Date: May 14, 2019

To: Michelle Gransee, Supervisor
Weatherization Assistance Program

From: John M. Harvanko, Director
Office of Energy Assistance Programs

Subject: FFY2019 EAPWX Annual Plan and Transfer of EAPWX Funds from EAP to WAP

**FFY2019 EAPWX Annual Plan**
The signed copy of the *FFY2019 EAPWX Annual Plan* is attached. The *EAPWX Annual Plan* serves as the understanding between Weatherization Assistance Program (WAP) (Grantee) and the Energy Assistance Program (EAP) (Grantor) for the use of these funds.

The *Plan* outlines the use of federal LIHEAP funds within the intention, direction and guidance of the statewide EAPWX program. The *EAPWX Annual Plan* documents WAP internal controls for assessment and assurance. The structure and content is driven by the Office of the Legislative Auditor (OLA) requiring government to ensure an effective internal control system to enable prudent management of public funds. This plan incorporates Commissioner and OLA directives to provide reasonable internal controls to safeguard funds against loss or unauthorized use and to attain strategic objectives.

**Funding**
The Office of Energy Assistance Programs has received $116,287,653 for FFY2019. Five percent of the EAP award for EAPWX transfer is $5,814,382.

FFY2019 EAPWX funds must be expended by September 30, 2020.

**Total FFY2019 budget requirements for EAP/WX are:**

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<thead>
<tr>
<th>Category</th>
<th>Guidelines</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Administration</td>
<td>Up to 10%</td>
<td>$581,438</td>
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<tr>
<td>Program</td>
<td>90%</td>
<td>$5,232,944</td>
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<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td><strong>$5,814,382</strong></td>
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If you have questions, please feel free to contact me at 651.539.1805.

Enclosure

cc: Doug Burns, EAP Coordinator, Office of Energy Assistance Programs
    Jana Dietering, Financial Management
FFY2019 EAPWX State Annual Plan

Background
The Low Income Energy Assistance Program (EAP) transfers a portion of its EAP allocation to the Weatherization Assistance Program (WAP) to “provide low-cost residential weatherization and other cost-effective energy-related home repairs;” PL 97-35, Sec. 2605 (b) (1) (c). The EAPWX State Annual Plan serves as the understanding between WAP and EAP for the use of these funds. This plan incorporates Commerce and OLA directives to provide reasonable internal controls to safeguard funds against loss or unauthorized use of funds and to attain strategic objectives.

Transfer of funds
1. The EAPWX transfer amount is 5% of total FFY2019 LIHEAP regular award allocation received to date.
3. Commerce WAP will retain 3½% of EAPWX administrative funds for overall program administration, monitoring and reporting.
4. The remaining 6½% of the administrative funds and all program funds are distributed to WAP Service Providers according to the same formula used for DOE WAP funds.

EAPWX Guidance and Rules
1. This plan applies to EAPWX funds available at the time the plan and guidance are implemented.
2. EAPWX transfer funds will be used in accordance with Section 5 of the FFY19 MN LIHEAP State Plan, the most current version of the MN WAP Policy Manual and its incorporated appendices, and this plan.
3. Average cost per unit and allowable measures by event type:
   a. Audit events:
      • The average cost per unit will follow the most current DOE approved average as identified in Commerce’s annual DOE State Plan.
      • The statewide health and safety average is $2,700.
      • Audit event activities will follow Section 4 of the MN WAP Policy Manual.
      • All energy conservation, incidental repair, and health and safety measures will follow the “Allowable Measures Chart (Audit Event).”
   b. Standalone events:
      • Standalone event activities will follow Section 5 of the MN WAP Policy Manual.
      • All standalone measures will follow the “Allowable Measures Chart (Standalone Event).”
4. In situations where full weatherization services cannot be provided, EAPWX standalone funds may be used for allowed activities in non-emergency situations during the entire grant period (WAP Policy 5.1).
5. State level EAP and WAP coordination includes:
   • Annual EAP and WAP planning activities
   • Coordination and communication of issues identified through monitoring of local Service Providers
   • Coordination and management of complaints, appeals, suspected fraud, local Service Provider issues, etc.
6. Only EAPWX administrative funds may be used for Training and Technical Assistance (T&TA) and purchasing of hardware or software.
7. EAPWX funds may not be used for purchasing or leasing of equipment, including vehicles. Funds may be used for local travel expenses.
Monitoring and Internal Controls

1. Commerce WAP will follow all Department of Commerce internal control policies in the administration of EAPWX funds.

2. WAP monitoring activities are described in Section 8 of the WAP Policy Manual.
   a. In addition to required Service Provider inspections, a minimum of 5% of dwellings weatherized statewide will be monitored for the State by a certified Commerce Quality Control Inspector (QCI) each program year where audit events have been created and EAPWX funds have been used.
   b. Each Service Provider will receive a minimum of one onsite administrative monitoring visit each program year.
   c. Monthly desk monitoring of WA data will be conducted to ensure ongoing program compliance.

3. Client appeals will be responded to in accordance with WAP Policy 1.6 and Appendix E.

4. Fiscal controls for all EAPWX funds will follow existing Department of Commerce procedures.

5. Commerce WAP will submit quarterly reports to Commerce EAP regarding the use of FFY18 and FFY19 funds. The data to be included in the reports will be specified by Commerce EAP outside of this plan. Quarterly reports will be submitted 30 days after the end of each quarter, except for the quarter ending June 30 which will be submitted within 45 days.

6. Commerce WAP will submit data to Commerce EAP for the "HHS EAP Household Report" as follows:
   a. Estimates through 9/30 for the "Household Report" are due to the EAP Director on or before August 15.
   b. Actual numbers from October 1 through September 30 for the "Household Report" are due to the EAP Director on or before December 1.

Signatures

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<tr>
<th>WAP Approval</th>
<th>EAP Approval</th>
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<tbody>
<tr>
<td>Name: Michelle Gransee</td>
<td>Name: John Harvanko</td>
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<tr>
<td>Title: SEO Manager - Clean Energy &amp; Programs</td>
<td>Title: Program Director, Energy Assistance Programs</td>
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<td>Signature: [Signature]</td>
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