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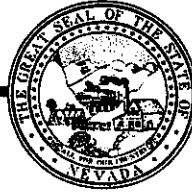
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MEMORANDUM

DATE: February 26, 2003
TO: Senator Dean A. Rhoads
FROM: Scott Young, Principal Research Analyst
Research Division 
SUBJECT: Universal Energy Charge

You requested detailed information regarding the collection and disposition of the Universal Energy Charge (UEC) levied pursuant to *Nevada Revised Statutes* 702.150 through 702.170.

Attached to this memorandum is a letter dated January 31, 2003, that I sent to Linda Mercer, Energy Assistance Program Manager in the Welfare Division of the Department of Human Resources. Ms. Mercer is responsible for administration of the Welfare Division's portion of the UEC.

Also attached to this memorandum is Ms. Mercer's response dated February 11, 2003. Ms. Mercer has included detailed information regarding the use of energy assistance funds from several sources including the UEC.

I am in the process of requesting additional information from the Housing Division of the Department of Business and Industry since it is responsible for administering a portion of the UEC. I will forward that information to you when I receive it.

Please let me know if there is any additional research you want on this topic.

SY/k:W31303
Enc.

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January 31, 2003

Linda Mercer, Energy Assistance Program Manager
Department of Human Resources, Welfare Division
559 South Salesman Avenue, Suite 101
Carson City, Nevada 89701

Dear Ms. Mercer: *Linda*

I have been asked to obtain information regarding the Universal Energy Charge (UEC) and would appreciate your help. I am interested in knowing the following:

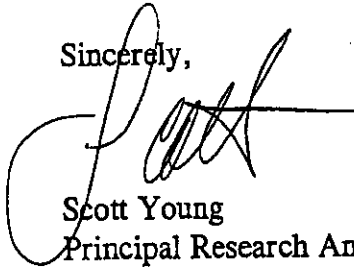
1. How much money has been collected pursuant to the UEC in each fiscal year?
2. How much of the money collected through the UEC program has been expended in each fiscal year?
3. What is the average amount of money that individuals receive if they are determined to be eligible recipients?
4. On a percentage-basis, how many recipients reside in: (1) Clark County; (2) Washoe County; and (3) the remaining counties in Nevada?
5. What is the annual cost to administer the program?
6. Do the investor-owned utilities have programs of their own that assist customers who are unable to pay their utility bills? If so how do these programs interact with the UEC programs?

Thank you very much for your assistance in obtaining this information. If at all possible, I would appreciate receiving it within the next ten days to two weeks. If for any reason this

Linda Mercer
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January 31, 2003

request poses unusual burdens for you or your office, please do not hesitate to call me and we will discuss how the request might be modified. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott Young', with a large, sweeping flourish extending to the left.

Scott Young
Principal Research Analyst
Research Division

SY/ck:W31303
cc: Linda Chandler Law, Policy Analyst, Office of the Governor



KENNY C. GUINN
Governor

STATE OF NEVADA
DEPARTMENT OF HUMAN RESOURCES
WELFARE DIVISION
Low Income Home Energy Assistance (LIHEA) Program
559 South Saliman, No. 101
Carson City, Nevada 89701-5040
(775) 687-4420 • Fax (775) 687-1272
1-800-992-0900, Ext. 4420

MICHAEL J. WILLDEN
Director

NANCY KATHRYN FORD
Administrator

February 11, 2003

Scott Young, Principal Research Analyst
Research Division
Legislative Counsel Bureau
401 S. Carson Street
Carson City, NV 89701-4747

Dear Scott:

In response to the questions you posed regarding the Energy Assistance Program, you will find several attachments. Attachments A and B identify, by fiscal year, the amount of receipts and obligations for each of the funding sources available to the Welfare Division Energy Assistance Program. These attachments further delineate the obligations for each source of funds by administrative costs, outreach costs, program design, recipient payments, and the number served, as well as providing the average payment.

In fiscal year 2002, per the new NRS 702,260(5), the program operated in accordance with the then existing eligibility rules. The household was required to have income that did not exceed 150 percent of the federally established level of poverty. The benefit was determined through a matrix of points awarded to a household based on income, household size and type, location, and fuel source. The maximum benefit payable was \$600 and the minimum payment was \$120.

For fiscal year 2003, eligibility and benefits is based on the requirements set forth under NRS 702.260. Again, the household is required to have income that does not exceed 150 percent of the federally established level of poverty. The benefit is determined through a more complex methodology based on the household's energy burden in comparison to the energy burden of the median household. NRS 702.260(6) defines the energy assistance benefit as an amount that is sufficient to reduce the percentage of the household's income spent on natural gas and electricity to the percentage of income a median household spends on natural gas and electricity. The benefit is referred to as the Fixed Annual Credit (FAC). A household that is income eligible but whose energy burden is equal to or less than the energy burden of the median household is not entitled to a FAC payment. There are no minimum or maximum benefit levels provided through the use of Universal Energy Charge (UEC) funds. Attachment C - FAC Payment Ranges represent the period July 1, 2002 through January 7, 2003. Payments range from \$11 to \$3,500. Recently, a decision was made that an income eligible household will receive a minimum payment of \$120 paid with non-UEC funds.

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Working for the Welfare of ALL Nevadans

Scott Young
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To facilitate the more complicated FY 2003 program, the Welfare Division designed a new computer system. In reviewing Attachments A and B, the costs under program design include the development of the new computer system, which came on-line July 1, 2002.

For FY 03, the energy assistance program has three sources of funds, federal LIHEAP, Housing Bond, and UEC. The funds are spent in this same order for the following reasons:

- LIHEAP allotment grants require that 90% of the funds be obligated within the period from October 1st of the awarding year to September 30th of the following year. Funds not obligated revert back to the federal government.
- Housing Bond money is a one-time award from the Housing Division, available from June 20, 2002 through June 30, 2003. Funds not obligated by June 30th revert back to the Housing Division.
- UEC funds are utilized last as they can be carried forward from year to year. Unused UEC funds remain in the special interest bearing account rather than transferring the entire Energy Assistance Program's UEC allocation into its non-interest bearing budget account.

Fiscal year 2003 is a start up year for both the new computer system and the new eligibility and benefit rules. As can be expected when implementing a new system and a new program, roadblocks occur. Much has been accomplished and efforts continue to improve the new computer system, reducing application processing time, and increasing the number of eligible low-income families in need of energy assistance.

With respect to county representation, for fiscal year 2002, Clark County recipients represented 61% of all eligible households, Washoe County recipients represented 17% of the eligible households, and 22% of the eligible recipients represented all other counties. From what can be gleaned from the first half of the FY 2003 program, the percentages are very similar.

The annual cost to administer the program is addressed in Attachment D, Energy Assistance Program Administrative Costs. Administrative costs have risen as a result of opening the Las Vegas Energy Assistance Program Office, which operates entirely with contract workers. Although the base administrative costs are about \$900,000, this amount is offset by the amount of expenditures that can be contributed to outreach and client counseling through cost allocation of personnel and contract staff, supplies, printing and copying, postage, telephone and Field Services. The average cost allocation

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adjustment is \$162,000. Based on the total available administration revenue, the program is expected to encounter a shortfall of over \$198,000. For fiscal year 2003, Housing Bond revenue will cover the deficit.

Sierra Pacific Power Company's SAFE program, Nevada Power Company's LIFT program, and Southwest Gas' Energy Share program, provide assistance to their customers who are unable to pay their bills. The eligibility and benefit rules vary for each of these programs and are different than those of the Welfare Division Energy Assistance Program. However, the federal LIHEAP program provides an opportunity for states to apply for a portion of leveraging incentive funds available every year. The Energy Assistance Program leverages all non-federal dollars expended on energy assistance and conservation statewide, including SAFE, LIFT, Energy Share, and programs offered by the seven regulated utilities and other energy providers. In FY 2001, we leveraged \$1.85 million and received \$168,000 in federal leveraging dollars. In FY 2002, we leveraged \$2.87 million. The federal LIHEAP program will be awarding FY 2002 leveraging incentive funds in May 2003.

I hope the information in this letter and the accompanying attachments addresses your questions and any others that may arise. If you require any additional information, please contact me at 687-6919.

Sincerely,



Linda Mercer
Program Manager

/lm
Enclosures

cc: Mike Willden, Director, Department of Human Resources
Nancy K. Ford, Administrator, Welfare Division
Gary Stagliano, Deputy Administrator, Welfare Division
Rota Rosaschi, Chief, Employment and Support, Welfare Division

**WELFARE DIVISION - ENERGY ASSISTANCE PROGRAM
FY 2002 RECEIPTS AND OBLIGATIONS
ALL FUNDING SOURCES**

ENERGY ASSISTANCE PROGRAM RECEIPTS	7/1/01 -	1/1/02 -	Total
	12/31/01	06/30/02	FY 2002
Federal LIHEAP (per dates of Grant Award Letters)	1,135,361	2,359,565	3,494,926
UEC Monies from PUC (reconciled to PUC records)	3,088,070	3,736,422	6,824,492
UEC Interest (Welfare's Distribution)	11,620	25,126	25,126
	AB 209	121,160	132,780
Total Receipts	4,235,051	6,242,273	10,477,324

ENERGY ASSISTANCE PROGRAM OBLIGATIONS	7/1/01 -	1/1/02 -	Total	Admin Costs	Outreach/ Counseling	Program Design	Recipient Payments	Number Served
	12/31/01	06/30/02	FY 2002					
Federal LIHEAP (reconciled to 9/13/02 BSR)	2,376,886	988,511	3,365,397	324,293	172,315	301,196	2,897,666	9,896
State UEC Fund (from 9/13/02 UEC BSR)		2,051,303	2,051,303	155,572	28,877	301,196	1,565,658	5,350
UEC Interest	11,620	121,160	132,780	11,620			121,160	419
	AB 209			491,485	201,192	301,196	4,584,484	15,665
Total Obligations	2,388,506	3,160,974	5,549,480					
NET BALANCE	1,846,545	3,081,299	4,927,844				Avg. Pymt:	\$293

The net balance of \$1,846,545 (AB 209 funds) reverted back to the General Fund.

9.7.12

WELFARE DIVISION - ENERGY ASSISTANCE PROGRAM
FY 2003 RECEIPTS AND OBLIGATIONS
JULY 1, 2002 THROUGH JANUARY 31, 2003

ENERGY ASSISTANCE PROGRAM RECEIPTS	FY 02 Carryover	7/01/02 - 01/31/03	Total FY 03
Federal LIHEAP	129,529	4,185,948	4,315,477
UEC Monies from PUC (75% of amt transferred)	4,773,189	2,788,309	7,561,498
UEC Interest	25,126	47,796	72,922
Housing Bond		2,750,000	2,750,000
Total Receipts Thru 01/31/03	4,927,844	9,772,053	14,699,897

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ENERGY ASSISTANCE PROGRAM OBLIGATIONS	FY 02 Carryover	7/01/02 - 12/31/02	Net Balances	Admin Costs	Outreach/ Counseling	Program Design	Recipient Payments	Number Served
Federal LIHEAP		1,986,322	2,329,155	182,272	98,146		1,705,904	3,614
State UEC Fund		196,645	7,364,853	79,891	10,737	57,827	48,190	102
UEC Interest		0	72,922					
Housing Bond		1,592,661	1,157,339	137,253			1,455,408	3,083
Total Obligations Thru 01/31/03		3,775,628	10,924,269	399,416	108,883	57,827	3,209,502	6,800
NET BALANCE	4,927,844	5,996,425	10,924,269				Avg. Pymt: \$472	

FY 2003 FAC PAYMENT RANGES
 July 1, 2002 through January 7, 2003

<u>PAYMENT RANGE</u>	<u>TOTALS PER RANGE</u>
PAYMENTS \$11 - \$119	493
PAYMENTS AT \$120	1,910
PAYMENTS \$121 - \$300	454
<hr/>	
PAYMENTS \$301 - \$599	853
PAYMENTS \$600 - \$900	697
PAYMENTS \$901 - \$1200	425
PAYMENTS \$1201 - \$1500	236
PAYMENTS \$1501 - \$1800	101
PAYMENTS \$1801 - \$2100	54
PAYMENTS \$2101 - \$2500	43
PAYMENTS \$2500 - \$3500	13
PAYMENTS \$3501 +	0
TOTAL PAYMENTS	$\begin{array}{r} 2422 \\ 5,279 \\ \hline 2422 \\ \hline 2877 \end{array}$

2857

ENERGY ASSISTANCE PROGRAM ADMINISTRATIVE COSTS		
Category	Comment	Costs
Personnel	State personnel	283,714.00
OOS Travel		4,805.00
In-State Travel	Monitor & audit LV office	5,588.00
Supplies		9,034.00
Printing/Copying		3,670.00
Insurance		808.00
Contract Svcs-CC	Contract workers	72,831.00
Contract Svcs-LV	Contract workers	246,979.00
B & G - LV		3,250.00
Bldg Rent-CC		21,939.00
Bldg Rent-LV		22,442.00
Postage		29,220.00
Telephone		5,390.00
Dues/Registrations		2,000.00
Equipment Leases		5,832.00
Welfare Admin		61,804.00
Field Svcs Costs		20,384.00
I.S. Supplies/Internet		1,914.00
I.S. Prog. Maintenance		96,000.00
Utilities		7,298.00
Purchasing Assess.		243.00
Miscellaneous Costs		1,100.00
Subtotal Administrative Costs:		906,245.00
<i>Adjustment; Outreach & Client Counseling*</i>		<u>162,000.00</u>
TOTAL ANNUAL ADMINISTRATIVE COSTS		\$ 744,245.00

AVAILABLE ADMINISTRATIVE ALLOWANCE

LIHEA Annual Revenue:	3,359,600.00	\$ 335,960.00	10%
(Based on avg revenue over last 4 years)			
UEC Annual Revenue:	6,988,202.00	\$ 209,646.06	3%
TOTAL AVAILABLE ADMIN ALLOWANCE		\$ 545,606.06	
Projected Deficit		\$ 198,638.94	

*Outreach/Client Counseling includes cost allocation of personnel and contract staff, supplies, printing & copying, postage, telephone, and Field Services.

FY 2003 ENERGY ASSISTANCE PROGRAM - ADMINISTRATIVE COST JUSTIFICATION

OOS TRAVEL

Anticipate 4 conferences per year to Washington D.C: 3 LIHEAP/NEADA and 1 NLEIC/NEADA			
Airfare	\$600 x 4 conferences:	\$ 2,400	155
Hotel	\$172/day x 12 days:	\$ 1,800	138
Per Diem	\$78 x 4 conferences:	\$ 312	4,805
Total OOS Travel			

IN-STATE TRAVEL

Anticipates monthly overnight monitoring/mentoring of Las Vegas Contract Staff by Program Manager and Program Officer. 12 trips x 2 people = 24 one person charges

Airfare	\$223 x 12	\$ 2,676	248
Hotel	\$100 x 12	\$ 1,200	240
Per Diem*	\$42 x 12:	\$ 504	720
Total In-state Travel		\$ 5,588	

SUPPLIES

In FY 02 the Las Vegas office was open only for 9 mos. The increase in this GL is projected to cover the additional supplies necessary to support the LV office for a full year as well as the Carson Office.

\$ 3,670

PRINTING & COPYING

This is similar to amount spent in FY 02 & we do not anticipate any reduction.

\$ 319,810

CONTRACT SERVICES

The Las Vegas office staffed entirely with contract personnel. Avg. length of employment is 3.5 mos. Training takes minimum of 4 weeks. Average caseworker position is vacant/in training 12 wks/yr. Supervisor trains. 1 caseworker is Fast-Track.

LV OFFICE	Hrly Rate	Hrs Week	Wkly Rate
Caseworker	\$ 14.85	40	\$ 594.00
Caseworker	\$ 14.85	40	\$ 594.00
Caseworker	\$ 14.85	40	\$ 594.00
Caseworker	\$ 14.85	40	\$ 594.00
Supervisor	\$ 19.01	40	\$ 760.40
Clerical Supr	\$ 14.85	40	\$ 594.00
Clerical	\$ 12.74	40	\$ 509.60
Clerical	\$ 12.74	40	\$ 509.60
Sub-Total Weekly:			\$ 4,749.60
TOTAL ANNUAL COST:			\$ 246,979

3.5 caseworkers x 80 cases per/wk = 280 cases a week at 48 weeks* = 13,440 cases maximum annually.
*Takes into consideration vacation/sick time absences

The Carson City LIHEA office has two full-time state caseworkers; one is assigned to Crisis Assistance. The Carson Office requires 1.5 contract caseworkers and 1 contract clerical support. Avg. length of employment for contract staff in Carson City is 11.5 months.

CC OFFICE	Hrly Rate	Hrs Week	Wkly Rate
Caseworker	\$ 14.85	40	\$ 594.00
Caseworker	\$ 14.85	20	\$ 297.00
Clerical	\$ 12.74	40	\$ 509.60
Sub-Total Weekly:			\$ 1,400.60
Annual Cost:			\$ 72,831

3.5 caseworkers x 80 cases per/wk = 280 cases a week at 48 weeks* = 13,440 cases maximum annually.
*Takes into consideration vacation/sick time absences

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BUILDINGS & GROUNDS

B & G provides janitorial services to the Las Vegas LIHEA office. In FY 02 services were provided for 9 mos. The amount for FY 03 represents a 25% increase.

\$ 3,250

TELEPHONE

This amount is similar to FY 02 costs plus an additional amount to support the Las Vegas office for a full 12 months.

\$ 5,390

DUES & REGISTRATION

This amount represents NEADA, NCLIEC, * other association Dues plus conference registration fees x 4.

\$ 2,000

WELFARE ADMIN COSTS

This amount is similar to the amount expended in FY 02

\$ 61,804

WELFARE FIELD OFFICES

This amount is similar to the amount expended in FY 02.

\$ 20,384

INFORMATION SERVICES

Dolt Internet Charges

This amount is similar to FY 02 costs plus an additional amount to support the Las Vegas office for a full 12 months.

\$ 714

I.S. Supplies

This amount is similar to FY 02 costs plus an additional amount to support the Las Vegas office for a full 12 months.

\$ 1,200

LIHEA System Annual Maintenance

This amount is similar to FY 02 plus an additional amount to support the Las Vegas office for a full 12 months.

\$ 96,000

\$ 7,298

UTILITIES

This amount is similar to FY 02 plus an additional amount to support the Las Vegas office for a full 12 months.

\$ 243

PURCHASING ASSESSMENT

This amount is unchanged from previous year.

\$ 1,100

MISCELLANEOUS COSTS

This amount is similar to costs incurred in FY 02; (equipment repair, etc.)

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