	\$1,099	\$1,010

### **1.10. Did DWSS solicit advice from Nevada Housing Division (NHD) and other knowledgeable sources in developing the program to assist households in paying for natural gas or electricity?**

[Reference: 702.260.8(a) Deliverable 3.4.7]

Throughout the year, DWSS managers consulted with the Low Income Advisory Committee, consistent with the directives for consultation and coordination in the enabling legislation for the program. There were no significant changes to the program except updating the program year and other relevant dates in the program documentation.

### **1.11. Did DWSS identify and implement appropriate delivery systems to distribute money from FEAC?**

[Reference: 702.260.8(b) Deliverable 3.4.7.1]

DWSS distributed an average benefit of \$686<sup>2</sup> to 27,370 households in SFY 2015. DWSS continues to make changes to case processing systems to increase efficiency. EAP started SFY 2015 with over 4,000 cases carried over from SFY 2014 for processing. Application processing times rose above 60 days from August 2014 through February 2015 (Figure 2). This was owing to several factors:

- ◆ Staff turnover, which directed resources away from case processing to train new employees.
- ◆ Unusually high application volume in Las Vegas that persisted into the winter months.
- ◆ Problems with the IT interface with NV Energy and Southwest Gas, delaying case processor access to client energy usage data. These problems have proven to be time-consuming to fix, and impacted case processing for most of SFY 2015.

EAP managers and case workers alike saw the return to <60 day processing times by March 2015 as a significant achievement. Solutions to increase efficiency came from a variety of sources:

- ◆ Management in Las Vegas clarified the time for staff to spend daily on each task to prevent bottlenecks (staff were overwhelmed with application volume, and in the struggle to address the volume they were creating backlogs in other areas of work).
- ◆ Procedures were established to divert excess applications directly to Carson City without initial processing in Las Vegas. This enabled Carson City to mitigate the higher Las Vegas caseload. The effect was to balance workload between the offices and reduce delays in case processing.
- ◆ By March 2015, staffing in Las Vegas had stabilized through the close of the fiscal year.
- ◆ The Southwest Gas IT problem was resolved in March 2015. The NV Energy IT problem was in the process of being resolved in September 2015, with the expectation that utility usage data access will be streamlined for most of SFY 2016.
- ◆ Management oversight of processing efficiency was improved through the standardization of ad hoc system reports, enabling managers to more easily monitor progress.
- ◆ The EAP manual was updated to increase ease of use by caseworkers.
- ◆ The legislature approved the opening of 25 new state positions, including 14 caseworker positions, and 11 clerical positions. Staff who are currently holding temporary contract positions

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<sup>2</sup> Including arrearage payments.

are now able to apply for state positions. The stability of state positions is expected to increase staff retention and improve case processing quality overall in SFY 2016 and beyond. Clerical and case processing staff report that the transition to state positions will 1) help with the retention of experienced staff; 2) ensure that experienced staff can devote time to case processing, rather than needing to assist inexperienced staff; 3) improve morale and cohesion by decreasing within-office perceptions of state/contract/insiders/outsideers.

EAP case processing staff are aware that timely case processing is crucial to getting EAP dollars where they are needed. In the words of one staff person:

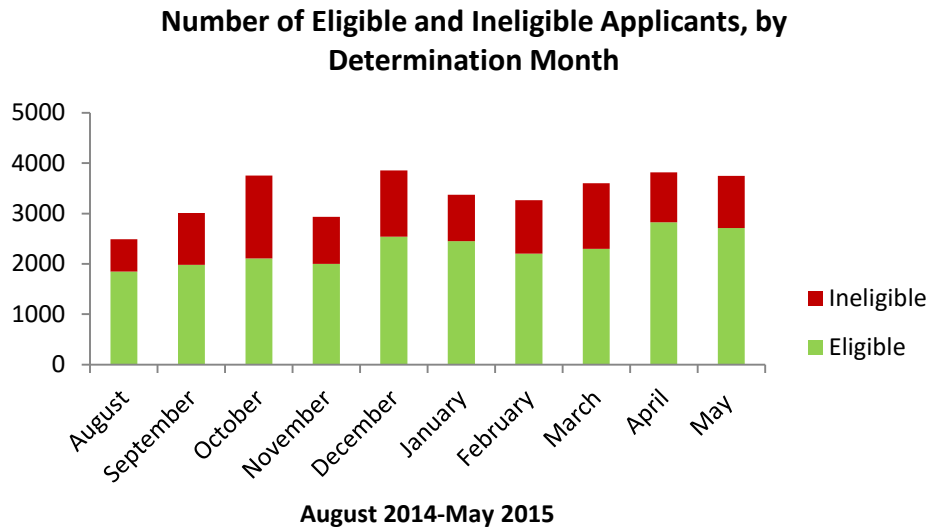
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*“The applicant needs help at this time. They may not have needed our help three months ago and may not need it six months from now, but at this time they need our assistance. We are here to help them and make this process easy for them as well as get them the help they need in a timely manner.” – EAP Case Processor*

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Case processing staff and managers have offered suggestions for further improvements in case processing efficiency:

- ◆ Seek approval for lead staff position. Lead staff could be in charge of training new staff and conducting training updates for all staff, freeing supervisor time for overall supervision and attention to overall efficiency.
- ◆ Increase training – not just for new staff, but for all staff whenever procedural changes are introduced. Staff pointed to inconsistencies in the locations of key data in client files, which delays processing decisions owing to increased time needed to search file records for key data. These inconsistencies were related to when and where staff were trained. Ensuring consistent procedures by all staff will require breaks in workflow for training updates, but will increase processing speed by ensuring that client files are consistent across sites.



**Figure 2.** Number of eligible and ineligible applicants by determination month, August 2014 – May 2015.

**1.12. Did DWSS coordinate with other federal, state and local agencies that provide energy assistance to low-income persons?**

[Reference: 702.260.8(c) Deliverable 3.4.7.2]

The current coordination between EAP and the Weatherization Assistance Program involves EAP sending WAP a monthly list of newly eligible EAP participants. WAP then divides this list according to subgrantee service areas, and forwards to the subgrantees a list of potential WAP participants within their service territories. Depending on backlog, subgrantees then send postcards to potentially eligible households to alert them to this program.

**1.13. Did DWSS establish a process for evaluating EAP?**

[Reference: 702.260.8(d) Deliverable 3.4.7.3]

The Division of Welfare and Supportive Services and Nevada Housing Division jointly conducted an annual evaluation of the EAP and WAP for the State Fiscal Year 2014 programs during SFY 2015 and are currently conducting the SFY 2015 evaluation covering the programs from July 2014 through June 30, 2015.

**1.14. Did DWSS establish a process for making changes to EAP?**

[Reference: 702.260.8(e) Deliverable 3.4.7.4]

All changes are communicated in policy transmittal and manual transmittal letters. Few changes were made to EAP during the fiscal year and were documented through this process. The following policy transmittals were issued in SFY 2015:

- ◆ November 5, 2014. Verification processes were modified for the Energy Assistance Program, effective November 6, 2014. These changes, designed to speed case processing by reducing the number of RFIs sent, were consistent with changes enacted by TANF. Policies were changed to only require written statements explaining how expenses were met if income loss had occurred

more than 60 days prior to application. Verification processes for household composition, housing expenses, and cash contributions to the household were also streamlined.

### **1.15. Did DWSS engage in annual planning and evaluation processes with NHD?**

[Reference: 702.260.8(f) Deliverable 3.4.7.5]

DWSS and NHD engaged in a series of public hearings and joint planning activities throughout the year. A joint meeting was held on March 11, 2014 to review and discuss the Nevada Fund for Energy Assistance and Conservation and Weatherization State Plan. A public hearing was held on June 18, 2014 to adopt the State Plan.

### **1.16. Did DWSS distribute 25% of FEAC funds to Nevada Housing Division?**

[Reference: 702.270.1 Deliverable 3.4.8]

As shown in Table 2 on page 6, 25% of FEAC funds were distributed to NHD.

<i>25% of FEAC funds were distributed to NHD.</i>
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### **1.17. Did DWSS submit a report to the Director of the Legislative Counsel Bureau on or before January 5 of each year, which specifies the amount of all money in FEAC allocated to DWSS during the preceding year which remains unspent and encumbered?**

[Reference: 702.275.1 Deliverable 3.4.9]

The Assembly Bill language was changed as reflected in evaluation question 1.17 above, with the prior language having been replaced by the underlined language. The fiscal report is no longer required to be submitted prior to the end of the fiscal year. The report is now required on or before January 5. Moreover, funds that have been encumbered but not received no longer have to be spent prior to the close of the fiscal year. DWSS now has until December 31 following the fiscal year to spend the funds encumbered during that fiscal year.

### **1.18. Did DWSS distribute not more than 30% of all FEAC funds that remained unspent and unencumbered at the end of a fiscal year to NHD?**

[Reference: 702.255.2 Deliverable 3.4.9.1]

When the final accounting records were produced in September 2015, there was a carryover of \$1.9 million to SFY 2015.

### **1.19. Did DWSS adopt regulations to carry out provisions of NRS 702.250 and 260?**

[Reference: 702.260.7) Deliverable 3.4.6]

This report outlines each provision of NRS 702.250 and 260 and DWSS compliance with those provisions. In summary, by taking the following actions, DWSS implemented the program in compliance with NRS 702.250 and 260.

- ◆ DWSS administered the FEAC, which included all sources of public and private money available for energy assistance.
- ◆ DWSS coordinated the distribution of these funds with all available energy assistance funds.

- ◆ 75% of money in the FEAC was distributed to DWSS.
- ◆ The EAP provided subsidies to households to assist with paying for natural gas and electricity, pay for program design and evaluation expenses.
- ◆ Only households at or below 150% of the FPL were eligible to receive subsidies.
- ◆ DWSS provided emergency assistance to households for whom health and/or safety was threatened by bearing the full cost of heating and cooling.
- ◆ DWSS made a good faith effort to reduce the proportion of household income spent on energy to the statewide average. Due to the availability of funds, this goal was not met in 2015; however, DWSS greatly improved progress toward this goal compared with 2013.
- ◆ The amount of assistance was adjusted based on household income, household size, type of energy used, and the presence of a vulnerable household member.
- ◆ DWSS sought advice from the NHD and coordinated implementation of the EAP with the weatherization program.
- ◆ DWSS established and carries out a process for
  - Coordinating with other available programs including applications and eligibility;
  - An evaluation process;
  - A program design process that enabled changes during the fiscal year; and
  - Engaged in a planning and evaluation process with NHD.

#### **Develop plan for cash reserves fund to offset federal funding cuts**

The evaluation team continues to recommend that EAP develop plans for cash reserves. EAP is dependent on adequate federal funding to maintain benefit amounts consistent with the intent of NRS 702. The unpredictability of federal allocation from one year to the next creates an unstable budgetary environment for the EAP programs.

During the past several years of economic instability, Nevada’s unemployment and poverty levels have increased. This has resulted in increased demand for the EAP, which has far outstripped available state funds. At the same time, federal allocations have been reduced and funding levels have been highly unpredictable. As a result, DWSS has been forced to reduce EAP benefits and eligibility limits in a manner inconsistent with the intent of the law. In particular, seniors and people with disabilities who live in poverty bear the brunt of these cuts, due to their dependence on small fixed incomes.

A more stable source of revenue would allow the EAP to function according to statute. To this end, the establishment of a cash reserves fund would allow the EAP to plan and budget for the “most likely scenario” while also preserving the ability to maintain program consistency in the event of federal funding shortages.

We recommend that DWSS estimate the amount of annual funding that would be required to reduce the energy burden of all eligible households to that current year’s average statewide median. Once this amount is determined, average annual UEC revenues and LIHEA allocations should be used to estimate how much cash reserve would be needed to make up this difference for a three year period. EAP should establish a specific cash reserve or carry-over account and develop a plan to fund the reserve account.

For example, in years of high LIHEAP funding, some UEC funds could be diverted to grow the cash reserves fund, which could then be used to maintain EAP benefits during years of low LIHEAP funding. This would enable DWSS to engage in longer-term budgetary planning, and would help to maintain more consistent benefit levels and eligibility rules in the likely event of fluctuations or reductions in federal funding. This approach would save money by reducing administrative costs, reduce confusion among applicants, and ultimately enable the EAP to reach more households in need of energy assistance.

**Recommendation 1: The establishment of a cash carry-over fund would allow the EAP to plan and budget for the “most likely scenario” while also preserving the ability to maintain program consistency in the event of federal funding shortages.**

## EAP ASSESSMENT OF PROGRAM EFFECTIVENESS

### **1.20. Did DWSS determine eligibility of EAP households at a maximum income level of no more than 150% of the FPL?**

[Reference: 702.260.3 Deliverable 3.4.3]

DWSS anticipated that SFY 2015 federal LIHEA program funding would be similar to SFY 2014 levels. The EAP eligibility guidelines remained at the same level and will continue to remain for the next program year.

In order to meet Nevada’s need for low-income energy assistance, DWSS has instituted benefit caps since 2009. While the cap reduces the amount of assistance available to each household, it enables the EAP program to serve a greater number of households. This practice has been crucial during the “Great Recession” when revenues declined and demand increased. On Aug 14, 2012, EAP announced a temporary increase in the benefit cap, retroactively effective July 1, 2012 through Sept 30, 2012. On Sept 26, 2012, when the final LIHEA funding was allocated, EAP was able to make the increased benefits effective going forward. On Nov 16, 2012, program eligibility was restored to households earning up to 150% FPL, and the arrearage program was reinstated, effective December 1, 2012. On April 16, 2013, new benefit cap tables were established to provide better equity for households earning <75% FPL. This raised the targeted average annual benefit from \$555 in 2012 to \$776 for SFY 2013. These benefit cap tables have remained the same for SFY 2015 with a targeted average annual benefit of \$776.

### **1.21. Did DWSS render emergency assistance to health/safety-threatened households experiencing an emergency related to the cost or availability of natural gas or electricity to otherwise EAP-eligible households?**

[Reference: 702.260.4 Deliverable 3.4.4]

A Crisis Intervention Program provided assistance to households above the 150% poverty level whose medical expenses brought their income below 150% of poverty. In this fiscal year, 13 households were served through this program.

### **1.22. Did DWSS determine the amount of EAP assistance a household is eligible to 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?**

[Reference: 702.260.8(c) Deliverable 3.4.5]

NRS 702 specifies that the EAP will use the average statewide energy burden to set benefit levels. The statewide energy burden falls near 2% for all households in Nevada.

In SFY 2015, a median family of four in Nevada spent 2.53% of their income on energy. The average benefit was \$686<sup>3</sup> per household in SFY 2015, representing a decrease from the \$718 average benefit in SFY 2014. Benefit caps are currently in place to ensure that EAP can provide a benefit to all qualifying

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<sup>3</sup> Including arrearage payments.



households who apply, given insufficient funding for the program. The intent of the cap is to enable the EAP program to serve all eligible applications with a ‘meaningful benefit’ – a grant that gets eligible households as close as possible to the statewide median energy burden and reduces the likelihood of service termination. Targeted households, with members who are elderly, children under 6, or disabled, receive a higher benefit cap to bring them closer to the program statutory target.

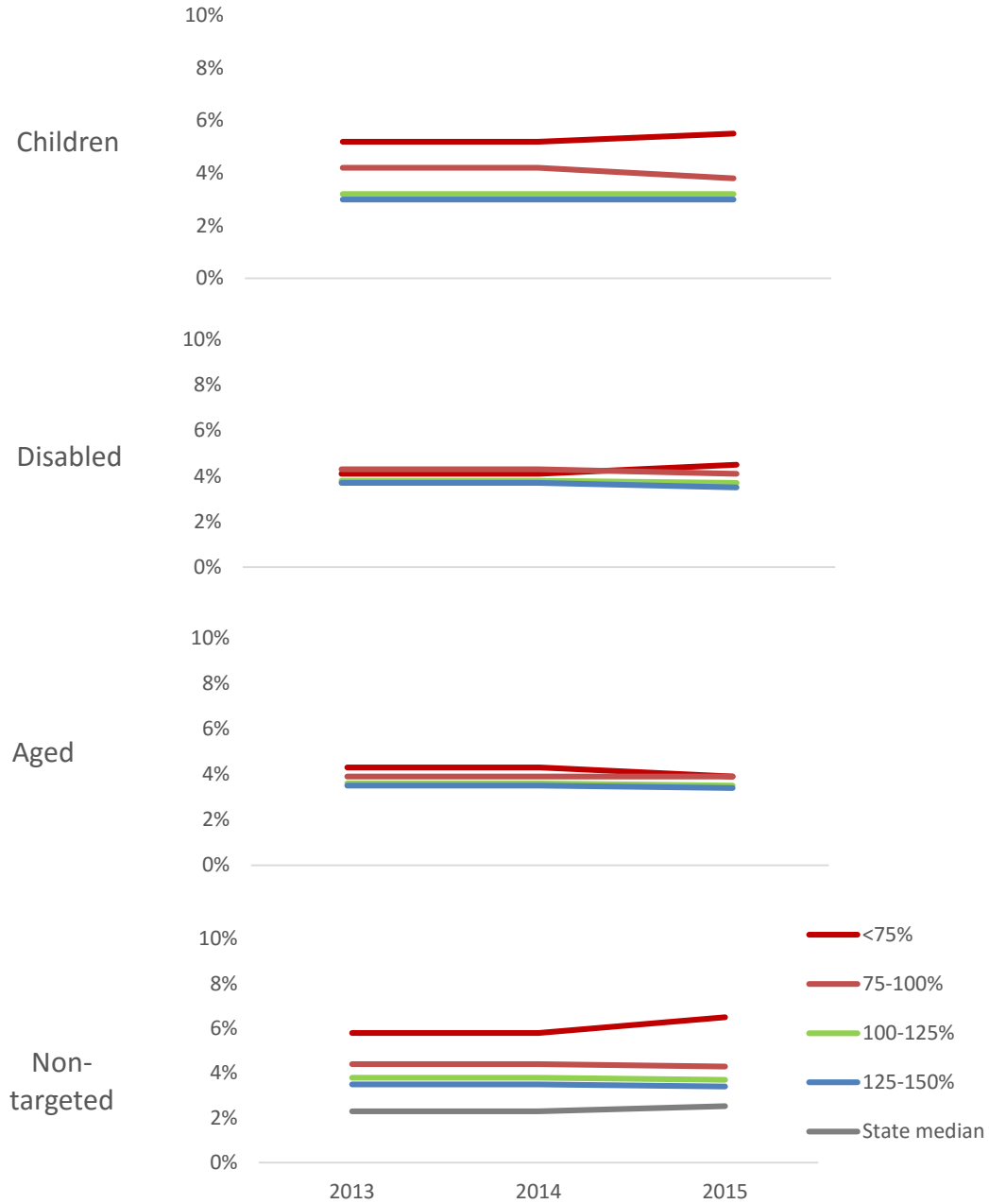
**Table 7.** Percentage of income EAP participants are expected to spend on energy, after assistance, SFY 2015.

<b>Percentage of Income EAP Participants Are Expected to Spend on Energy After Assistance, by Household Composition, SFY 2015</b>			
	<b>Average % 2015 FAC Income Expected to be Spent on Energy</b>	<b>Average % 2014 Current Income Expected to be Spent on Energy</b>	<b>Average % 2013 Income Expected to be Spent on Energy</b>
<b>With Children</b>	4.26%	4.02%	6.35%
<b>With Disabled</b>	3.87%	3.79%	4.54%
<b>With Elderly</b>	3.54%	3.61%	4.06%
<b>Non-Vulnerable</b>	4.89%	5.45%	7.80%
<b>Statewide Median</b>	2.53%		

The table above shows that the energy burden for each targeted group was held to similar levels from 2014 to 2015. Examination of the data by poverty level (Figure 3) shows similar consistency. In SFY 2015, all households continue to spend less of their incomes on energy, after receiving a benefit. The graphs indicate that the energy burden is very similar across all poverty levels for households with disabled or elderly members. Households with children or without members in a targeted group continue to see higher energy burdens for families under 100% of FPL (Figure 3).

[Reference: 702.260.2(a) Deliverable 3.4.2.2]

**Mean Percent of Income EAP Participants Spend on Energy After Assistance, by Household Composition and FPL, SFY 2013-SFY 2015**

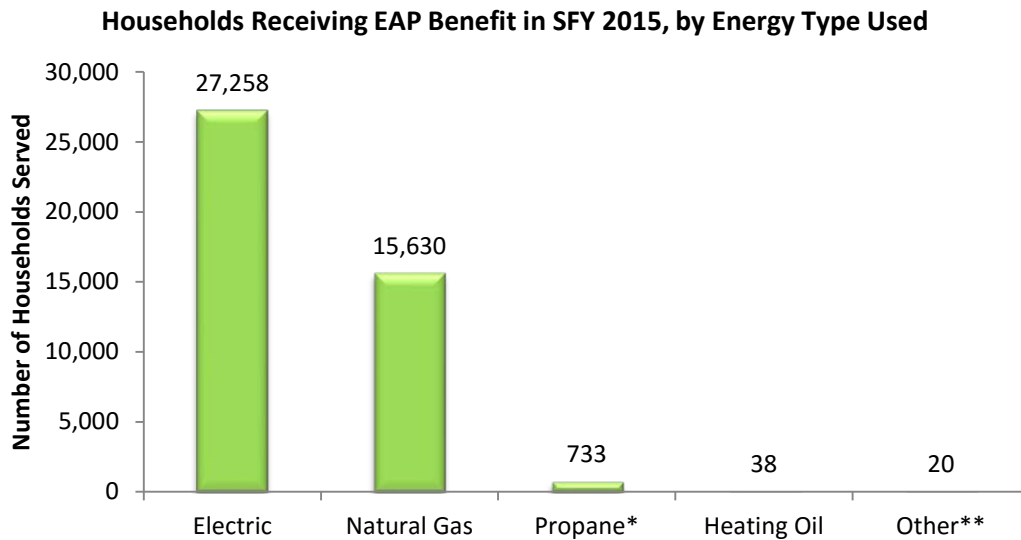


**Figure 3.** Mean percent of income EAP participants spend on energy after assistance, by household composition and FPL for SFY 2013-SFY 2015.

**Recommendation 2: DWSS should take further steps to restore EAP benefits to fully reduce the energy burden to the statewide median, according to the intent of NRS 702. Households under 125% of poverty should be prioritized for this benefit.**

### 1.23. Numbers Served by Vulnerable Status and Energy Type Used

Households with a variety of energy sources were served by EAP, as shown in Figure 4.



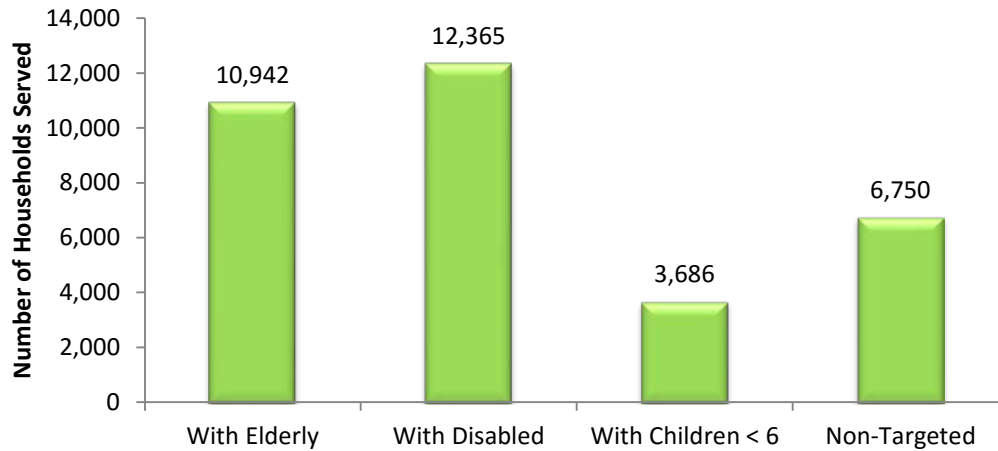
\*This includes 1 household with two propane bills

\*\* "Other" fuel types include wood, pellets, and kerosene.

**Figure 4.** Number of households receiving EAP benefit by energy source. The above numbers do not sum to the total number of households served, because some households used more than one energy source.

DWSS served more total households with elderly, disabled, or children under 6 than households without targeted members (Figure 5).

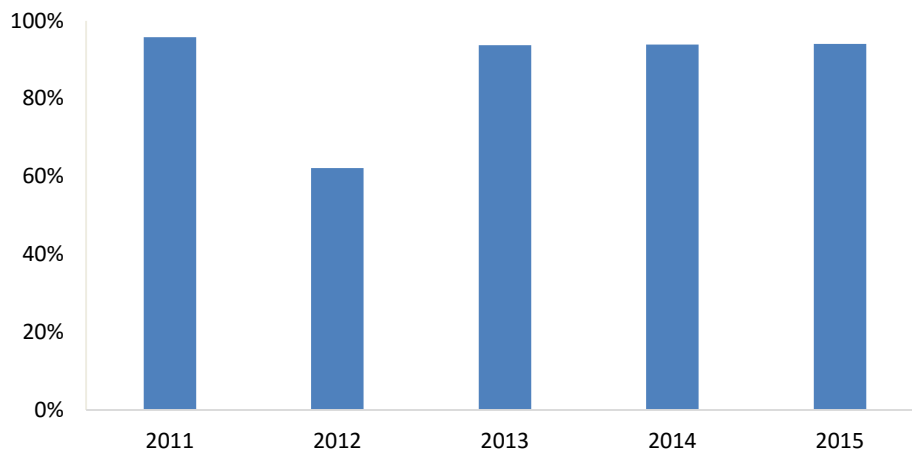
### Households Receiving EAP Benefit in SFY 2015, by Household Composition



**Figure 5.** Number and percent of EAP households with vulnerable and other members. The above numbers do not add to the total number of beneficiaries since the vulnerable populations are not mutually exclusive, i.e. some of the households may include both elderly and disabled residents, or some other combinations, and are thus counted more than once.

During SFY 2012, there was a substantial and statistically significant decline in the proportion of applicants receiving Social Security Income who were eligible for EAP benefits (Figure 6). This was owing to a combination of the reduced eligibility criteria and a small increase in federal Social Security benefits that pushed many applicants above the income limits for 2012. The proportion of applicants with social security income in SFY 2015 remained around the same in SFY 2014.

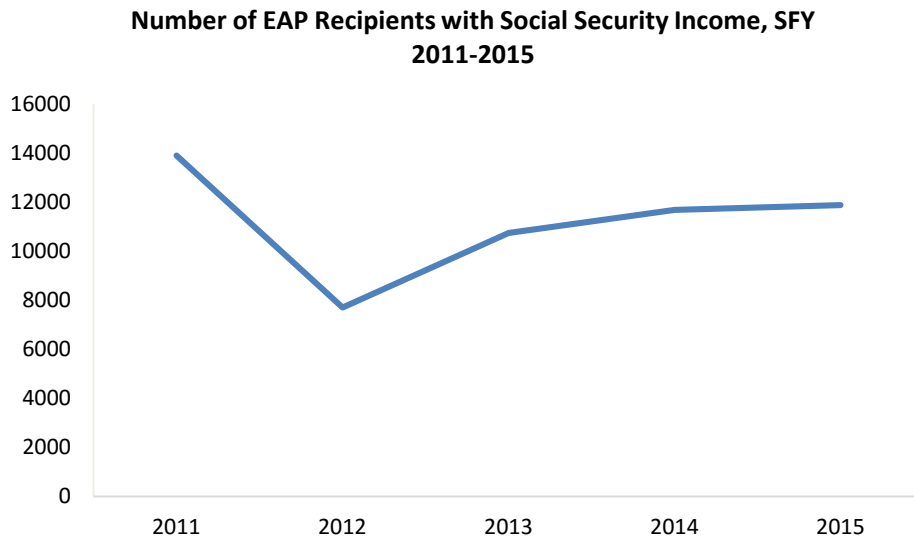
### Proportion of Applicants with Social Security Income Determined to be Eligible for EAP, SFY 2011-2015



**Figure 6.** Proportion of applicants with Social Security income determined to be eligible for EAP, SFY 2011-15.

As can be seen in Figure 7, the number of EAP recipients with Social Security income declined by nearly half from 2011 to 2012. While there was a slight increase in households on Social Security who received benefits in SFY 2015 as compared with SFY 2013, the number is still significantly below SFY 2011 levels.

This presents an opportunity for DWSS to provide additional outreach to seniors who may not realize that they are again eligible for energy assistance.



**Figure 7.** Number of EAP recipients with Social Security income, SFY 2011-15.

Several new intake sites were added in SFY 2015, with additional sites requesting inclusion for SFY 2016. Intake sites, which are often senior centers or food banks, can be an excellent mechanism to raise awareness and increase enrollment of senior citizens in the EAP program. Some seniors may not have access to or understanding of computer technologies for computer-based applications. Intake sites are an important resource to eliminate technological barriers to services for elderly residents.

## SUMMARY AND CONCLUSIONS

DWSS distributed the FEAC funds in a coordinated manner consistent with the requirements of the defining legislation. Through the EAP, DWSS provided 27,370 households assistance with their heating and cooling costs during FY 2015. The average benefit per household during this year was \$636 if the arrearage average is not included, and \$686<sup>4</sup> if included.

DWSS's application processing efficiency was highly variable this year because of significant turnover in the Las Vegas office. This is expected to stabilize over the next two fiscal years, as the legislature's approval of 25 new state positions is expected to increase staff retention.

DWSS worked within the requirements of NRS 702 to the extent possible. The level of funding available in the FEAC from the Federal LIHEA Program and UEC funds was insufficient to reduce the energy burden of eligible households to the state median.

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<sup>4</sup> Source: EAP Management Monitoring Summary July 2015

## RECOMMENDATIONS

1. The establishment of a cash reserves or carry-over fund would allow the EAP to plan and budget for the “most likely scenario” while also preserving the ability to maintain program consistency in the event of federal funding shortages.
2. DWSS should take further steps to restore EAP benefits to fully reduce the energy burden to the statewide median, according to the intent of NRS 702. Households under 125% of poverty should be prioritized for this benefit.
3. DWSS should increase outreach efforts to seniors and other vulnerable populations.

**Finding 1: The evaluation team finds DWSS fully compliant with the requirements of NRS 702.**

## WAP OVERVIEW

### Overview of SFY 2015

This evaluation covers the Universal Energy Charge/Fund for Energy Assistance and Conservation (FEAC) Weatherization Assistance Program administered by the Nevada Housing Division (NHD) for State Fiscal Year (SFY) 2015. Nevada SFY 2015 began July 1, 2014 and ended June 30, 2015. Field reporting for SFY 2015 was completed by the end of July 2015 and production performance data was completed in August. Financial reporting was also completed in August. The basic performance requirements for this program are codified in Nevada Revised Statutes (NRS) 702.

For SFY 2015, the primary program activities and major contextual factors affecting the UEC Weatherization Assistance Program include:

- ◆ **Planning** – As is required each year, during SFY 2014 and in order to prepare for SFY 2015, the NHD Weatherization Assistance Program and the Division of Welfare and Supportive Services (DWSS) Energy Assistance Program (EAP) collaborated on the development of two State Plans. One is the 2015 Nevada Fund for Energy Assistance and Conservation State Plan required by NRS 702.280. The second is the 2015 State of Nevada Low Income Home Energy Assistance Program (LIHEA Program) State Plan. The LIHEA Program plan is required by the US Department of Health and Human Services.<sup>5</sup>
- ◆ **Planning Targets and Accomplishments** - For SFY 2015, NHD received UEC/FEAC funds for the UEC Weatherization Assistance Program in the amount of \$3,045,299<sup>6</sup>. There was also a carryover of \$53,916 from the previous program year plus a reserve of \$69,092. In all, the operating budget for SFY 2015 was \$3,168,307.<sup>7</sup> Of this total, \$2,728,284 was expended by the six Subgrantee agencies and \$234,686.28 by NHD, leaving a balance of \$205,337 to be carried over at the end of the Program Year. A total of 568 Universal Energy Charge/Fund for Energy Assistance and Conservation households were completed on time and within budget. All SFY 2015 weatherization was complete as of June 30, 2015.

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<sup>5</sup> Additionally, during SFY 2015 NHD and DWSS developed the plans required for 2016. The state plan follows the state fiscal year which ends each June 30th; the plan for the LIHEA Program follows the federal fiscal year that ends each September 30<sup>th</sup>.

<sup>6</sup> The Division of Welfare and Supportive Services (DWSS) receives funds collected by the Public Utilities Commission of Nevada and distributes twenty-five percent of net funding to the Nevada Housing Division (NHD) for the UEC Weatherization Assistance Program. DWSS reports transfer of \$3,044,268 to NHD, however an updated report from the DAWN system dated 10/07/2015 shows the total as \$3,045,299 rounded to the nearest dollar.

<sup>7</sup> Source: NHD spreadsheet FY 2015 (8/25/2015). All dollar figures are rounded to the nearest dollar.

**WEATHERIZATION ASSISTANCE PROGRAM  
Nevada Housing Division  
BUSINESS PROCESS**

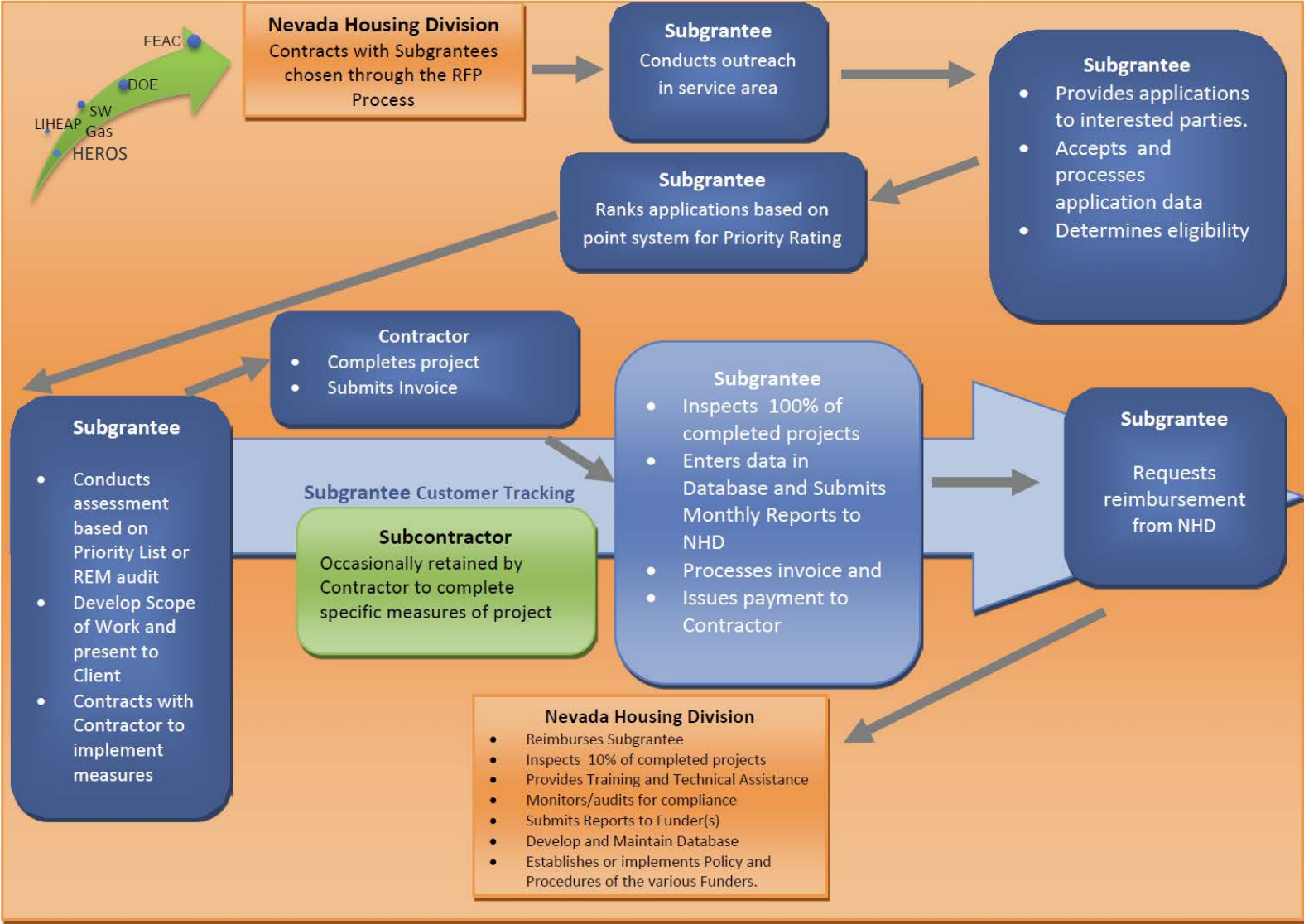


Figure 8. Weatherization Assistance Program, Nevada Housing Division Business Process.



- ◆ **Program Implementation** – The revised Business Process developed in the later part of SFY 2012 continued in place through SFY 2015. The Business Process is summarized in Figure 8. The Nevada Universal Energy Charge/Fund for Energy Assistance and Conservation, the US Department of Energy, the US Department of Health and Human Services Low-Income Home Energy Assistance Program and Southwest Gas provided primary funding Weatherization Assistance Program effort for SFY 2015.
- ◆ **Changes in the Percentage of Persons living in Poverty** – After a substantial increase in poverty over several years, the percentage of persons living in poverty in both Nevada and the US as a whole *decreased slightly from 2012 to 2014*. For the US as a whole, the decrease was from 15.9% to 14.8%. For Nevada, the decrease was from 16.4% to 14.8%. A time series comparison of percentage of person in poverty is shown the figure below for the US and for Nevada (See Figure 9).<sup>8</sup>

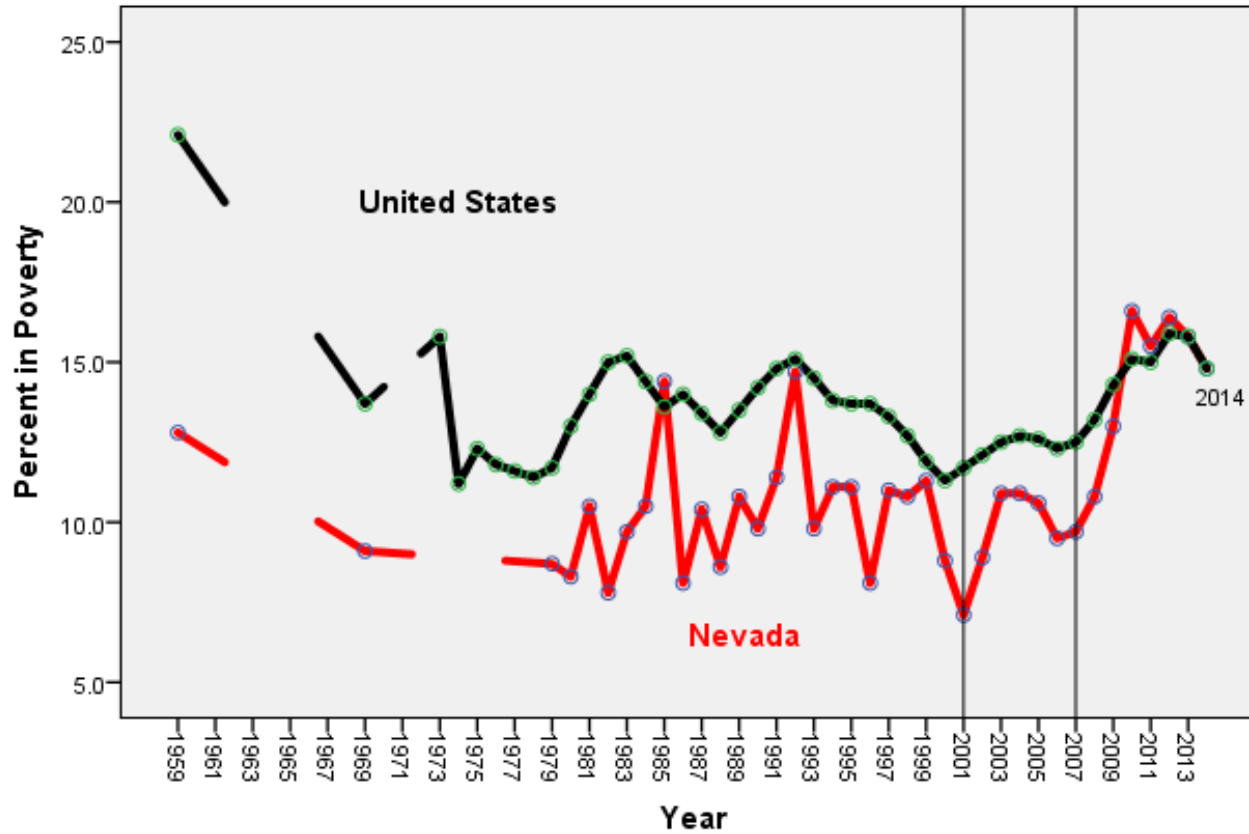
Since at least 1959 Nevada has in most years had a much lower poverty rate than the US as a whole. However, this pattern changed and poverty in Nevada increased sharply. This sharp increase began during the economic recession of the early 2000's (dotcom bubble – see the vertical reference line for 2001) and continued through the Great Recession of 2007 (derivatives bubble/housing bubble – see the vertical reference line for the year 2007) and reached a peak that exceeded the US percentage in poverty exceeding US poverty) in 2010, 2011 and 2012. *Nevada's rate of official poverty was equal to the rate of official poverty in US for 2013 (15.8%) and 2014 (14.8%), the latest full years for which information is available).*

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<sup>8</sup> For 1959 and 1969, the information used in the figure is from *Poverty in the United States: 2000*, Appendix Table A-1 and from US Census Bureau Table CPH-L-162, Persons by Poverty Status by State. The data from that point through 2011 is from the US Bureau of the Census, Current Population Survey, Annual Social and Economic Supplement, Table 5, Percent of People by Ratio of Income to Poverty Level: 1970 to 2011 and Table 21: Number of Poor and Poverty Rate by State: 1980 to 2011. The data source for 2012 and 2013 is Poverty 2012 and 2013, American Community Survey Briefs by Alemayehu Bishaw and Kayla Fontenot, US Department of Commerce, Economics and Statistics Administration, US Census Bureau, September 2014. Data for 2014 is from a QuickFacts Beta, Persons in Poverty, Percent (<http://www.census.gov/quickfacts/table/PST045214/00>) and is also based on the American Community Survey. Note that since the Census Bureau is now using smaller samples (but producing more frequent information) the survey error cause by using small samples may make comparisons of data points difficult and the Bureau warns against making comparisons. So, here we present these comparisons as approximately true and based on the best data available.

### Poverty in Nevada & in the US as a Whole (1959 - 2014)

(Percentage of Persons Living in Poverty)



Source: US Bureau of the Census data (see footnote)

Figure 9. Percentage of Persons in Poverty, 1959-2014.

**Finding 2: The Great Recession and extended weak economic recovery has increase the rate of poverty and need for services. Although the percentage of persons in poverty has started to decline, there remains an increased need.**

The import of this pattern of change in the percentage of persons in poverty is that the need for services substantially increased in Nevada beginning in 2001. Although there is recent indication that poverty has started to decrease, the change in percentage from 2001 (8.9%) to 2014 (14.8%) indicates increased need.

## Needs Analysis

There are two primary methods for assessing income insufficiency or need. The official analysis makes use of multiples of the FPL; a more exact method is based on analysis of household budgets.

**Multiples of the Federal Poverty Level Approach to Assessing Income Insufficiency** - Though the Federal Poverty Level (FPL) is used in Figure 9, actual need is meaningfully higher than indicated by the FPL.<sup>9</sup> For this reason, federal and state programs seldom use the FPL directly as a program eligibility criterion. However, since FPL data is maintained by the federal government, since federal guidance is framed in terms of the FPL and because it offers in administration programs use a *multiple* of the FPL as a program eligibility criterion. This use of a multiple of the FPL partially makes up for the inadequacy of the official FPL as a measure of income insufficiency.

For example:

- ◆ The US Department of Health and Human Services Low Income Home Energy Assistance Program (known in Nevada as the LIHEA Program) uses 150% of the FPL for eligibility.

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<sup>9</sup> Federal indicators of need, such as the poverty metric, unemployment and the consumer price index each have the virtue of being systematic time series measurements with a record of explicit changes in definition over the years for which they have been reported. However, they have become distorted (gradually, over time) and now significantly understate the conditions that they were originally developed to measure. All of the official indicators and all of the changes to the indicators are academically defensible in an abstract sense. All can be useful as general indicators. Yet each falls meaningfully short as a true indicator. The federal indicators correspond poorly to what people mean by poverty, unemployment and the increasing cost of a standard basket of goods. They do not make sense in terms of what people experience. Each indicator quantitatively underestimates economic hardship as experienced. The size of the gaps between the indicators and reality as experienced increases over time. Now, the Federal Poverty Level (FPL) is a discredited measure of income insufficiency. Now, unemployment has been progressively redefined so that it is a misleading measure of actual unemployment. The degree of inadequacy of the consumer price index (CPI-U) is, on the other hand, somewhat controversial. A good way to appreciate its inadequacy is to look at a jurisdiction in which family budget studies have been done at two points in time and compare the simple CPI-U adjustment of the earlier study with the results of the later family budget study. This kind of comparison demonstrates that the CPI-U captures a part of inflation as actually experienced by households and can be useful for very short-term comparisons. However, it also demonstrates that over time the drift of the CPI-U from reality becomes a serious gap. One set of replacement indicators for unemployment and CPI is at <http://www.shadowstats.com/>. A critical review of this website can be found on Wikipedia: <http://en.wikipedia.org/wiki/Shadowstats.com>. Our own assessment is that the proposed Shadowstats alternate indicators are much better than the official indicators but that the alternate CPI may be somewhat overstated.

- ◆ The Nevada Universal Energy Charge/Fund for Energy Assistance and Conservation Payment Assistance Program is harmonized to this 150% level for household eligibility (as required by NRS 702.260.3).
- ◆ The US Department of Energy permits a range of eligibility levels for the federal Weatherization Assistance Program. Most states use either 60% of state median household income or 200% of poverty. Nevada uses 200% of the FPL for this program.
- ◆ In Nevada, the Nevada Universal Energy Charge/Fund for Energy Assistance and Conservation Weatherization Assistance Program eligibility criterion is set at 150% of the FPL (as required by NRS 702.270.3).

**An Alternative Approach to Measuring Income Insufficiency: Family Budget Method** --Employment of a multiple of the FPL provides a very useful correction factor for setting program eligibility. However, a more exact way to estimate income insufficiency (and so indicate need for service from a program) is to use the *family budget method* rather than the *poverty multiple method* and, at the same time to allow eligibility to vary by county or place. The family budget method is a traditional method that has been used by social workers and community workers since at least the early 1900's. As has been demonstrated in all recent studies using the family budget method, income insufficiency almost always runs considerably above 150% of the FPL.

The "self-sufficiency standard" (a particular form of the family budget method; sometimes also identified as a "living wage" standard) better reflects reality as experienced by households. The self-sufficiency standard meets most *immediate* needs of a family at a minimal level of living, for households without special problems (for example, medical problems).

Strengths of the Family Budget method and self-sufficiency standard over the FPL multiple method are that it captures:

- ◆ Cost of transportation to work
- ◆ Cost of child care when needed to permit a parent to work.

Weaknesses of the self-sufficiency standard are that it does not include several expenses (the FPL multiple method also does not include these expenses):

- ◆ Provision for retirement
- ◆ Provision for college for children
- ◆ Provision of resources children need to participate in many normal school activities in grade school and high school (most of these costs have been isolated by the schools and are transferred as direct "add-on" costs to families)
- ◆ Provision for special medical problems
- ◆ Provision for some meals outside the home
- ◆ Provision for recreation

While not fully inclusive,<sup>10</sup> the self-sufficiency standard is much better in assessing income insufficiency than a fixed multiple of the FPL. This contrast is shown in Tables 8 & 9. Table 8 provides estimates of what an individual must earn to support their household, on a (lean) living wage if they are the sole provider and working full-time (2,080 hours per year). Table 9 shows the same information as percentages of the Federal Poverty Level. The percentages are computed for different family structures and sizes based on tables updated for 2012 by Dr. Amy K. Glasmeier at Pennsylvania State University. Glasmeier expresses the result in the form of an hourly pay rate, which has here been converted to an annual income level.<sup>11</sup>

In Table 8, we multiply the table values of Glasmeier's hourly living wage by work hours per year (2080) and then by 1.04 since according to the US Bureau of Labor Statistics (BLS) it takes \$1.04 in 2015 to purchase what a dollar would have bought in 2012); then divide by the 2015 Federal Poverty Level as adjusted for household size. As is shown in Table 8, family budgets for the same minimal level of living (self-sufficiency standard) vary by county or place. They are not uniform across the state. In contrast, the FPL, although adjusted for household size, is applied uniformly in the forty-eight contiguous states and the District of Columbia. It does not take county/place variation into account.

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<sup>10</sup> The lack of inclusion of these other normal expenses means that even the best analytic work based on the family budget method does not take into account the growing chasm of increasingly severe economic inequality that squeezes households out of normal participation in society. When the upper one-percent is allocated ludicrously more income each year as a transfer from income streams that previously went to lower-upper class, middle class and lower income households many public functions do not receive necessary funding because incomes of ordinary citizens no longer large enough to support public institutions to the degree that they were supported during the more egalitarian era that ran from the end of WWII through approximately 1970. These reallocations from the middle class and the public sector to the ludicrously rich cause, in turn, much hidden rationing apportioned throughout our economic system (in the form of extra fees assessed to households and declining quality of goods and services for everyone but the ultra-rich), though this rationing is not acknowledged in most conventional economic analysis.

<sup>11</sup> Glasmeier's 2012 results are been converted to 2015 dollars using the Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) calculator ([http://www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm)). We refer to this as a lean living wage because it covers an adequate family budget for everyday expenses, though it does not cover the costs of living for full participation in society listed above as weaknesses of this method.

Table 8. Lean Living Wage, in Dollars (2015).

Lean Living Wage in Dollars per Year (by County or Place)					
Place	1 Adult	1 Adult, 1 Child	2 Adults	2 Adults, 1 Child	2 Adults, 2 Children
Dollars					
Washoe	\$19,707	\$44,108	\$30,869	\$38,721	\$41,577
Clark County	\$20,832	\$44,713	\$32,037	\$39,327	\$42,182
Carson City	\$18,712	\$42,377	\$29,766	\$36,969	\$39,846
Elko	\$18,430	\$41,598	\$28,338	\$36,190	\$39,067
Nye	\$16,354	\$39,630	\$28,273	\$34,200	\$37,099
FPL Reference	\$11,770	\$15,930	\$15,930	\$20,090	\$24,250
<b>Note: Table adjusted using official Bureau of Labor Statistics CPI Calculator.</b>					

Table 9 converts the dollar values from Table 8 into percentages of the Federal Poverty Level (FPL). Note that the lean living wage for different family structures and sizes is *almost always above 150% of the FPL*. Also, as in Table 8, it varies meaningfully by county or place.

Table 9. Lean Living Wage as a Percentage of the Federal Poverty Level (2015).

Lean Living Wage as Percentage of Federal Poverty Level (by County or Place)					
Place	1 Adult	1 Adult, 1 Child	2 Adults	2 Adults, 1 Child	2 Adults, 2 Children
Washoe	169%	280%	196%	196%	174%
Clark County	179%	284%	204%	199%	177%
Carson City	160%	269%	189%	187%	167%
Elko	158%	264%	180%	183%	164%
Nye	140%	252%	180%	173%	156%
FPL Reference	100%	100%	100%	100%	100%
<b>Note: Table adjusted using official Bureau of Labor Statistics CPI Calculator. Depending on family size (for example, more children) the percentage of Federal Poverty Level can easily be over 350%.</b>					

The 2015 Federal Poverty Level by household size used in the calculation of Tables 8 & 9 is shown in Table 10.

**Table 10. 2015 Poverty Guidelines (Federal Poverty Level).**

<b>2015 Poverty Guidelines for the 48 Contiguous States and the District of Columbia</b>	
<b>Persons in Family/ Household</b>	<b>Poverty Level (\$)</b>
1	\$11,770
2	\$15,930
3	\$20,090
4	\$24,250
5	\$28,410
6	\$32,570
7	\$36,730
8	\$40,890
For families/households with more than 8 persons, add \$4,160 for each additional person. Source: Federal Register, Annual Update of HHS Poverty Guidelines, January 22, 2015.	

Similar calculations to those reported in Tables 8 & 9 have been performed by Fang Lin at the University of Nevada, Las Vegas. Lin calculated reasonable family budgets for a two-adult, two-child family in the Las Vegas-Paradise area and in the Reno-Sparks area at \$48,650.96 and \$46,445.11 per year, respectively in the fall of 2008.<sup>12</sup> Using the Bureau of Labor Statistics Inflation Calculator for July 2015,<sup>13</sup> the multiplier is 1.11 for equivalent incomes of \$53,851 and \$51,409 for 2015. If we convert these incomes to FPL equivalents using the 2015 percentage guidelines for a similarly-sized family, the results are 222% and 212%.

Also, in a more detailed analysis for different family types, Diana Pierce and Jennifer Brooks found that a family of two adults with one pre-school and one school age child required a budget of \$39,153 in Washoe County in 2002.<sup>14</sup> Updating this budget with the Bureau of Labor Statistics Inflation Calculator in October 2014 (a multiplier of 1.32) yields an equivalent value of \$51,867 in 2015 or 258% of the 2015 FPL adjusted for household size. For a family of one adult, one preschool age child and one school age child in 2002, the budget calculated by Pierce and Brooks was \$32,621. This is equivalent to \$43,213 in

<sup>12</sup> Lin, Fang, *Nevada Kids Count*, "How Much is Enough: Family Budgets in Nevada," Issue No. 4. Las Vegas: University of Nevada, Center for Business and Economic Research, Fall 2008.

<sup>13</sup> See the Bureau of Labor Statistics website ([http://www.bls.gov/data/inflation\\_calculator.htm/](http://www.bls.gov/data/inflation_calculator.htm/)).

<sup>14</sup> Pierce, Diana & Jennifer Brooks, *The Self-Sufficiency Standard for Nevada*, prepared for the Progressive Leadership Alliance of Nevada. Seattle: University of Washington, March 2002 (<http://www.selfsufficiencystandard.org/docs/Nevada%202002.pdf>).

2015 or 215% of the FPL as adjusted for household size. For a family of one adult and one preschool child, Pierce and Brooks found a budget of \$28,864 was required in 2002. This is equivalent in value to \$38,237 in 2014 as assessed using the BLS calculator in October of 2015, or 240% of the 2015 FPL as adjusted for household size.

While estimates of actual need based on Glasmeier, Lin and Pierce & Brooks show very small difference from each other, they all indicate that program eligibility should be in the range of 200% -260% of poverty. Calculations for larger households and different household composition lead to results above this range. Taken together, the analysis of the family budget method leads to a recommendation: The basis for determination of eligibility should be the family budget method. If necessary for ease of administration, administration of eligibility could be moved to a higher multiple of the FPL. As shown in Table 9, a reasonably conservative multiple would be 250%.

**Recommendation 4: Seek an amendment to NRS 702 to use the Family Budget Method by County or, if better for ease of administration, raise the FPL multiple for eligibility to 250% of the FPL.**

**Temporary emergencies for other households** - There are also households at middle income levels and occasionally at upper income levels that need assistance due to a temporary or a unique situational problem: such as sudden illness or death of a provider, loss of employment, divorce or other sudden economic change. While middle and upper income households typically have the resources to recover from these situations, some do not and while some can recover using their own resources and resource networks, some may require short term help. A list of such encounters with the chances of life include:

- ◆ Injury or illness
- ◆ High medical bills
- ◆ Medically related usage
- ◆ Death in the family
- ◆ Sudden loss of employment and household income
- ◆ Disabled persons
- ◆ Aging out; a household that has become infirm elderly

These kinds of emergencies for middle-income households are not fully recognized within the current scope of NRS 702, due to the income eligibility cap (although some flexibility for emergency situations within the income cap has been included). The program concept could be extended to a temporary and situational insurance concept for all households that pay into the Universal Energy Charge.<sup>15</sup> This observation leads to a further recommendation: Seek an amendment to NRS 702 to redefine the Universal Energy Charge as a form of insurance for all households; broaden the emergency provisions

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<sup>15</sup> An exception is that there is an emergency provision in NRS 702 for households technically above the eligibility level that experience severe un-reimbursable medical problems that suddenly bring them to the 150% FPL eligibility level and there are certain other provisions that can provide emergency exceptions.



for inclusion of all in temporary economic difficulties by removing the income limit for a set of emergency situations and provide additional discretion to the program administrator.<sup>16</sup>

**Recommendation 5: Seek an amendment to NRS 702 to broaden the emergency provisions for inclusion of all households in temporary economic difficulties.**

**Other Factors** - Other factors in the general socioeconomic context that influence need for services include:

- ◆ Nominal electric and natural gas rates generally increase over time, though there are some temporary exceptions.
- ◆ “Between 2000 and 2012 wages were flat or declined for the entire bottom 60 percent of the wage distribution”<sup>17</sup>
- ◆ Nationally, there were about 1.5 unemployed people for every job opening in July 2015, according to the Bureau of Labor Statistics, down from about 2.1 the year before.<sup>18</sup> This is a recovery essentially (but not quite) to the level just prior to the 2001 recession and represents a major recovery from the Great Recession (2008-2009).
- ◆ The Nevada unemployment rate has slowly improved to 6.8% in July 2015 (Figure 10)<sup>19</sup>, a little better than 2008 which included the first year of the Great Recession. Recovery is slow but is proceeding.

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<sup>16</sup> The program would remain primarily a low-income program but, through inclusion would also become a general residential program. Redevelopment of the basic program concept as social insurance would lead to a different type of benefit-cost analysis.

<sup>17</sup> Mishel, Lawrence and Heidi Shierholz, “A Decade of Flat Wages, The Key Barrier to Shared Prosperity and a Rising Middle Class.” Washington, DC: Economic Policy Institute Briefing Paper, August 21, 2013, Briefing Paper No. 365.

<sup>18</sup> US Bureau of Labor Statistics, Unemployed Job Seekers per Opening (JOLTS historical chart). See <http://www.labor.ny.gov/stats/job-seekers-per-opening.shtm>.

<sup>19</sup> Graphed rates are averaged from monthly rates provided by the Bureau of Labor Statistics (see data file at [http://data.bls.gov/timeseries/LASST32000000000003?data\\_tool=XGtable](http://data.bls.gov/timeseries/LASST32000000000003?data_tool=XGtable)). Note that Figure 10 shows the official unemployment rate for Nevada. As a rule of thumb taught in grad school economics, to convert the usual federal report of unemployment (CPI-U) into an everyday commonsense value, multiply it by two. More recently, this has changed to “multiply by two and then add from one to three percent.” So, actual unemployment is running at about 13-15% in Nevada, down from a peak of about 30% in 2010. By “everyday commonsense” we mean, for example, that if Uncle Jack does not have a job, he is unemployed even if the federal statistics reclassify him as a “discouraged worker” in order to drop him from their official calculation by changing the earlier federal definition of unemployment. There are other similar “technical adjustments” that make official statistics biased indicators of the things they indicate. No one is fooled by this kind of statistical trick when it involves a family member, but we do tend to be fooled by the statistical talk at an abstract level when it is repeated constantly. Also, in common talk, we make a distinction between a “job” (underemployment or piecing together part-time work from two or three underpaid and under resourced jobs) and a “real job” (full time, decent pay, medical benefit, secure career prospect and defined benefit pension). Federal statistics in the areas of employment and unemployment do not take these realities into account. However, they are still useful as general indicators of direction of change, which is currently in a good direction.

- ◆ In the US as a whole, the adjusted wage share of the functional income distribution declined from about 64% in 1968 to about 56% in 2015.<sup>20</sup> In other works, economic return to workers is declining except for the highest paid workers and income is going elsewhere.

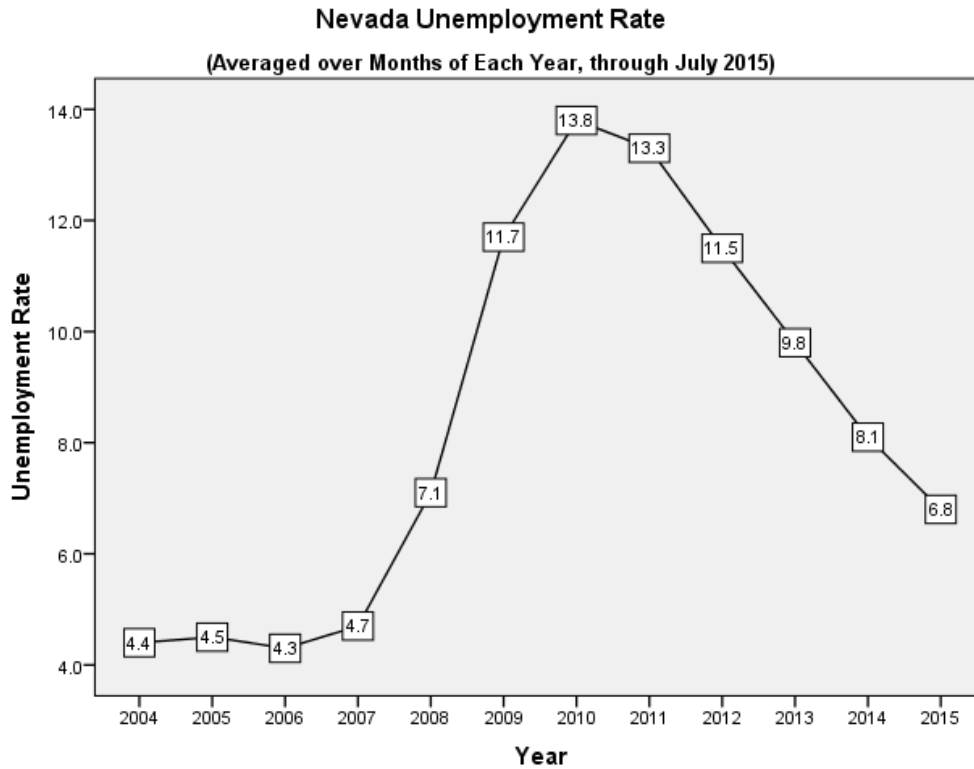


Figure 10. Nevada Unemployment Rate (Averaged over Months for by Year).

Household eligibility for both Energy Assistance and Weatherization Assistance is set at 150% of poverty by NRS 702. There were approximately 227,857 eligible households in Nevada (households at or below 150% of the FPL) in 2012.<sup>21</sup> We retain this estimate through 2015, which is about 22% of households (this is a correction from the previous evaluation). These results further document that at the current yearly funding levels need exceeds ability to serve.<sup>22</sup>

<sup>20</sup> Apel, Holgar, "Income Inequality in the US from 1950 to 2010 –The Neglect of the Political," Pp. 2-15 in *Real World Economics Review*, Issue 71, September 30, 2015 (<http://www.paecon.net/PAEReview/>).

<sup>21</sup> This estimate was developed in 2012 using three different calculation methods. The methods provided estimated results of 226,239; 227,857 and 229,219. The middle number (the number adopted for this study) is based on the Governor Certified Population and its development was assisted by the State Demographer (electronic communication of 7/23/2012 from Jeff Hardcastle to Gil Peach and NHD). The middle number (227,857) represents about 23% of Nevada households (999,016) using 2009-2013 household data from the Bureau of the Census Quickfacts for Nevada (<http://quickfacts.census.gov/qfd/states/32000.html>). Since census numbers have not be updated with adequate sample yet, we will retain this estimate. When 2016 data become available, the three-year averaging process will yield a sample capable of supporting a more current number and percentage.

<sup>22</sup> Viewed as a process, the current level of funding enables a certain number of homes to be weatherized each year. Since the stock of eligible homes is not fixed but is a flow with new additions each year and the total of

## THE PROGRAM LOGIC OF THE WAP

The program logic of the Universal Energy Charge/Fund for Energy Assistance and Conservation Weatherization Assistance Program is shown in terms of resource inputs and program goals in Figure 11.

The resources are all of the resources that are drawn upon by the program. In addition to UEC/FEAC funding, for SFY 2015 the program leveraged federal DOE funding. Support is also provided from the Nevada Housing Trust Fund, LIHEA and by the Southwest Gas Corporation which coordinates its low-income Demand-Side Management program with the NHD program effort.

As shown in the logic diagram, the direct resources used to carry out the principal activities for SFY 2014 were the NHD; the Subgrantees, the Contractors, building science technologies and equipment, the BWR database and IT support coupled with the specialized knowledge required to administer and manage the overall WAP.

The immediate outcomes of the weatherization work are reduced energy use and lower energy bills for low-income homes, improvement in health and safety condition of homes, reduced illnesses, and in some cases, saved lives. The program also provides community education and contractor training.

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eligible homes is beyond the capability provided by the annual funding level for the program, the program effort is always a process that never reaches an end.

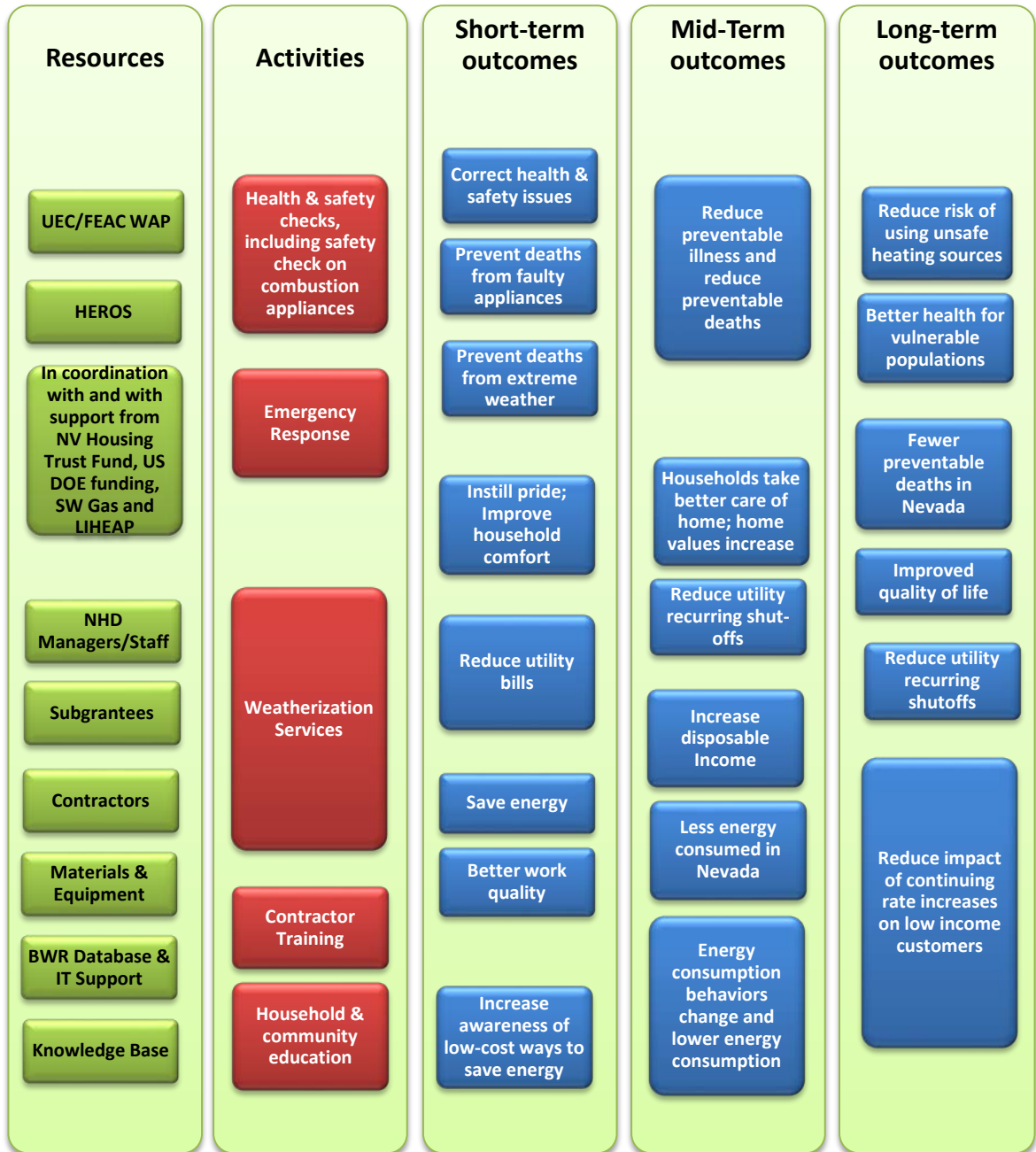


Figure 11. Logic Diagram for Universal Energy Charge Weatherization Assistance Program.

## **WAP PROGRAM COMPLIANCE WITH LEGISLATIVE REQUIREMENTS (NRS 702)**

This section of the study is focused on direct answers to specific legislative questions.

### **2.1. Did NHD use no more than 6% of FEAC funds for its administrative expenses?**

[Reference: NRS 702.270.1; Deliverable 3.5.1]

Yes, NHD's total cost for program administration was \$138,803, or 4.2% of the total FEAC funds used for Program Year 2014 (\$3,168,307).

### **2.2. Did NHD provide eligible households with services of basic home energy conservation and efficiencies or assist households in acquiring services of load management?**

[Reference: NRS 702.270.2(a); Deliverable 3.5.2]

Yes, NHD provided eligible households with services of basic home energy conservation and efficiencies which assisted households in reducing energy consumption over time. Performance was confirmed during NHD Weatherization Assistance Program staff Monitoring Reviews of sample projects and reviews of the Buildings Weatherization Reports database (BWR database). Load management was not a focus of the program in 2015; the energy focus was on reducing energy use. Production numbers are provided in the effectiveness section of this evaluation.

### **2.3. Did NHD pay for appropriate improvements associated with energy conservation, weatherization and energy efficiency?**

[Reference: NRS 702.270.2(b); Deliverable 3.5.2.1]

Yes. Monitoring Reviews by NHD Weatherization Assistance Program staff of a sample of projects verifies that NHD paid for appropriate improvements associated with energy conservation, weatherization and energy efficiency measures.

### **2.4. Did NHD carry out activities related to consumer outreach?**

[Reference: NRS 702.270.2(c); Deliverable 3.5.2.2]

Yes. Throughout the year, consumer outreach was conducted by NHD and its six (6) Subgrantee agencies. NHD and its subgrantees responded to phone calls referred by NV Energy, Southwest Gas bill inserts and NHD and subgrantees' websites. NHD or its subgrantee also participated in NV Energy's Senior Energy Assistance Expositions (one in southern Nevada and one in northern Nevada). Subgrantees also provided outreach at local social service offices, senior centers, through radio and television interviews, newspaper ads, community meetings, energy savings events, poster with tear tabs, and distributed of brochures, flyers and door hangers (documented by Subgrantees). The Subgrantees provided intake sites and online service to process applications. NHD, Subgrantees and Contractors distributed brochures and the "Your Home Energy Savers Book" to the public and clients regarding energy conservation measures. Outreach through the Subgrantees was verified through Monitoring Review by NHD Weatherization Assistance Program staff.

## **2.5. Did NHD pay for program design?**

[Reference: NRS 702.270.2; Deliverable 3.5.2.3]

No. Primary program design for UEC/FEAC WAP was accomplished by NHD in 2002-2003 and updates were carried out in other years. During SFY 2015 there were no major program design activities. However, there were ongoing discussions of possible program coordination with Nevada Energy.

## **2.6. Did NHD pay for annual program evaluation?**

[Reference: NRS 702.270.2(e); Deliverable 3.5.2.4]

Yes. In SFY 2015, NHD paid its prorated share of the cost for the SFY 2014 annual program evaluation.

## **2.7. Did NHD determine eligibility of households at a maximum income level of no more than 150% of the federally designated level signifying poverty (FPL)?**

[Reference: NRS 702.270.3; Deliverable 3.5.3]

Yes. Eligibility criteria were communicated to Subgrantees through verbal and written communications. Income eligibility was verified by the Subgrantee and during NHD staff Monitoring Reviews of samples of Client applications from completed projects.

## **2.8. Did NHD render emergency assistance to health/safety-threatened households experiencing an emergency because of the structural, mechanical or other failure of their occupied dwelling?**

[Reference: NRS 702.270.4(a); Deliverable 3.5.4]

No, this year, emergency assistance was not provided for buildings with structural, mechanical or similar failure. The problem with dwellings in which there is major structural, mechanical or other failure of the whole dwelling (for example, very old homes with knob and tube wiring throughout) is that the cost of repairs would be so substantial that the building cannot be treated, although the authority exists to do so. During SFY 2015, although authorized in NRS 702, no emergency assistance was provided to repair/replace the structural, mechanical or other failure of an occupied dwelling.

## **2.9. Did NHD render emergency assistance to health/safety-threatened households experiencing an emergency because of a failure of a component or system of their occupied dwelling?**

[Reference: NRS 702.270.4(a) and (b); Deliverable 3.5.4.1]

Yes. Emergency assistance to health/safety threatened households was provided to twenty-six households that experienced an emergency because of a failure of a component or system of their occupied dwelling. Two of the six agencies did not provide emergency services (CSA and RNDC).

List of FEAC Emergency Services

Number and nature of FEAC funded emergency services rendered during the period? [NRS 702.270.4(a) and (b).]

HELP of Southern Nevada

Project Number (Household)	Emergency Service (Kind of service provided)	Specific Equipment Failure (Type: Structural, Mechanical or its components, Component System, brief description of repair or replacement)	Resolution (Describe the results: Heat, AC, improved ventilation, etc.)
<i>F24612</i>	<i>Unit blowing hot air.</i>	<i>Could not repair swamp cooler.</i>	<i>Unit replaced and client now has cool air.</i>
<i>F19960</i>	<i>Unit blowing hot air.</i>	<i>2.5 ton gas package—compressor has gone to ground.</i>	<i>New 2.5 ton gas package replaced. AC now working.</i>
<i>F24978</i>	<i>No heat. Unit not working.</i>	<i>Furnace will not accept new coil. Bad fan motor—unable to repair.</i>	<i>New 2.0 ton gas split system installed. Client now has a functioning system that provides heat.</i>
<i>F24804</i>	<i>No AC. Unit blowing hot air.</i>	<i>Compressor is grounded. Cannot change coil in existing air handler.</i>	<i>New 2 ton heat pump split system installed. Client now has adequate AC.</i>
<i>F24752</i>	<i>No AC. Not working at all.</i>	<i>Bad condenser fan motor. Needs repair.</i>	<i>New condenser fan motor installed. Client now has cool air.</i>
<i>F24834</i>	<i>No AC. Not working at all.</i>	<i>INOP 5 ton gas split system needs replacement. Transformer at furnace has burned and the wires connecting to it. Indoor blower motor has gone bad. Repairs not recommended.</i>	<i>New central return replaced, new furnace complete. AC now in good working condition.</i>
<i>F24783</i>	<i>No AC. Unit blowing hot air.</i>	<i>Grounded compressor, bad fan motor. Grass growing and imbedded in unit and weaved in coil-Not repairable.</i>	<i>New 4.0 ton heat pump condensing unit replaced. Client now has adequate AC.</i>

<b>Project Number (Household)</b>	<b>Emergency Service (Kind of service provided)</b>	<b>Specific Equipment Failure (Type: Structural, Mechanical or its components, Component System, brief description of repair or replacement)</b>	<b>Resolution (Describe the results: Heat, AC, improved ventilation, etc.)</b>
<b>F24986</b>	<b>No heat. Unit not working at all.</b>	<b>Gas furnace burners rusting out, bad blower motor, combustion air intake area rusting out &amp; unable to repair. AC top of condenser fan motor area cracking, low on Freon, king valves leaking, compressor valves bypassing, condenser fan motor drawing high amps &amp; contractor burnt.</b>	<b>New 3-ton gas split system replaced. Client has a functioning system that provides adequate heat.</b>
<b>F24828</b>	<b>No AC. Unit blowing hot air.</b>	<b>Air handler needs changing. Cannot repair due to new 410A coil that will not fit old unit.</b>	<b>New 2 heat pump split system replaced. Client now has a functioning AC system.</b>
<b>F24745</b>	<b>No AC. Unit blowing hot air.</b>	<b>Compressor has seized. Needs repair.</b>	<b>Repairs made. New compressor installed. Adequate AC has been provided.</b>
<b>F24679</b>	<b>Not working at all.</b>	<b>Bad blower motor- transformer is bad, heat exchange is rusted and will not accept new coil. Unit not feasible to repair.</b>	<b>New 2.0-ton 80% gas split system replaced. Client now has a functioning system.</b>
<b>F24965</b>	<b>No AC. Not working at all.</b>	<b>System low on refrigerant. Previous repairs have made on outside condensing coils. Condenser fan motor bearing are bad. Repairs needed.</b>	<b>4-ton heat pump package on roof was charged with nitrogen to locate leak which was repaired. Unit charged to manufacturer's specifications; 11lbs R-22 and new condenser fan motor installed. Unit is now functioning and client has AC.</b>



<b>Project Number (Household)</b>	<b>Emergency Service (Kind of service provided)</b>	<b>Specific Equipment Failure (Type: Structural, Mechanical or its components, Component System, brief description of repair or replacement)</b>	<b>Resolution (Describe the results: Heat, AC, improved ventilation, etc.)</b>
<b>F25155</b>	<b>No heat. Unit blowing cool air.</b>	<b>Control board and spark module are bad. Needs repairs.</b>	<b>Control board and spark module provided and installed. Client now has adequate heat.</b>
<b>F24652</b>	<b>No AC. Not working at all.</b>	<b>Furnace system is very dirty and non-operable. AC is 23-years-old also non-operable and is oversized for sq. footage of home. Replacement recommended.</b>	<b>New 2.5-ton Revolve condenser installed and matching coil with gas furnace. AC is in good working condition.</b>
<b>F24956</b>	<b>No AC. Not working at all.</b>	<b>Batteries found dead at thermostat.</b>	<b>Batteries replaced on thermostat. AC is working.</b>
<b>F25247</b>	<b>Ac not working</b>	<b>Fan motor drawing high amps, contractor is burnt, low on Freon. Also a fan motor contractor for furnace.</b>	<b>Client now has AC and Heat</b>
<b>HF25256</b>	<b>Heat not working at all.</b>	<b>Unit over amping, bad disconnect, fans bad and leaking oil weak caps.</b>	<b>Install new 2.5 ton heat pump Heat is now working</b>
<b>F25546</b>	<b>No AC or heat.</b>	<b>Has a split system— oversized for home and not repairable.</b>	<b>Install new furnace. Also a 4 ton R-22 cased coil, new central return duct. Client now has heat and AC.</b>
<b>F25221</b>	<b>Heat not working at All.</b>	<b>System is inoperable— need to install new unit</b>	<b>Install 1.5 ton condenser complete, replace taco pump and gate valve. Client now has heat and AC.</b>
<b>F4723</b>	<b>No heat at all.</b>	<b>Low on Freon, unit has a leak, fan motor leaking oil, bad coil. Cost would exceed replacement</b>	<b>Install new 5.0 ton heat pump package. Client now has heat.</b>

<b>Project Number (Household)</b>	<b>Emergency Service (Kind of service provided)</b>	<b>Specific Equipment Failure (Type: Structural, Mechanical or its components, Component System, brief description of repair or replacement)</b>	<b>Resolution (Describe the results: Heat, AC, improved ventilation, etc.)</b>
<b>F24470</b>	<b><i>Unit working off and on.</i></b>	<b><i>HVAC Eval.</i></b>	<b><i>Remove filters in close plenum and seal, remove filters on roof. Install filter return grill at hallway, clean indoor &amp; outdoor coils, add Freon. Client now has a working AC unit.</i></b>
<b>F25197</b>	<b><i>Heat not working.</i></b>	<b><i>21 year old unit— repair cost would exceed replacement.</i></b>	<b><i>Install new 4.0 ton heat pump pkg unit. Client now has heat.</i></b>
<b>F25255</b>	<b><i>No AC/heat.</i></b>	<b><i>Bad valves and fan motor, weak compressors, no freon.</i></b>	<b><i>Install new 3 ton 80%gas split system. Client now has heat and cool air.</i></b>
<b>F25181</b>	<b><i>No heat.</i></b>	<b><i>Has a 5 ton gas split system—oversized for home do not recommend reinstalling.</i></b>	<b><i>Install new 4 ton split system. Client now has a heat and AC.</i></b>
<b>F25343</b>	<b><i>No AC. Unit not functioning.</i></b>	<b><i>Cannot fix unit—needs new system.</i></b>	<b><i>New gas package unit. New duct system complete 11 drops. Client now has AC.</i></b>

Las Vegas Urban League

<b>Project Number (Household)</b>	<b>Emergency Service (Kind of service provided)</b>	<b>Specific Equipment Failure (Type: Structural, Mechanical or its components, Component System, brief description of repair or replacement)</b>	<b>Resolution (Describe the results: Heat, AC, improved ventilation, etc.)</b>
<i>F15001</i>	<i>AC Unit Stopped</i>	<i>Cost of repair is over 50% of replacement unit.</i>	<i>Adequate AC to Client household.</i>
<i>F15002</i>	<i>AC Unit Stopped</i>	<i>Unit repaired</i>	<i>Adequate AC to Client household.</i>
<i>F15003</i>	<i>AC Unit Stopped</i>	<i>Could not repair. Replaced unit.</i>	<i>Adequate AC to Client household.</i>
<i>F15004</i>	<i>AC Unit Stopped</i>	<i>Cost of repair is over 50% of replacement unit.</i>	<i>Adequate AC to Client household.</i>
<i>L35001</i>	<i>AC Unit Stopped</i>	<i>Unit repaired</i>	<i>Adequate AC to Client household.</i>
<i>F15005</i>	<i>AC Unit Stopped</i>	<i>Unit repaired</i>	<i>Adequate AC to Client household.</i>

Nevada Rural Housing Authority

<b>Project Number (Household)</b>	<b>Emergency Service (Kind of service provided)</b>	<b>Specific Equipment Failure (Type: Structural, Mechanical or its components, Component System, brief description of repair or replacement)</b>	<b>Resolution (Describe the results: Heat, AC, improved ventilation, etc.)</b>
<i>NRHA15033</i>	<i>No Heat</i>	<i>Home had no Furnace Client heating with electric oven</i>	<i>Installed new Pellet Stove and bought her a ton of pellets</i>
<i>NRHA15045</i>	<i>No Heat/ provided a space heater</i>	<i>Furnace was decommissioned by heating company</i>	<i>Replaced Furnace</i>

**City of Henderson-Neighborhood Services**

<b>Project Number (Household)</b>	<b>Emergency Service (Kind of service provided)</b>	<b>Specific Equipment Failure (Type: Structural, Mechanical or its components, Component System, brief description of repair or replacement)</b>	<b>Resolution (Describe the results: Heat, AC, improved ventilation, etc.)</b>
<i>WAP 07-14-09</i>	<i>No AC</i>	<i>Could not repair. Replaced unit.</i>	<i>New HVAC</i>
<i>WAP 07-14-02</i>	<i>No AC</i>	<i>Unit was repaired</i>	<i>Adequate AC to Client</i>
<i>WAP 01-15-04</i>	<i>No Heat</i>	<i>Could not repair. Replaced unit.</i>	<i>New HVAC</i>
<i>WAP 11-14-01</i>	<i>No AC</i>	<i>Could not repair. Replaced unit.</i>	<i>New HVAC</i>

**2.10. Did NHD adopt regulations to carry out and enforce the provisions of NRS 702.270?**

[Reference: NRS 702.270.5; Deliverable 3.5.5]

No. The necessary regulations were established primarily in 2002-2003. No new regulations were adopted in SFY2015 by NHD.

**2.11. Did NHD solicit advice from DWSS and from other knowledgeable sources?**

[Reference: NRS 702.270.6(a); Deliverable 3.5.6]

Yes. Please see the answer to question 2.17.

**2.12. Did NHD identify and implement appropriate delivery systems to distribute money from FEAC?**

[Reference: NRS 702.270.6(b); Deliverable 3.5.6.1]

Yes. Please see the NHD WAP Business Process diagram.

**2.13. Did NHD coordinate with other federal, state and local agencies that provide conservation services to low-income persons?**

[Reference: NRS 702.270.6(c); Deliverable 3.5.6.2]

Yes. NHD coordinated with appropriate federal, state and local agencies.

**Federal coordination:** During SFY 2015, NHD coordinated with federal officials through the National Association for State and Community Services Programs, whose members are state administrators of the US Department of Health and Human Services, Community Service Block Grant (CSBG) and the US Department of Energy/Weatherization Assistance Program for DOE programs. Coordination at the federal, state and local agency levels also occurred through the Energy OutWest conference with training in state-of-the-art best practice building sciences techniques.

**State coordination:** NHD coordinated with state officials through continuing contact with the Division of Welfare and Supportive Services and through the Low-Income Energy Assistance Program Advisory Group (FEAC Advisory Group). Participants in this group include representatives of the Division of Welfare and Supportive Services and the Public Utility Commission of Nevada. Also in this group are representatives of NV Energy, Southwest Gas, service and community based organizations and advocates. In addition, NHD served as a member of the Low-Income Weatherization Program Demand-Side Management group in collaboration with NV Energy and Southwest Gas, program delivery specialists and other groups interested in energy conservation such as the Southwest Energy Efficiency Project.

In regards to coordination specifically with DWSS, both NHD and DWSS exchange client referrals. NHD uses a one-page application form which includes the question, “Are you currently receiving Energy Assistance (LIHEA or Energy Assistance)?” The applicant’s response is NHD’s opportunity through its subgrantees to refer clients to DWSS/EAP. NHD also accepts referrals from DWSS and forwards the list of eligible clients provided by DWSS to its Subgrantee agencies and, when possible, to projects funded by others.<sup>23</sup> While NHD and DWSS are unable to use the same application form due to different eligibility criteria—both agencies are committed, to the fullest extent practicable, to efficiency in the application process.

**Local coordination:** NHD coordinated with many local agencies through its six (6) Subgrantee agencies, serving different areas of the state. This local work by the Subgrantees provides education in energy conservation and program outreach.

#### **2.14. Did NHD encourage other persons to provide resources and services to the extent practicable, to schools and programs providing training in the building trades and apprenticeship programs?**

[Reference: NRS 702.270.6(d); Deliverable 3.5.6.3]

No UEC/FEAC funds were used or leveraged during SFY 2015 to encourage other persons to provide resources and services to schools and programs providing training in the building trades and apprenticeship programs. During the economic stimulus (American Recovery and Reinvestment Act or ARRA), NHD implemented training. When the stimulus funding ended but the economy had only begun to improve, there was not a need for any major support of training and there will not be a need for another major focus on training until there is a sufficient need for new trainees.

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<sup>23</sup> Qualifying referrals are not automatically accepted in the Weatherization Assistance Program because referrals are also generated from other sources and only occasionally is there capacity to accept a few qualifying households (the UEC/FEAC Weatherization Assistance is underfunded in relation to need). Also, NHD is required to prioritize service according to specific criteria. This means that some households will never be accepted since there are always households above them in order of priority selection.

## **2.15. Did NHD establish a process for evaluating the Weatherization Assistance Program (WAP)?**

[Reference: NRS 702.270.6(e); Deliverable 3.5.6.4]

For the SFY 2015 WAP, as in each year since the requirements of NRS 702 were legislated, the NHD has established a process for evaluating the Weatherization Assistance Program (WAP). For the WAP evaluations for SFY 2012 through SFY 2015, the evaluation criteria have been set to conform exactly to the explicit provisions of NRS 702.

## **2.16. Did NHD establish a process for making changes to WAP?**

[Reference: NRS 702.270.6(f); Deliverable 3.5.6.5]

Yes. The state UEC/FEAC WAP has a process for making changes to WAP to conform to changes in federal requirements to ensure the programs are undiluted and cost effective.

## **2.17. Did NHD engage in annual planning and evaluation processes with DWSS?**

[Reference: NRS 702.270.6(g); Deliverable 3.5.6.6]

Yes. During SFY 2015, NHD engaged in annual planning and evaluation processes with the Division of Welfare and Supportive Services. Meetings with the Low-Income Advisory Group were part of the planning process; that is, since input and ideas are solicited from the Advisory Group at each meeting. Also, NHD made presentations at each meeting regarding funding levels, expenditures and production performance, as well as solicited member responses. In addition, in SFY 2015, these meetings included workshops directed by the Public Utility Commission of Nevada (PUCN) in which both NHD and DWSS participated.

Further, an annual evaluation for SFY 2015 program was chartered and sponsored jointly by NHD and the Division of Welfare and Supportive Services. The formal planning process proceeded according to state and federal requirements, with public participation and formal hearings conducted, resulting in the approved Nevada Fund for Energy Assistance and Conservation State Plan for 2015 and the companion State of Nevada LIHEAP State Plan for 2015. While the UEC program year runs from the first day of July through the end of the following June, the LIHEAP program year is the same as the federal program year, beginning on October 1 each year and ending on the 30<sup>th</sup> of the following September.

## ASSESSMENT OF WAP PROGRAM EFFECTIVENESS

In SFY 2015, Nevada Housing Division Subgrantees weatherized 567 homes (Table 11), exceeding the goal of 477 homes at 119% overall (Table 12). The energy savings target for SFY 2015 was an average of 20% per home weatherized.<sup>24</sup>

**Table 11.** Work Completed by each WAP Subgrantee (SFY 2015).

Work Completed by each Subgrantee Agency (SFY 2015)		
Agency	Number of Homes	Percent
HELP	250	44.1
Urban League	122	21.5
CSA	93	16.4
NRHA	53	9.3
Neighborhood Services	33	5.8
RNDC	16	2.8
<b>Total</b>	<b>567</b>	<b>100.0</b>

**Table 12.** Work Completed vs. Performance Goal by Subgrantee (SFY 2015).

Performance against Goals: Work Completed by each Subgrantee Agency (SFY 2015)			
Agency	Planned	Actual	Percent of Agency Goal Achieved
HELP	223	250	112%
Urban League	104	122	117%
CSA	73	93	127%
NRHA	28	53	189%
Neighborhood Services	29	33	114%
RNDC	20	16	80%
<b>Total</b>	<b>477</b>	<b>567</b>	<b>119%</b>

Of the 567 homes completed during SFY 2015, services to special needs households are as shown in Table 13.<sup>25</sup>

<sup>24</sup> Goal provided by Nevada Housing Division.

<sup>25</sup> A household may have more than one special needs classification.

**Table 13.** Services to Special Needs Households (SFY 2015).

<b>Services to Special Needs Households (SFY 2015)</b>		
<b>Special Need</b>	<b>Number of Homes</b>	<b>Percent</b>
Elderly over 60	279	49.2
Persons w/Disabilities	122	21.5
Children Under 6	100	17.6
Native American	11	1.9
High Energy User	103	18.2
<b>Percentages sum to over 100% due to overlaps.</b>		

Homes completed by county are shown in Table 14. These completions approximately follow the population sizes of Nevada counties.

**Table 14.** Homes by County (SFY 2015).

<b>Homes Completed by County (SFY 2015)</b>		
<b>County</b>	<b>Number of Homes</b>	<b>Percent</b>
CLARK	405	71.4
WASHOE	93	16.4
LYON	27	4.8
CARSON CITY	15	2.6
DOUGLAS	7	1.2
CHURCHILL	5	.9
MINERAL	4	.7
STOREY	4	.7
ELKO	3	.5
ESMERALDA	2	.4
NYE	2	.4
<b>Total</b>	<b>567</b>	<b>100.0</b>

Some Nevada counties do not have utilities that arrange for payment into the Universal Energy Charge, so housing units weatherized by NHD in those counties are funded from federal and other funds (and are not reported here).

Table 15 shows the distribution of completed homes by type of housing and the source of heating fuel. This table reflects the relative frequency in the population of natural gas as a heating source as compared with electricity and propane.



**Table 15.** Housing Type and Primary Heat Source, SFY 2015.

Primary Fuel by Type of House (SFY 2015)						
House Type	Fuel Type					Total
	Electric	Natural Gas	Oil	Propane	Wood/Coal	
2-4 Family	9	24				33
	27.3%	72.7%				100%
5+ Family	1	94				95
	1.1%	98.9%				100%
Mobile Home	12	141		19	1	173
	6.9%	81.5%		11.0%	0.6%	100%
Single Family	63	194	3	6		266
	23.7%	72.9%	1.1%	2.3%		100%
Total	85	453	3	25	1	567
	15.00%	79.90%	0.50%	4.40%	0.20%	100.00%

**Note: Percentages add across rows. Filled areas indicate no houses in cell.**

Table 16 show own/rent status by housing type.

**Table 16.** Own/Rent Status by Housing Type.

Ownership Status by Type of House (SFY 2015)			
House Type	Rental	Owned	Total
2-4 Family	13	20	33
	39.4%	60.6%	100.0%
5+ Family	95		95
	100.0%		100.0%
Mobile Home	7	166	173
	4.0%	96.0%	100.0%
Single Family	62	204	266
	23.3%	76.7%	100.0%
Total	177	390	567
	31.2%	68.8%	100.0%

**Note: Percentages add across. Filled area indicates no houses in cell.**

Much of the weatherization work involves the strong emphasis on health and safety goals inherent in the federal and state guidelines for energy assistance. Certain measures are not primarily for energy savings but to enable a family to remain in its home. In SFY 2015 these installations included 58 refrigerators replaced, 113 air conditioner replacements, 7 evaporative cooler replacements and 86 furnace replacements.

A summary of direct weatherization costs per home is shown in Table 17. Direct weatherization cost includes all contractor costs (including materials and labor).<sup>26</sup>

Table 17. Direct Weatherization Costs.

Project Direct Weatherization Cost by Type of House (SFY 2015)			
House Type	Number	Median (\$)	Mean (\$)
2-4 Family	33	4,253	3,681
5+ Family	95	708	725
Mobile Home	173	4,801	5,178
Single Family	266	3,489	3,934
<b>Total</b>	<b>567</b>	<b>3,253</b>	<b>3,761</b>
<b>Note: Values rounded to nearest dollar.</b>			

Energy savings improvements to homes have a life of at least five to twenty years, and the major improvements, such as insulation, will last thirty-five years or more. Savings are expected to be stable for the first five years and then gradually decrease as different types of improvements reach the end of their effective measure lives.

## SUMMARY

With regard to all of the specific provisions of NRS 702.270 for NHD, NHD was fully compliant for SFY 2015.

**Finding 3: The Evaluation Team finds the Nevada Housing Division’s Weatherization Assistance Program fully compliant with the provision of NRS 702.**

<sup>26</sup> Direct weatherization cost excludes that Subgrantee agency costs and NHD costs.

## DWSS and NHD COMPLIANCE WITH JOINT REQUIREMENTS

### 3.1 Did DWSS and NHD jointly establish an annual plan to coordinate their activities and programs?

[Reference: NRS 702.280.1; Deliverable 3.6.1]

Yes. Each year, the Department of Welfare and Supportive Services (DWSS) and the Nevada Housing Division (NHD) jointly develop an annual plan, the *Nevada Fund for Energy Assistance and Conservation State Plan*, to coordinate their activities and programs in accordance with NRS 702.280. The plan for SFY 2015 became effective July 1, 2014 and the plan for SFY 2016 became effective July 1, 2015. Each of these plans includes a description of resources and services used by each program and a description of efforts undertaken to improve services and resources [NRS 702.280.1(a)]. The programs are funded by the Universal Energy Charge (UEC) /Fund for Energy Assistance and Conservation (FEAC). These funds support the FEAC Energy Assistance Program (EAP) which is administered by DWSS and the FEAC Weatherization Assistance Program (WAP), administered by NHD.

EAP assists eligible Nevadans in paying their utility costs on an annual basis and provides emergency assistance for eligible households in crisis. The program also has a one-time arrearage component. WAP assists low-income households in reducing their utility costs and energy consumption by providing for energy conservation and health and safety measures.

### 3.2. Did the plan include resources and services used by each program and efforts to increase or improve resources and services?

[Reference: NRS 702.280.1(a); Deliverable 3.6.1.2]

Yes. The joint annual plan includes resources and services used by each program. Both the Division of Welfare and Supportive Services and the Nevada Housing Division continually work to improve resources and services.

For each program, need currently far surpasses the combination of UEC and available federal, private-sector funding and other state funding. Every state has this general relationship between level of need and level of resource.

### 3.3. Did the plan include efforts to improve administrative efficiencies?

[Reference: NRS 702.280.1(b); Deliverable 3.6.1.3]

Yes. For 2015, the Division of Welfare and Supportive Services Energy Assistance Program was ready to apply for federal leveraging credit but did not apply since there were no leveraging dollars available in SFY 2015 DWSS continually analyzes business practices and tries to be as efficient and effective as practicable. This year a better way was found to more efficiently reuse file folders.

For the Nevada Housing Division, the addition of the Governor's Home Energy Retrofits for Seniors (HEROS) funding made it possible to coordinate funding make the program more effective by treating some home that required more work and otherwise would not have been treated. Nevada Housing Division continued its arrangement for program coordination with Southwest Gas through SFY 2015.

Coordination of the Southwest Gas low-income DSM effort implemented through NHD improves the efficiency and effectiveness of work to improve low-income houses for both NHD and Southwest Gas.

**3.4. Did the plan include efforts undertaken to coordinate with other federal , state and local agencies, nonprofit organizations and any private business or trade organizations providing energy assistance or conservation services to low-income persons?**

[Reference: NRS 702.280.1(c); Deliverable 3.6.1.4]

Yes. The plan for SFY 2015 includes efforts to coordinate with federal, state and local agencies, nonprofit organizations and utilities to provide energy assistance and conservation services to low-income persons [NRS 702 280.1(c)]. Trade organizations were not included in the 2015 annual plan. For 2015, coordination is specifically discussed with the following entities:

- ◆ **Special Assistance Fund for Energy (SAFE)** – Sierra Pacific Power/NV Energy’s fund that provides some utility bill payment assistance to low-income, elderly and disabled customers, as well as families facing short-term financial crisis. This program is administered through several local social service agencies. Sierra Pacific Power provides all administrative costs for the program and provides annual financial support.
- ◆ **Emergency Shelter Grant (ESG)** – This program is administered though NHD and funded by the US Department of Housing and Urban Development (HUD). It covers some households experiencing sudden reduction of income with an inability to pay bills. It is aimed at preventing homelessness when there is a reasonable prospect that the household will resume their regular payments in a reasonable amount of time.
- ◆ **Emergency Food and Shelter Program (EFSP)** – United Way’s program to help people with economic emergencies not related to disasters. Funding can be used to help some households supplement food, shelter, rent/mortgage and utility assistance.
- ◆ **Energy Share** – Southwest Gas’s direct assistance program for qualified people with unexpected financial difficulties, such as job loss and medical emergency. This program is administered by the Salvation Army.
- ◆ **Seniors Helping Seniors Weatherization Program** – Seniors Helping Seniors provides some qualified Southwest Gas customers with weather-stripping, caulking, door sweeps, low-flow showerheads, pipe insulation, switch and outlet gaskets, water heater blankets and energy education. This program is limited to Southern Nevada, to homeowners at least 55 years of age or disabled and with annual income not exceeding \$25,000.
- ◆ **Rebuilding Together with Christmas in April (RTCA)** – RTCA operates in Southern Nevada to provide free housing repairs to low-income seniors and the disabled. It includes an annual corporate volunteers event day in which over 3,000 corporate volunteers make home improvements at no charge to qualifying households. RTCA also maintains rapid repair services for home heating, cooling, plumbing and electrical programs to qualifying homeowners.
- ◆ **Low-Income Housing Trust Fund Welfare Set-Aside Program** – NHD allocates 15% of the funds received for the Account for Low-Income Housing (Trust Fund) to city and county social service agencies for families who are or are in danger of becoming homeless and need assistance with

utilities, security deposits and rental or mortgage payment assistance. Eligibility is restricted to individuals and families with income at or below 60% of area median income as designated by the Department of Housing and Urban Development.

- ◆ **Southwest Gas Demand-Side Management (DSM) Programs** -- Southwest Gas Corporation contracts with NHD to provide weatherization services for its qualifying northern Nevada customers.
- ◆ **NV Energy Demand-Side Management (DSM) Programs** –For 2015 the Public Utilities Commission of Nevada (PUCN) approved a modified DSM program for NV Energy’s southern Nevada utility which included a Low Income Weatherization Assistance program. Also, for FY 2015 Southwest Gas Corporation continues to contract with the NHD to provide weatherization services to northern Nevada customers.

For SFY 2015, WAP’s funding sources are: 1) the Nevada Fund for Energy Assistance and Conservation which is funded by the universal energy charge (UEC), 2) the U.S. Department of Energy (DOE), 3) U.S.D.H.H.S. LIHEAP, 4) The Low Income Housing Trust Fund, 5) Southwest Gas, and 6) Home Energy Retrofit Opportunity for Seniors (HEROS). EAP has two funding sources: 1) the federal Low-Income Home Energy Assistance Program grant from the U.S. Department of Health and Human Services, and 2) the Nevada Fund for Energy Assistance and Conservation which is funded by a universal energy charge (UEC) assessed to every public utility retail customer in the state, with some exceptions.

### **3.5. Did the plan include measures concerning program design that will be undertaken to improve program effectiveness?**

[Reference: NRS 702.280.1(d); Deliverable 3.6.1.5]

Yes. The Energy Assistance Program (EAP) was designed to assist qualifying households with utility cost that exceed the median state household energy burden, but provides flexibility in altering the design when funding runs short of need.<sup>27</sup> By basing the UEC energy assistance on the Nevada’s median state household energy burden (2.53% for SFY 2015) the Energy Assistance Program (EAP) establishes a realistic and fair level of 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 required for household energy use for the state. Each household in the program is responsible for paying this portion of their utility bills for the year. The portion above that amount may be covered by the Energy Assistance Program.

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<sup>27</sup> The “median” is the middle value of a statistical distribution. In this case, half of Nevada households for a given year have energy burdens larger than the median value and half have energy burdens less than the median value for that year. The calculation of median energy burden in Nevada begins with the most recent value of median household income. This is used as the denominator of a fraction. The numerator of the fraction is the cost of household energy use (natural gas and electricity used by the household) for the year. Household energy used data is calculated for each of the two major utilities, Southwest Gas and NV Energy, and the energy use (gas and electricity) is applied to the current residential rate structure of the utilities to derive the cost of energy per household. This cost is then divided by the Nevada median household income to provide the median household energy burden for the year. The actual calculation has some more details and is carried out separately for Northern Nevada and Southern Nevada.

During the national economic crisis (sometimes referred to as the “Great Recession”), it became necessary to further cap assistance in order to stretch existing funds to serve more households. In SFY 2011 and in prior years, energy assistance was provided to households up to and including 150% of the Federal Poverty Level (FPL) as specified in NRS 702. For SFY 2012 assistance eligibility was capped at 110% of the FPL<sup>28</sup> due to shortage of funding in relation to increased need. For SFY 2013 eligibility was initially capped at 125% but was raised back to 150% of the FPL when additional federal funds became available late in fiscal year. For 2014, the program again operated at its design level of 150% of FPL.<sup>29</sup> However, to stretch funding to more households benefit caps were used during 2014, with the caps based on poverty level and a designation for vulnerability. Benefit caps were also applied during 2015. The need for the program exceeds available funding, so the use of caps supports continuing operation throughout the year using flexibility envisioned in the enabling legislation to provide smaller grants.

The Nevada Housing Division Universal Energy Charge/Fund for Energy Assistance and Conservation Weatherization Assistance Program, following USDOE guidance, has standardized job descriptions and certification requirements for positions in weatherization work. It has also introduced Building Performance Institute certification both for the NHD WAP Compliance/Audit Investigator and for some field staff at each Subgrantee agency. In addition, NHD separated the building audit role from the contractor services role so that the auditing is independent. These efforts should increase program effectiveness. Also, NHD continues to move towards replacement of its current audit software by a new system that will be more comprehensive and that will better align energy savings estimates at audit with post-installation energy savings as recorded in utility customer information systems. The replacement will likely occur during SFY 2016.

### **3.6. Did the jointly-developed DWSS/NHD annual plan include the efforts that will be undertaken to improve program effectiveness?**

[Reference: NRS 702.280.1(e); Deliverable 3.6.1.6]

Yes. The most recent evaluation (for SFY 2014 programs, dated December 11, 2014) recommended seven actions. Two of the seven were fully implemented and two were partially implemented. The evaluation recommendations from SFY 2014 and actions during SFY 2015 are as follows:

- 1. The establishment of a cash reserves or carry-over fund would allow the EAP to plan and budget for the “most likely scenario” while also preserving the ability to maintain program consistency in the event of federal funding shortages. Due to the timing of UEC FEAC payments from the Public Utility Commission of Nevada and the difference between the State Fiscal Year and the Federal Fiscal Year, both DWSS and NHD have implemented de facto reserves for moving from one fiscal year to the next. This is a practical requirement and necessary given the different timing and uncertainties inherent in program funding.**

*This recommendation can be considered implemented in a practical way.*

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<sup>28</sup> This was raised to 125% FPL when additional federal funds became available in April of 2012.

<sup>29</sup> There are no asset or resource criteria for eligibility. There are some more detailed rules for special situations.

- 2. The evaluation team recommends DWSS increase the number of state positions for application processors to increase EAP's efficiency, reduce turnover, and decrease operating costs. DWSS requested approval from the legislature and approval was granted.**

*This major improvement is currently underway in SFY 2016 in a two-stage implementation by DWSS.*

- 3. DWSS should take further steps to restore EAP benefits to fully reduce the energy burden to the statewide median, according to the intent of NRS 702. Households under 125% of poverty should be prioritized for this benefit.**

*DWSS is doing what it can, given budget constraints. DWSS continues to work on this problem and to further optimize grant allocations within available budget, using a system of carefully structured grant caps.*

- 4. DWSS should increase outreach efforts to seniors and other vulnerable populations.**

*This recommendation was implemented by continuing efforts already in place and by adding new intake sites.*

- 5. Seek an amendment to NRS 702 to use the Family Budget Method by County or, if better for ease of administration, raise the FPL multiple for eligibility to 250% of the FPL.**

*This recommendation was not implemented in SFY 2015.*

- 6. Seek an amendment to NRS 702 to broaden the emergency provisions for inclusion of all households in temporary economic difficulties.**

*This recommendation was not implemented in 2015.*

- 7. The Energy Assistance Program should, for the most part, be put on a monthly fixed credit basis. There would be exceptions, for example, for customers whose fixed yearly credit amount is less than \$200. These customers would continue to receive a fixed yearly credit. Also, customers for whom all or part of the assistance is for propane, oil or a fuel other than electricity or natural gas would continue with the fixed yearly credit. Should a fixed monthly credit amount exceed a monthly bill, the remainder should rollover to credit on the following bill. Also, in the case of impending disconnection for nonpayment, it may be necessary to apply the balance of the yearly credit to immediate charges.**

*This recommendation was not implemented in SFY 2015. A commission proceeding, however, clarified that this recommendation would have to be implemented by the utilities rather than by DWSS. During SFY 2013-2014 the Public Utility Commission of Nevada held hearings on this recommendation, as summarized below.*

During SFY 2013 and SFY 2014, DWSS/NHD jointly solicited advice from the Nevada Public Utilities Commission as part of the evaluations and on April 9, 2013 the Public Utilities Commission of Nevada voted to open an investigation to evaluate the energy assistance

programs authorized by Chapter 702 of the NRS (Docket Number 13-04033). The investigation was conducted by the Commission pursuant to the NRS and the Nevada Administrative Code (“NAC”) Chapters 233B, 702, 703 and 704, including, but not limited to, NRS 702.280(2)(b).

Participants included the Regulatory Operations Staff of the Commission, the American Association of Retired Persons (“AARP”), the Attorney General’s Bureau of Consumer Protection (“BCP”), Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy (collectively, “NV Energy”), Southwest Gas Company (“SWG”), and Scan America. The investigation included two workshops (one on August 27, 2013 and the other on January 22, 2014). There were four Procedural Orders:

- ◆ Procedural Order No. 1, issued on September 6, 2013, requested EAP cost analysis for monthly/quarterly/biannual disbursements.
- ◆ Procedural Order No. 2, issued on November 6, 2013, requested an explanation of DWSS’s one-page summary of costs.
- ◆ Procedural Order No. 3 was issued on December 20, 2013, regarding comments on DWSS’s analysis.
- ◆ On March 13, 2014, Procedural Order No. 4 was issued, regarding the costs and time period needed for a utility to implement billing software changes to credit lump sum payments to EAP recipients over a twelve-month period.

The Final Order in Docket No. 13-04033, including the Energy Assistance Program Report as Attachment 1, and adopting its recommendations was issued May 1, 2014.

**The issue of Yearly Fixed Credit vs. Monthly Fixed Credit** – As cited in the proceeding, AARP supports the fixed monthly credit to better assist recipients with their budgeting and conservation efforts and stated that the purpose of EAP is to provide ongoing assistance with payments rather than primarily be an emergency program. The BCP stated that monthly payments would be more conducive to coordination with the utility Equal Payment Plans (which are offered in accordance with NAC 704.338) and that EAP is premised on trying to normalize a monthly budget for energy.

NV Energy stated that in the current fixed yearly credit design, approximately eighty percent (80%) of customers who receive some type of assistance *do not* make a monthly payment in any amount until the credit is exhausted. This is supported by the SFY 2008 evaluation in which it was found that seventy-three percent (73%) of EAP households do not respond to the core logic of the EAP design by making a customer payment each month sufficient to have the FEAC assistance last for the year. For these non-conforming households, the larger the assistance payments, the more months until the next customer household payment to the utility



company.<sup>30</sup> More generally, the SFY 2007 evaluation of EAP found that “unless clients are put on special bills that ask for equal payment as a ‘please pay’ amount each month, it is likely that client dollars, which are short in relation to needs, will go for other bills when the utility shows a bill credit.”<sup>31</sup> NV Energy further notes that it has “found that many of its customers who receive EAP funds do not restart paying their monthly bill after the EAP funds are exhausted and as a result eventually are subject to termination of services. A further problem is that customers may exhaust the EAP payment and then move.”

DWSS commented that “Many times participants come to DWSS already in arrears, and they need a lump sum as opposed to a monthly payment to get out of arrears.” In this type of case, the logic of stretching the assistance over the months in a discipline fashion would not work because the bulk of the assistance will have gone to pay cumulative utility bills when the yearly assistance amount is received by the utility. DWSS also noted that in the case of clients with an annual benefit under \$200, payment would continue to be made on a yearly basis. DWSS states that the annual lump-sum disbursement is the best method for the EAP program. However, DWSS does not see any statutory impediments to the utilities administering EAP payments on a monthly basis. Southwest Gas states that it prefers an annual fixed credit (the current design) to a monthly one if utilities administer the EAP.

AARP notes that the monthly fixed credit design is the norm for programs in other states (the evaluator has evaluated several programs that follow this monthly fixed credit design). NV Energy states that most low-income programs identified in the Tetra Tech study provide customer support by using a monthly fixed credit design. This coincides with the evaluation team’s experience – where a state has set up a payment assistance program either through legislation or through a commission order, virtually all follow a monthly fixed credit design rather than a yearly lump sum credit design.

The recommendation from the SFY 2014 evaluation follows from an understanding of NRS 702 providing for a payment assistance program *primarily* designed to assist households with insufficient income to manage their energy bills on an ongoing basis while providing for some forms of emergency assistance on an as-needed basis. While recommending a monthly fixed credit design implementation, one exception could be that on a case by case basis, if the DWSS finds a customer is in a crisis situation with an arrearage that will absorb a major portion of the assistance, DWSS could opt to provide a fixed yearly credit for that household. But for the majority of program participants, a fixed monthly credit should apply.

As to conversion of the fixed yearly credit to a fixed monthly credit, DWSS has demonstrated that it is not economic for DWSS to administer the monthly credit. For the utilities to offer a fixed monthly credit, the adjustment of already existing monthly billing and the Equal Payment Plan option would be required.

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<sup>30</sup> SFY 2008 Evaluation of the NRS 702 EAP and Weatherization Assistance Program, P. 83.

<sup>31</sup> SFY 2007 Evaluation of the NRS 702 EAP and Weatherization Assistance Program, P. 76.

As the utilities have noted, there would be a high one-time cost for enhancing billing systems. From experience, the cost of making billing systems responsive to customer needs is relatively high because the current generation of billing systems tend to be proprietary packages optimized to certain standard billing practices rather than a flexible base designed to provide tools for development of new billing practices. Because the programming that would have to be changed is in the billing software there would be security testing and a period of redundant parallel systems. There would be a high one-time cost to make the change in the system. This would have to be given a creative accounting treatment by the commission, for example treating it as a capital cost and spreading cost recover over perhaps ten years. Offsetting the size of the programming expense is the fact that it is a one-time cost which would then create options that would remain in place for many years. So, it would be reasonable to negotiate a plan to spread cost recovery over perhaps ten years in a way that would cover all costs and perhaps also reward the utility for the change.

Staff has stated that automatic enrollment of EAP participants into the Equal Payment Plan (“EPP”) may cause complications. As noted in the Report, “If the utilities begin to credit lump sum payments over a 12-month period, the Commission can investigate further the merits of a coordinated EPP. Until such time the combination with EPP should be a customer option.”

After summarizing the background to the study and participants’ comments, *the commission report concludes that payments should be distributed to the utilities by DWSS on an annual basis and that utilities should credit the Energy Assistance Program customer accounts on a monthly basis.* Section II of the Report, Summary, describes the form of implementation (Figure 13):

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*As part of the upcoming SFY Evaluation, the Commission should advise that DWSS continue to evaluate utility customers for EAP eligibility on an annual basis and EAP payments continue to be disbursed to the utilities in annual lump sum payments for EAP customers. However, utilities should now credit 1/12th of each payment to the corresponding EAP customer on a monthly basis over a 12-month period.*

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**Figure 13.** Commission Finding.

### **3.7. Continuing Evaluation**

[Reference: NRS 702.280.2(a); Deliverable 3.6.2]

The Division of Welfare and Supportive Services and Nevada Housing Division jointly conducted an annual evaluation of the EAP and WAP for the State Fiscal Year 2014 programs during SFY 2015 and are currently conducting the SFY 2015 evaluation covering the programs from July 1, 2014 through June 30, 2015.

### **3.8. Did DWSS/NHD jointly solicit advice from the Nevada Public Utilities Commission as part of the annual evaluation?**

[Reference: NRS 702.280.2(b); Deliverable 3.6.2.1]

There was extensive work with the Nevada Public Utilities Commission in 2013-2014. This work ended with a recommendation in the SFY 2014 evaluation consistent with the PUCN conclusion that the utilities should disperse annual DWSS funding to customers on a pro-rated monthly basis (see Figure 13).

We checked with commission staff and the advice will remain constant until there is another proceeding regarding the Universal Energy Charge/Fund for Energy Assistance and Conservation. The use of the word, "should," means that this is not an order to the utilities but is an expression of PUCN deliberation and input for the yearly evaluation. It is an expression of the commission's deliberative desire which the utilities may or may not decide to implement.

### **3.9. Report to Governor, Legislative Commission and Interim Finance Committee**

[Reference: NRS 702.280.2(c) & NRS 702.280.3(a-3); Deliverables 3.6.2.2, 3.6.3 & 3.6.3.1 through 3.6.3.4]

Yes. During SFY 2014 DWSS/NHD jointly prepared a report concerning the annual evaluation and submitted the report to the Governor, Legislative Commission and Interim Finance Committee in accordance with NRS 702 280.2(c).

The report consisted of the SFY 2014 evaluation and the SFY 2014 executive summary with a cover letter. The evaluation includes a full description of the objectives of each program [NRS 702 280.3(a)], an analysis of the effectiveness and efficiency of each program in meeting the objectives of the program [NRS 702 280.3(b)], the amount of money distributed from FEAC for each program and a detailed description of the use of that money for each program [NRS 702 280.3(c)], and analysis of the coordination between the Divisions concerning each program [NRS 702 280.3(d)], and any changes planned for each program [NRS 702 280.3(e)].

## **RECOMMENDATIONS**

1. The establishment of a cash reserves or carry-over fund would allow the EAP to plan and budget for the "most likely scenario" while also preserving the ability to maintain program consistency in the event of federal funding shortages.
2. DWSS should take further steps to restore EAP benefits to fully reduce the energy burden to the statewide median, according to the intent of NRS 702. Households under 125% of poverty should be prioritized for this benefit.
3. DWSS should increase outreach efforts to seniors and other vulnerable populations.

4. DWSS and NHD should seek an amendment to NRS 702 to use the Family Budget Method by County or, if better for ease of administration, raise the FPL multiple for eligibility to 250% of the FPL.
5. NHD should seek an amendment to NRS 702 to broaden the emergency provisions for inclusion of all households in temporary economic difficulties.

## SUMMARY

With regard to all of the specific provisions of NRS 702.270 for NHD and DWSS joint compliance, NHD WAP and DWSS EAP were fully compliant for SFY 2015.

**Finding 4: The Evaluation Team finds the Department of Welfare and Supportive Services' EAP and the Nevada Housing Division's WAP fully compliant with the joint provisions of NRS 702.**