

**Low Income Workgroup  
April 20, 2015  
PNGC, 711 Halsey Street, Portland and by phone**

**Summary**

The workgroup did a brief round robin of regional updates then dove in to how the state grant program works in Idaho followed by a session by BPA an update on changes to the low income section of the Implementation Manual and status of the CAP market assessment. Van Ashton shared the contract structure for The Idea Group's recent contract between a CAP and a utility and Steve Jole shared some tips for CAPs when approaching utilities to collaborate. Then Jeremy Stewart, Tacoma Power, shared TP's approach to low income weatherization. The meeting ended with another "boot camp" session on reporting low income savings to a utility and to BPA. This panel walked through examples from the CAP, utility and BPA perspectives. The next meeting is planned for July 21<sup>st</sup> at Franklin PUD in Pasco, Washington.

**Attendees**

**In person**

Boyd Wilson	BPA
Carrie Nelson	BPA
Casey Mitchell	Community Action Columbia County Community Action Partnership Association of Idaho
Christina Zamora	Idaho
Courtney Dale	BPA
Dave Wimpy	Tillamook
Dena Hilde	BPA
Eric Miller	Benton REA Community Action Partnership Association of Idaho
Hans Berg	Idaho
Jeremy Stewart	Tacoma Power
Josh Warner	BPA
Kathy Grey	EWEB
Keith Kueny	CAP Oregon
Ken Robinette	South Central Idaho CAP
Margaret Ryan	PNGC
Matt Deppe	McMinnville Water & Light
Melissa Podeszwa	BPA
Michael Furze	Washington Dept. of Commerce
Michael Karp	The Energy Project of Washington State
Nathan Heber	SnoPUD
Pat Didion	Milton-Freewater
Paul Rich	ESG
Rogelio Cortes	MWVCAA

Sarah Moore	BPA
Sherrie Smith	Community Energy Project
Shawn Collins	The Energy Project of Washington State
Steve Jole	HACSA (CAP Agency for Lane Co.)
Todd Blackman	Franklin PUD
Van Ashton	Idaho Falls Power
Wendy Gerlitz	NWEC
Wid Ritchie	Idaho Falls Power

By telephone:  
 Due to difficulty launching  
 LiveMeeting during the meeting,  
 there is no record of who  
 attended by telephone unless  
 they submitted their name after  
 the meeting.

Cheryl Paoli	
Brian Fawcett	Idaho Power Clatskanie PUD
Christine Bunch	SCL

**Updates:**

Keith Kueny (CAPO) – Idaho has put together a group with LI agencies to discuss barriers to using BPA grant program dollars. Carrie Nelson is communicating with Keith and other states to improve program delivery in the upcoming cycle. There are four main hurdles that were identified as impediments to program delivery.

- 1) Using DOE standards for lead testing
  - Current use of DOE, and not EPA, requires a substantial burden on contractors to test for lead-based paint for small repairs on walls.
- 2) Priority list [lack thereof]
- 3) Costs of fuel that is included into jobs
  - Rural Oregonians are getting served less because the cost of fuel is included into bids. CAPO would like the cost of travel to be removed, so that actual costs can be determined and opening the jobs in rural areas.
- 4) Low electric prices and SIR

Jeremy Stewart (Tacoma Power) – Tacoma Power is interested in doing a regional study on ductless heat pumps and is looking for partners. They don't agree with the RTF's analysis and want to check on savings. Sarah Moore (BPA) reminds us that the RTF's new numbers were not released in time for incorporation in the October Implementation Manual (IM), and so won't be effective until October 2016.

## **Overview of Idaho's Weatherization Program (slides)**

Christina Zamora – Executive Director, Community Action Partnership Association of Idaho

**Overview of CAP agencies in Idaho.** Five of six Idaho CAPs use BPA grant funds and one uses the Tribal grant program. All have priority lists in accordance with USDOE priorities (slide 3). Idaho Dept. of Health and Welfare is the grantee, receiving funds from USDOE, HHS, and BPA. It directs funds to direct service agencies (CAPs). CAPA recently started working with the IDEA Group, who now works with four sub grantees.

Funding and units completed show an increase in cost per unit recently. The cause is a combination of higher prices for services and materials, and more services per home. Sarah Moore (BPA) pointed out that while CAPs view a home as a unit, utilities view a measure as a unit. Steve Jole (HACSA) points out that some utilities provide a check for each measure.

Slide 7 – Ken Robinette (South Central CAP, in Idaho) – Idaho has web-based Energy Audit that is validated by DOE every five years. It estimates site-specific energy savings and savings to investment ratio (SIR), using specific fuel costs. It is used by trained energy auditors. SIR does not include health and safety costs, but they are included in costs per unit evaluation metric. Every home that participates gets an audit.

Priority is given to the elderly, disabled and to homes with children under 6. Their participants are mostly owner-occupied homes, mostly single family and manufactured homes. A few multifamily, small multifamily, and shelters are weatherized as well. Their program largely weatherizes electrically-heated homes, thanks to utility contributions. One utility funds 100% of a retrofit, while two provide 85% and require matching funds from another source. There are fewer natural gas (25%) homes participating, and a few propane, wood, and oil heated homes.

Ken Robinette (SCCAP) –SCCAP recently signed a contract with IDEA and will start working with 10 BPA utilities. The contract is for \$40,000, which is small but significant.

US Congress is likely to approve \$190 million for low income weatherization, while the industry had hoped for \$230 million. SCCAP hopes to eventually get back to pre-ARRA funding levels of \$250 million (from USDOE).

CAPs are “masters of contracts.” Balancing funding within contract period is a big challenge. Nationally, another challenge is the quality control inspectors. The inspector must be different than the auditor.

Steve Jole - The same QCI can do both the audit and the inspection, but the program must receive additional monitoring from DOE. In some cases, that's not a very big burden, depending on a CAP's mix of funding sources.

Ken Robinette – Standard Work Specifications (SWS) are becoming effective right now. Agencies must increase oversight to make sure the SWS are met. With funding lower than 2008, BPA and IDEA money help reach more people on the list. SCCAP has a 12 year wait list.

Boyd Wilson (BPA) – Is it okay for the auditor and inspector to be from the same company?

Ken Robinette – Yes. We are seeing more Hope Performance contractors who can be subcontracted to be QCIs.

Michael Karp (The Energy Project) – Federal funding is needed to run better programs.

Ken Robinette – They use that money to match utility money and perform whole-house weatherization. Idaho Power only pays 85%. Federal money can also be used for health and safety measures, which are often necessary for a project but might not be an eligible measure for certain funding sources.

Melissa Podeszwa (BPA) – What is the reporting requirement difference between utility and US DOE funds?

Ken Robinette – In addition to in-house quality control, IDEA group has quality control as well. He hasn't actually worked on an IDEA Group house yet, so they haven't crossed that bridge yet.

Christina Zamora – Savings are reported, but come from the estimated savings using the audit software, (which is different than the utility savings estimates). It is very much an estimate.

#### **Update from BPA (slides)**

Sarah F. Moore – Residential Sector Lead, BPA

BPA has been working to make the Implementation Manual more clear and provide examples, with two main areas of effort: clarifying income verification, and clarifying repair costs. She will also provide an update on the CAP market assessment.

How do BPA policy updates happen? An example: four years ago, BPA had an unwritten rule about not spending BPA grant money and EEI funds in the same house. To address this issue, Sarah, the Programs Manager and the Contract Administration Manager researched the source of this policy decision, upon investigation we found that there was not a specific rule prohibiting co-mingling of money in a house, it was based on a concern of double-paying for a single measure. BPA mapped out the risk of changing that policy, and determined that funding could be co-mingled within a house, but not on the same measure. This still doesn't solve all CAP problems with balancing funds, since they must still do some accounting gymnastics to use funds on different activities within a house.

Previously, BPA required documentation of income, but did not specify what qualifies as an acceptable documentation. CAP agencies and housing programs are adept at asking for proof of income using paystubs, tax info, SS documents, and other sources. Income documentation has personally-identifiable information (PII), and CAP agencies are adept at protecting that information. The number of occupants in a home is trickier to verify. Does utility need to hold onto income documentation? It seems unnecessary if a CAP is already performing that work. The CAP agency is working as a utility's "agent."

BPA requires a form that verifies document review, meaning that the utility doesn't have to keep copies of income verification with PII. Simply document that the process of income verification has occurred.

Ken Robinette – Verifying number in household is important. Homeowner signs under threat of perjury. SCCAP captures social security information. SCCAP does not disclose personal information, but can share with partners.

Nathan Heber (Snohomish PUD) – Note: CAP agencies sometimes define number of occupants differently than housing or social services.

Sarah Moore – For income verification, utilities requested that BPA specify what qualifies as acceptable documentation. In considering our documentation requirements, BPA took into consideration that there's a risk to BPA and utilities for misused funds, especially considering how much money is going into these projects. This level of documentation protects the utility, BPA, and others from risk of being implicated in misusing rate payer funds.

Ken Robinette – CAPs are monitored by state (and sometimes by other funds). If a project is found to be not eligible, they have to pay the funder back. It's a huge risk to agencies for not being diligent.

Sarah Moore – Some utilities have asked, how long does income verification remain current or eligible? The contracts manager and COTRs have agreed that we can accept income verified within the last 12 months. This creates an opportunity for CAPs that have done verifications on households and either have applicants who didn't meet the CAP income requirement or if they have backlog that they could pass over to the utility program to address.

Steve Jole – Energy assistance programs refresh their qualified list constantly.

Sherrie Smith (Community Energy Project) – How do you deal with homeowners with no income? Is your income defined as 2 months? A year?

Steve Jole – They must sign a self-declaration, which may require notarization.

Ken Robinette – Our programs try to identify three months of income.

Sarah Moore – So what counts as an eligible repair cost? On page 101 of IM: chart with measures, payments, and examples of repair costs that can be included. Defined as "a repair that is necessary to maintain the efficacy of the measure." For example, repairing roof shingles in a home receiving attic insulation is an acceptable cost. Repairing dry rot around a window that has damaged framing is an acceptable cost. This list is illustrative, not exhaustive.

Heads up on to CAP's on market assessment. BPA's weatherization team has been buried in other work, but will begin on the market assessment soon. It will be a resource for utilities that are looking to partner with CAPs. It will be a database for what CAPs offer for services. BPA is also looking to understand more about how CAPs operate, including cost information for services. BPA needs cost information to make sure there's enough money available.

Also, the market assessment serves to clarify rules that people follow that raise eyebrows. Lots of interpretations of federal rules, or rules may change or go away and people don't know. Sarah likes to dig into questions that don't seem to make sense.

### **One Utility's low income Program (slides)**

Jeremy Stewart – Tacoma Power

Jeremy has been in the LI stakeholder group through the post-2011 process, and he realizes that Tacoma's program is different. 154,000 residential customers, 55% within city limits. 22,600 homes weatherized since 1980. Pierce County has eight different electric utilities that offer conservation services, one gas utility, and two CAPs. TP territory is non-congruent.

Lots of LI customers: 12% of families are below poverty level, 18% on food stamps, 34% of households make less than \$35,000 (roughly the program line), and median income is \$52,000/yr. 10,000 homes left to weatherize (meaning no record of weatherization and fit the load profile of an electrically home).

Program uses state Dept. of Commerce income qualification rules to avoid scrutiny from the public. Program allows for homes that have already received some weatherization services.

Program is structured to be a direct service. The LI program uses the regular income program, staff and contractors. It seeks out rental units based on renter income. Ductless heat pumps require owner income verification, however. TP pays 100% of project cost with some limits.

Melissa Podeszwa – How do you encourage rentals to participate?

Jeremy– Qualification is based on renter incomes, and TP pays for the whole project so there's not much downside for the owner. Plus, TP has performed outreach through community events and through trade allies.

Sarah Moore– Some utilities have concerns about servicing rentals due to the perception of benefiting investors. Does that concern TP's program?

Jeremy– The main benefit is energy savings and this is the only way to get those savings. Otherwise it's a stranded asset. Also, TP signs an agreement with owner to not raise rent due to energy concerns for a certain period of time. TP has never taken anyone to court, and wouldn't pursue a market-based rate increase.

Ken Robinette – Is there concern about owners turning around and selling?

Jeremy – TP would still have acquired the savings, but no. Weatherization doesn't increase housing prices much.

Cost control is important for TP. LI program has higher insulation cost and lower window cost than regular income. TP works hard on cost control, especially because projects can be brought in by trade allies. LI is about 20% of the EE funding.

LI program runs on the backbone of the weatherization program, but with different incentive levels. TP does around 300 single family homes, 30ish multifamily homes and 200 DHP measures. Around \$2-\$3 million per year. Multifamily is a difficult sector.

The biggest threat is that the savings decline (from RTF's update measure set) and measures becoming not cost effective as a result. Installation costs are going up. A good number of homes are receiving single measures, which are more expensive administratively. LI documentation is expensive. Finding multifamily projects is difficult (they've held BBQ's to recruit).

Margaret Ryan (PNGC) – How detailed is your cost data?

Jeremy– TP tracks all costs, incentives repair costs, permits, sales tax, etc. TP doesn't pay too many repair costs.

Michael Karp (The Energy Project) – How does TP define the scope of work on a home?

Jeremy– The program will do any measure available, and since TP pays 100% the scope usually captures most opportunities. Exceptions: expensive projects, homes with unusual circumstances, homeowners choose not to do some measures.

Boyd Wilson (BPA) – What are the easiest ways to collaborate with CAPs?

Jeremy – During the ARRA era there was a chance to have a centralized reporting system, but that didn't happen. Aligning reporting requirements is valuable. TP has good relationships with their two CAPs and common goals.

### **CAP and Utility Collaboration**

Van Ashton (Idaho Falls and IDEA Group) ([example of CAP and Utility contract](#)), Steve Jole (HACSA) ([example CAP discussion with utility](#))

Van Ashton – Presents the contract between IDEA and EICAP. It follows an existing agreement that another utility had made with the same CAP. It's a 1-year contract. CAPs preferred that each IDEA utility has an individual agreement with their CAP. IDEA had tried to do LI for a few years with varying degrees of success. As a result of the post-2011 process and with assurances from BPA that the process would qualify for funding, IDEA began communicating with CAPs.

Audits have started coming in. Before, these homeowners couldn't contribute anything for upgrades if utility couldn't pay 100%. CAPs have allowed projects to move forward because of multiple funding sources. Maybe nine or 10 projects will get approved under this contract.

Some of the smaller utilities have only nine or 10 staff members, and no bandwidth to do LI on their own. A partnership with the CAP allows some projects to get done, which benefits the utility because those homeowners might not be able to afford their bills in the first place.

Melissa Podeszwa – How did you determine \$50,000?

Van Ashton – We looked at historical data and our project queue. That will cover about 10 jobs.

Ken Robinette – That funding is supplemented by DOE and HHS funding, so the final cost per house might be higher.

Steve Jole – Building relationships with partners is about knowing how everyone works. Utilities are as diverse as CAPs are. A checklist for collaboration can't be one-size-fits all.

HACSA is a very diverse organization, from job training to energy services. They take care of a lot of utility-type calls – broken furnaces for example. HACSA can offer health and safety services, and sometimes utilities don't know those are available.

Utilities have all different goals, from LIHEAP to multifamily to manufactured homes. Working with utilities has been a surprise, sometimes they want to pay for staff time for replacing furnaces so LIHEAP can be extended. Communication is key.

### **Boot Camp Session 3: Real Examples of EE Projects and Reporting (slides)**

Steve Jole (HACSA), Matt Deppe (McMinnville Power and Light) and Dena Hilde (BPA COTR),

This joint presentation demonstrated the lifecycle of a fictional low income project which utilized both BPA and other funding sources. The main steps were 1) CAP agency sends supporting documentation to the utility for the project, 2) utility creates a BPA upload template and submits into the BPA customer portal (maintaining all of the supporting CAP documentation in their files for future oversight), 3) BPA COTR reviews the invoice for reasonableness and consistency, and approves the invoice, and finally 4) how the supporting documentation in the utility file will be reviewed for accuracy by the COTR during oversight.

Steve Jole – Presented measure funding worksheet. Worksheet includes SIR for each measure, which often determines the funding source. The worksheet is his planning tool to manage funding sources within a project.

Matt Deppe – When a utility receives the invoice from the CAP agency, it usually contains the relevant information needed for the utility documentation. Windows invoices are better if they have u factors and dimensions. HACSA buys the windows directly and supplies them to the contractor, so they have all relevant information. This is much easier than pulling window stickers and keeping them as documentation.

The weatherization invoice can be tricky because it lists the R value *added*, not pre and post. Slide 10 has pre and post with square footage and costs. Reporting to BPA requires a surprisingly small amount of information, but the supporting documentation needs to be kept in the utility files.

Dena Hilde – When a utility uploads their spreadsheet into the customer portal, IS 2.0 (the BPA reporting system) creates an invoice. The COTR checks for warnings or errors, and confirms that the utility has available budget to cover the invoice. The COTR goes on to check that quantity, costs and



completion dates are “reasonable”, and will follow up with a utility representative if anything looks off. The COTR also double checks that cost caps are being applied correctly by IS2. Finally, the COTR checks that all measures at the same address are LI, and that all Measure IDs submitted with PTCS measures are in the PTCS site registry.

The IM has documentation requirements for all measures, some of which need to be sent to BPA, and some of which needs to be kept in utility files. Supporting documentation that is kept in utility files would be used during COTR oversight. Residential measures will be included in the oversight measures this year. COTRs typically do file review for residential measures, not site visits.

During an oversight file review, the COTR checks to see that home type (manufactured/single family/multifamily), product type (R20 insulation), product quantity and dates on the actual invoices match what the utility reported to BPA for payment. The COTR will also look at the “proof” of household occupants and low income verification of eligibility. This example is a CAP job, so the COTR would be able to use the CAP low income validation. If it was not a CAP job, utility would need to maintain documentation of proof that they had verified that the residents met the low income eligibility levels and the number of occupants in the home.

If the project in this fictitious example was included in BPA oversight, there would be some scrutiny involved. Slide 6 shows the estimated attic “pre” R-value to be R-11, which is not consistent with the vendor supporting documentation and utility invoice to BPA, both of which reflect R-10. In addition, the square footage of the windows wasn’t calculated for the utility, so the COTR would have to check the math and add up all the square footage on the window invoice and match it to the units claimed by the utility.

Matt Deppe – BPA doesn’t require pre approval. CAPs could go to a utility and say “we need funding for this home” and utilities could approve. Utilities also get a performance payment of 4 or 8 cents per kWh, which can be used for utility admin, CAP admin, or not claimed at all.

Steve Jole – Using the same fictitious example project, Steve showed the group three examples of strategies for mixing funds, each with different rules. BPA EEI funds are convenient but they don’t need to follow SIR. LIHEAP money can be used on a lot of different activities, so they try not to use it unless it’s the only thing that can be used. For example, lead safe practices on window replacement might be covered with LIHEAP as a health and safety action when the project has already maxed its allowable BPA cost cap. For example, if windows cost \$22 per square foot (meaning above the \$20 cost cap); Steve will use \$20 of BPA funds and claim the remaining \$2 from DOE (if the SIR is greater than 1).

Sarah Moore – These three example worksheets are up on the BPA LI page. It’s always worthwhile to call and ask questions.

Steve Jole – CAPs can’t mix BPA funds, but a utility choosing to use self-funding can mix with BPA grant funds.

## Recap and Next Steps

Sarah Moore – What would be valuable for next meeting?

Carrie Nelson (BPA) – The discussions that occur in this meeting should be broadcast to a wider audience. This is valuable information.

The most recent Northwest Power and Conservation Council meeting April 8 in Montana, discussed low income because the 7<sup>th</sup> plan is being developed. They don't yet have a system for gathering information/comments, but people should be reaching out to the council. Contact Carrie or Wendy Gerlitz (Northwest Energy Project) to contact and provide information to the Council.

Melissa Podeszwa – Don't forget about [www.conduitsnw.org](http://www.conduitsnw.org)! Post about these discussions and meetings.

Matt Deppe – It would be value to post budgets or percent of budgets that utilities spend on Low Income programs.

Sarah Moore – Is it valuable to discuss the outreach that happens to rental properties at a future meeting? (Yes.)

What about cost effectiveness of measures? Deemed measures are weighted averages, is there value in discussing a screening program that makes savings more site-specific? (Yes.)

Quality assurance is always a challenge, and can be difficult to make a feedback loop. Is that a valuable discussion point for future meetings?

Matt Deppe – There's not always one right way to do weatherization. Being too rigid on QA can drive people out.

Matt – How do you improve QA rates and avoid re-inspections? Pay for re-inspections? Casey Mitchell (Community Action Team Columbia County) is willing to share his agency's experience in QA.

Melissa Podeszwa– Who in Washington is aware of the Energy Matchmakers program? Are there other sources of funding, such as HUD or Tribal, which utilities can take advantage of?

Sarah Moore – Next meeting: Tentatively Tuesday July 21<sup>st</sup>. Maybe in the Tri-Cities. Thanks for attending! [It was decided at the April 30 steering group meeting that in an effort to move the meeting around the region Franklin PUD would host the next meeting in Pasco, Washington the afternoon of July 21<sup>st</sup>].

[The following comment was submitted after the conclusion of the meeting:

Kathy Grey – How about having the state auditor come and talk about what they look for when they review the CAPs paperwork and process. Perhaps this will help identify the types of data (like window square footage) this is often missing?]