

STATE of OREGON
LOW INCOME HOME ENERGY ASSISTANCE PROGRAM
DRAFT WAIVER APPLICATION FOR
ADDITIONAL WEATHERIZATION FUNDING
2005

Background

The Oregon Housing and Community Services Department (OHCS) is designated by the Governor through state statute as the administrator of the Low Income Home Energy Assistance Program (LIHEAP) for the state of Oregon. OHCS is submitting this application, and requesting a Waiver to the 15% limit of funding for low-income weatherization in concert with the approved LIEAP 2005 State Plan for Oregon.

Over the past twelve years OHCS has applied for a Waiver to the 15% limitation on using LIEAP funds for weatherization. Each time OHCS applied for the Waiver our application has been approved. During this time, it has become clear that our subgrantees are the best at determining the need in their own communities. To facilitate addressing the needs within the communities of our subgrantees. OHCS identifies the amount of LIEAP funds equal to 10% of the total Grant (maximum amount of funding allowed under the Waiver). These funds were processed through our allocation formula and each subgrantee is made aware of the amount they could receive. During January subgrantees were asked to decide how much of the Waiver funds they need for energy assistance and how much they need for weatherization. Funds that are needed for energy assistance were made available immediately to the subgrantees. Funds that subgrantees request for weatherization are held by OHCS until the Waiver is applied for and approved.

This year (PY-2005) the requests for weatherization funds from the Waiver set-aside accounted for \$1,246,717 of the 10% or \$2,141,675 allowed under the Waiver. Funds being requested for weatherization Waiver equal 5.48% of the total state LIEAP allocation.

If the Waiver is not approved these funds are rolled back into the energy assistance program. See Section 7, "Waiver Allocation Breakdowns," for details on how subgrantees elected to use their Waiver allocation.

Waiver Authority

Authority to request a Weatherization Waiver appears in the Low Income Home Energy Assistance Act of 1981, as Amended through August 1, 1999: Section 2605 (k).

There are three conditions for approving a Waiver:

1. The number of households in the grantee's service population that will receive Low Income Home Energy Assistance Program (LIHEAP) heating assistance, cooling assistance and crisis assistance (energy crisis intervention) benefits during the fiscal year will not be fewer than the number that received benefits in the proceeding year.

2. The aggregate amount of LIHEAP benefits that will be received during the fiscal year will not be less than the aggregate amount received in the proceeding fiscal year.
3. The weatherization activities have been demonstrated to produce measurable savings in energy expenditures.

Comparison of Households Served

The first condition for granting a Waiver is that "...the number of households that received LIHEAP during the fiscal year will not be less than the proceeding year."

The following tables detail the comparison of benefit payments between the program years.

	LIHEAP 2005*	LIHEAP 2004
Households served:	49,558	53,743
Crisis Intervention:	3,177	2,896
Regular Assistance Dollars Total:	\$12,762,072	\$13,729,951
Crisis Dollars Total:	\$1,243,432	\$1,004,391
Average LIHEAP Regular Payment:	\$258	\$255
Average Crisis Payment:	\$391	\$347
Total Households Served:	49,558	53,743
Total Dollars Spent:	\$14,005,504	\$14,734,342
**Projected Households to be Served	6,321	
**Projected Crisis Interventions	412	
**Projected Regular Dollars to Spend	\$1,630,902	
**Projected Crisis Dollars to Spend	\$ 161,395	
**Projected Carry-over Dollars	\$1,755,311	
** Projected Total Dollars Spent	\$15,797,801***	

* Actual as of April 22, 2005.

** Projections are based on funds remaining to spend between April 22, 2005 and September 30, 2005

*** Total Dollars Spent figure does not include \$ 1,755,311 carry-over

Service Population

Based on a comparison of the FY-2005**/**/**** program and the FY-2004 program it appears that the number of households that will be served in 2005 will be greater than the total number of households served in 2004, by **2,136** households. Further, the number of households that are projected to receive crisis payments is also higher than it was in 2004. The increase in the number of households served is directly related to the availability of funding over the 2004 program. The increase in total dollars available for the 2005 program over the 2004 program is \$1,063,459.

As of April 22, 2005, Oregon has served 92% of the households served in all of 2004. It is projected that 100% of the total households served in 2004 will be served by June and the additional households projected to be served will be served by September 30, 2005.

Aggregate Benefit

The second requirement for Weatherization Waiver approval is that “the aggregate” amount of LIHEAP benefits that will be received during the Fiscal year will not be less than the aggregate amount received in the proceeding fiscal year. As identified in number one “**Comparison of Households Served,**” the benefit received (average regular energy assistance payment) was within \$3.00 of the 2004 program benefit. The average crisis payment (so far) for the 2005 program is \$44.00 more than the average crisis payment in 2004. If the average for crisis payments holds out, it is projected that there will be 693 additional households that were in need of crisis payments. The increase in households receiving crisis payments from LIHEAP may be directly related to the number of “no heat” crisis’s experienced this past winter.

Weatherization Works

The third condition necessary for granting the Weatherization Waiver is, “...weatherization activities have been demonstrated to produce measurable savings in energy expenditures.” The U.S. Department of Energy has over the past years been marketing the Weatherization Assistance Program with the slogan, “Weatherization Works.” OHCS administers the LIHEAP Block Grant and functions as the grantee. Over the past 12 years, OHCS has successfully petitioned the Department of Health and Human Services (HHS) for the Weatherization Waiver. The ability to use more LIHEAP funds for weatherization has improved housing affordability and increased the number of weatherized homes occupied by low-income Oregonians. This translates into direct energy savings by the occupants, freeing their limited resources that would have gone to paying energy bills. The reduction in energy use after weatherization makes energy available to the region to meet peak demands. It also stimulates the economy (based on an evaluation conducted by Oak Ridge National Laboratory in 1994). A total of \$976.00 are generated into the local economy from each home weatherized. Furthermore, the Oak Ridge Evaluation points to energy savings that are directly contributed to weatherization. New studies point to the fact that reduced energy usage will also reduce greenhouse gases produced in the generation of energy.

In the Pacific Northwest, the reduction in energy usage leads directly to improve environmental conditions for salmon. This proves that weatherization activities produce measurable savings in energy expenditures as well as positive environmental benefits.

Technical improvements to Oregon’s weatherization program assure that measures installed have a savings-to-investment ratio of 1.0 or greater. This means that only measures that are cost effective and can produce a positive cash flow are installed (the

value of the energy saved over time is greater than the overall cost of the installed measure). Through the use of the U.S. Department of Energy's approved REM/Rate program, (computerized audits) all weatherization measures being considered for installation are rated. The rating is based on the energy that will be saved over the useful life span of the measure and the cost of energy and the amount it costs to install the measure. Those measures that do not show a savings-to-investment ratio of 1.0 or greater are not installed. Additional advancements in pressure diagnostics provide the ability to examine heating distribution systems to determine if energy is being wasted through inefficient systems, leaks or bad connections in the distribution system.

To further improve the technical ability of the weatherization program, the state of Oregon works with the Oregon Energy Coordinators Association to provide ongoing training for installers and auditors.

Additional Benefits of Weatherization

When discussing weatherization with households that have participated in the program it is typical for them to point out the benefits enjoyed related to a reduced energy burden, removal of the stress associated with shut-offs, and the increased income flexibility. One could also discuss the benefits to society in terms of reduced pollution, greater regional and national use of existing energy generation resources less reliance on importing oil and reduced cost of constructing new energy generation facilities.

Leverage Resources

Weatherization is the greatest single source in Oregon of Leveraged Resources. By this I mean that weatherization dollars are used to bring in local match from utilities, property owners, Fire Departments, and other grants such as housing rehab.

Health and Safety

The local Community Based Organizations (CBOs) that contract with OHCS to deliver weatherization services are required to perform routine Health and Safety inspections of the dwelling prior to weatherization. A typical Health and Safety inspection includes: identification of structural hazards such as floors, steps, handrails, and visual electrical inspection. Worst case depressurization test and carbon monoxide test.

It is becoming common to find an elderly person living alone in a home with dangerous levels of carbon monoxide emanating from cracked heat exchanger or faulty furnace. It is not hard to speculate. Yet, had the elderly person not been on bottled oxygen they might have died from carbon monoxide poisoning.

There are uncounted stories of weatherization crews performing minor repairs as part of weatherization to floors and steps or installing handrails that if they had not been done could lead to disaster. So far in 2005, over 43% of Oregon's LIHEAP recipient are over 60 years of age and an equal amount are disabled. Children under the age of six account for 25% of the households served with LIEAP funds so far in 2005. This fragile and most venerable sector of the population benefits greatly from someone visiting their home and

identifying and addressing Health and Safety problems. The joy that an elderly person has by being able to remain in their home and the cost savings to society by not relocating them to a nursing home can not be measured in dollars alone. The key to addressing these potentially deadly problems is home visits and weatherization made possible through the Waiver.

Summary Statement

In closing, Oregon needs the Waiver to continue the work that brings energy savings to low-income residents. The CBOs have done an outstanding job in delivering LIEAP and have made every effort to serve Oregon's low-income households. It is our hope that we were able to point out the benefits that can only be realized through the Waiver. The greatest benefit of the Waiver is the local option that allows those who are on the front lines in the wait on poverty to decide how the money is spent.

Because of the high number of people seeking energy assistance in 2002 and 2003 it was decided that CBOs should have access to Waiver funds early and not hold back any funds that might be used for energy assistance. In January 2005 CBOs were contacted and shown the amount of LIHEAP funds that they would receive in the Waiver. All CBOs were given the opportunity to choose how they would like to receive the Waiver. If the need for energy assistance was great at a local CBO, that CBO could choose to have 100% of the Waiver for energy assistance and receive the funds immediately. If a CBO chose to take some of the Waiver for energy assistance and some for weatherization then they would receive the amount for energy assistance while the amount for weatherization would be held for them until HHS Waiver approval was received. A list of how the agencies responded is attached (Waiver Allocation Breakdown).

The CBOs choose to request \$826,168 in Waiver funds for Energy Assistance in 2005, whereas in 2004 the CBOs only requested \$417,895 for Energy Assistance. This \$408,873 difference between Program Year 2005 and Program Year 2004 reflects the need identified by the CBOs for Energy Assistance.

The total funding that is being requested for the Waiver to be used for weatherization is 5.48% of the total LIEAP state allocation. This amount is far below the 10% allowed for Waiver and is representative of the need for weatherization and energy assistance.

The staff at the CBOs know what their needs are, and are in the right position to channel funds to address those needs. By granting the Waiver, Oregonians' will be in a better position to deal with the cost of energy. Their homes will be more comfortable, less expensive to heat and cool and free of hazards. They will be able to remain in their homes longer and the affordable housing stock of the state will be preserved and improved.

Notice of Public Hearing

PUBLIC HEARING NOTICE

Oregon Housing and Community Services Department (OHCS) will be applying for a Waiver to the US Department of Health and Human Services (HHS) Low Income Home Energy Assistance Program (LIEAP). The Waiver will allow OHCS to use additional funds from the LIEAP to be used for weatherization.

OHCS has been successful in receiving the LIEAP Waiver in past years. This year, approval of the LIEAP Waiver will make it possible to weatherize approximately 420 additional homes.

A Public Hearing to solicit comments on the Waiver will take place from 10:30 a.m. to 12:00 p.m., Tuesday, May 24, 2005, at Oregon Housing and Community Services, 725 Summer Street NE, Room 124, Salem, Oregon. For additional information, please contact Jack Hruska at (503) 963- 2283 or e-mail: Jack.Hruska@hcs.state.or.us

The above Notice was printed in newspapers throughout Oregon at least ten days in advance of the May 24, 2005 Public Hearing. Media outlets included The Oregonian, Medford Tribune, and our press release, which goes out to just under three hundred different newspapers, radio stations, and Television stations. In addition, the Press Release and the Draft Waiver application were posted on the Department's web site. An announcement via e-mail of the Waiver was sent to the statewide energy coordinators on May 13, 2005.

Public Hearing Record

IN THE STATE OF OREGON

PUBLIC HEARING

In the matter of the:
Weatherization Waiver.

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TRANSCRIPT OF HEARING PROCEEDINGS

DATE: Tuesday, May 24, 2005
TIME: 10:30 A.M.
PLACE: OR Housing & Community Services
725 Summer Street NE, Room 124
Salem, Oregon 97301
BEFORE: Jack Hruska, Program Representative
Hearings Officer

PROCEEDINGS

Waiver Allocation Breakdown:

LIEAP-05 Waiver

Total Waiver Funds Available \$1,976,981 Program & \$164,694 Admin

Agency	Total Available Program	Wx Waiver Program Allocation	Waiver for Energy Assistance Program	Total Available Admin	Wx Waiver Admin Allocation	Waiver for Energy Assistance Admin
ACCESS	\$153,917	\$153,917		\$12,822	\$12,822	
UCAN	\$63,004	\$63,004		\$5,249	\$5,249	
CAPECO	\$68,586	\$68,586		\$5,714	\$5,714	
CAPECO-NA	\$22,259	\$22,259		\$1,854	\$1,854	
COCAAN	\$96,059	\$96,059		\$8,002	\$8,002	
CAT	\$61,786	\$30,893	\$30,893	\$5,147	\$2,573	\$2,574
CSC	\$126,481	\$51,062	\$75,419	\$10,537	\$4,255	\$6,282
CSC-NA	\$24,359	\$24,359		\$2,028	\$2,028	
CNN	\$44,618	\$44,618		\$3,717	\$3,717	
CCSSD	\$131,657		\$131,657	\$10,968		\$10,968
LCHSC	\$178,057	\$178,057		\$14,833	\$14,833	
MCCAC	\$57,791	\$57,791		\$4,814	\$4,814	
MWVCAA	\$187,237	\$87,237	\$100,000	\$15,598	\$7,269	\$8,329
MWVCAA-NA	\$8,120	\$8,120		\$676	\$676	
MULTCO	\$325,670		\$325,670	\$27,130		\$27,130
SWOCAC	\$57,820	\$57,820		\$4,817	\$4,817	
CAO	\$176,029	\$20,000	\$156,029	\$14,664	\$1,666	\$12,998
OHDC	\$68,842	\$68,842		\$5,735	\$5,735	
MCOA	\$47,256	\$47,256		\$3,937	\$3,937	
YCAP	\$47,075	\$47,075		\$3,922	\$3,922	
HARNEY	\$25,069	\$25,069		\$2,088	\$2,088	
HARNEY-NA	\$5,289	\$5,289		\$442	\$442	
TOTAL	\$1,976,981	\$1,150,813		\$164,694	\$95,904	
	Total Program	Wx	\$826,168	Total Admin	WX	\$68,790
			EA			EA

Break out by type:

Wx Program	\$1,093,273
EA Program	\$826,168
WX Admin	\$95,904
EA Admin	\$68,790
T&TA	\$57,540
Total	\$2,141,675