



**A Report to the
Austin City Council**

Mayor
Steve Adler

Mayor Pro Tem
Kathie Tovo

Council Members

Ora Houston
Delia Garza
Sabino Renteria
Gregorio Casar
Ann Kitchen
Don Zimmerman
Leslie Pool
Ellen Troxclair
Sheri Gallo

**Office of the
City Auditor**

City Auditor
Corrie Stokes
CIA, CGAP, CFE

Deputy City Auditor
Jason Hadavi
CPA, CFE

Austin Energy Low-Income Weatherization Program Audit

October 2015



REPORT SUMMARY

While customers receiving weatherization services appear to be satisfied, Austin Energy missed opportunities to provide weatherization services to some of its low-income customers and provided services to a few homes that were not qualified to receive those services. Austin Energy also lacks some key information to evaluate the effectiveness of its weatherization program. However, we observed that Austin Energy has begun key process improvements in the management of the weatherization program. While we commend these initiatives, more efforts are needed to ensure that Austin Energy administers the weatherization programs effectively and efficiently.

TABLE OF CONTENTS

BACKGROUND1

OBJECTIVE, SCOPE, AND METHODOLOGY1

AUDIT RESULTS.....4

Appendices

Appendix A: Management Response11

Appendix B: Weatherization Stakeholders and Their Key Responsibilities18

GOVERNMENT AUDITING STANDARDS COMPLIANCE

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT TEAM

Niki Raggi, CGAP, CRMA, CICA, Assistant City Auditor
Henry Katumwa, CGAP, CRMA, CICA, Auditor-in-Charge
JoJo Cruz, CRMA, CICA

Office of the City Auditor
phone: (512)974-2805
email: oca_auditor@austintexas.gov
website: <http://www.austintexas.gov/auditor>

Copies of our audit reports are available at <http://www.austintexas.gov/page/archive-auditor-reports>



Printed on recycled paper
Alternate formats available upon request

October 2015



Report Highlights

Why We Did This Audit

This audit was conducted as part of the Office of the City Auditor's (OCA) fiscal year (FY) 2015 Strategic Audit Plan, based on stakeholder concerns and issues identified in prior audits.

What We Recommend

Austin Energy should:

- ensure adequate monitoring and oversight over the eligibility process;
- review its contracting, operations, and measurements;
- evaluate the impact and complexity of operating the program under two separate groups;
- clarify the goals of the program and develop and track relevant and reliable performance measures; and
- continue to implement changes currently underway.



For more information on this or any of our reports, email oca_auditor@austintexas.gov

AUSTIN ENERGY LOW-INCOME WEATHERIZATION PROGRAM AUDIT

BACKGROUND

Weatherization services help low-income customers receive energy and safety-related improvements to their homes. These include energy efficiency improvements such as installing attic insulation and solar screens, duct repair/replacement, and safety and health installations such as smoke and carbon monoxide detectors. These services are provided free of charge to eligible customers.

Austin Energy's Energy Efficiency Services group is responsible for the administration of the Low-Income Weatherization Program. Customer Care staff also perform some tasks related to the program. Program delivery is coordinated by Austin Energy with other key players.

The total amount of funding allocated to the weatherization program during our scope period was approximately \$6.6 million.

OBJECTIVE AND SCOPE

The objective of the audit was to determine if Austin Energy is administering the weatherization program effectively and efficiently. The audit scope included Austin Energy weatherization program operations in FY 2013 through July of FY 2015.

WHAT WE FOUND

Overall we found that customers are satisfied with weatherization services performed by Austin Energy. During our scope period Austin Energy increased its financial commitment to the weatherization program. Through its efforts Austin Energy weatherized approximately 720 homes and an additional 260 homes were in progress.

However, due to a number of constraints, Austin Energy missed opportunities to provide weatherization services to some of its low-income customers. Specifically, we found that Austin Energy:

- did not spend all funds set aside for the weatherization program;
- did not provide weatherization services to some identified low-income customers; and
- provided weatherization services to a small number of homes that were not qualified to receive those services.

Austin Energy also lacks some key information to evaluate the effectiveness of its weatherization program. Specifically, the program goals and objectives are not consistently stated or consistently measured, and some of the data needed to evaluate the program is not always readily available.

We observed that Austin Energy has initiated key process improvements in the management of the weatherization program. While we commend these initiatives, more efforts are needed to ensure that Austin Energy administers the weatherization programs effectively and efficiently.

BACKGROUND

Austin Energy has provided weatherization services to its low-income customers for over thirty years. Weatherization services help low-income customers receive energy, water, and safety-related improvements to their households. These include energy efficiency improvements such as installing attic insulation and solar screens, duct repair/replacement, and safety and health installations such as smoke and carbon monoxide detectors. These services are provided free of charge to eligible customers.

Low-income weatherization services are administered by Austin Energy under the free weatherization assistance program (weatherization program). Austin Energy's Energy Efficiency Services group is primarily responsible for carrying out this program. Austin Energy's Customer Care group also performs some administrative tasks primarily related to selecting some of the weatherization program customers. All key parties involved in the weatherization program are shown in Appendix B.

The weatherization program is funded through a portion of the Community Benefit Charge, which is a customer charge that was established in 2012 as part of the revised electric rate structure. Funding for the weatherization program comes from two of the three components of the Community Benefit Charge¹, as shown in Exhibit 1.

EXHIBIT 1
Austin Energy Weatherization Program Funding

Funding Source Components of the Community Benefit Charge	Authorized Amounts		
	FY 2013	FY 2014	FY 2015
*Customer Assistance	\$1,000,000	\$1,000,000	\$1,000,000
**Energy Efficiency Services	\$849,850	\$1,350,000	\$1,377,000
Service Area Lighting			

**The Customer Assistance funding is intended to primarily provide bill assistance to AE customers. AE's policy is to annually provide \$1 million or roughly 10% of the amount collected under this component toward low-income weatherization.*

*** Intended to provide demand side management programs to all Austin energy customer classes that contribute to the fund. AE annually sets a budget at their discretion from the amount collected under this component toward low-income weatherization.*

SOURCE: OCA analysis of Austin Energy weatherization reports, August 2015

¹ The three components of the Community Benefit Charge are Customer Assistance Program, Energy Efficiency Services, and Service Area Lighting.

OBJECTIVE, SCOPE, AND METHODOLOGY

The Austin Energy Low-Income Weatherization Program Audit was conducted as part of the Office of the City Auditor's (OCA) Fiscal Year (FY) 2015 Strategic Audit Plan, based on stakeholder concerns and issues identified in prior audits.

Objective

The objective of the audit was to determine if Austin Energy is administering the weatherization program effectively and efficiently.

Scope

The audit scope included Austin Energy Weatherization program operations in FY 2013 through July of FY 2015.

Methodology

To accomplish our audit objectives, we performed the following steps:

- evaluated Austin Energy procedures and controls for the weatherization program;
- interviewed Austin Energy staff associated with the weatherization program;
- evaluated data from Austin Energy databases and property appraisal databases;
- reviewed weatherized homes in FY 2014 and FY 2015 (through July) for compliance with house size and value limit eligibility requirements;
- evaluated the timelines of service delivery in FY 2014 and FY 2015 (through July);
- conducted a survey of selected cities on the timeliness of their weatherization services and compared them to Austin;
- conducted a customer phone survey of a judgmental sample of program participants; and
- assessed the reliability of information and information systems relevant to the weatherization program.

WHAT WE FOUND

Overall we found that customers are satisfied with weatherization services performed by Austin Energy. During our scope period Austin Energy increased its financial commitment to the weatherization program. However, due to a number of constraints, Austin Energy was unable to spend the funding set aside for the program and missed opportunities to provide weatherization services to some of its low-income customers. Also, Austin Energy lacked some key information to evaluate the effectiveness of its weatherization program.

We observed that Austin Energy began key process improvements in the management of the weatherization program. While we commend these initiatives, additional efforts are needed to ensure that Austin Energy administers the weatherization programs effectively and efficiently.

Finding 1: Austin Energy missed opportunities to provide weatherization services to some of its low-income customers.

A significant portion of Austin Energy's residential customers are defined as low-income households. Austin Energy has designed various programs to assist these customers and over the years has increased the funds budgeted for these programs to meet the increasing need for affordability. The weatherization assistance program is one of Austin Energy's programs designed to assist low-income customers with weatherization services.

Austin Energy did not spend all funds budgeted to the weatherization program

In 2012, when approving revised rates for Austin Energy, the City Council required that a minimum of \$1 million be set aside to be spent specifically on weatherization services for customers enrolled in the Customer Assistance Program. In addition, in response to an increased need to maintain affordability, Austin Energy increased its financial commitments for programs that reach out to low-income customers, including the weatherization program. Austin Energy uses "full expenditure of the authorized funds" as a measure to evaluate the success of the weatherization program.

However, we found that in FYs 2013 and 2014, Austin Energy did not spend all funds initially set aside for the weatherization program within the specified timeframe, which resulted in missed opportunities to provide weatherization services to low-income customer customers. Austin Energy management indicated that their inability to spend all the budgeted funds was in part caused by the delays in finalizing the master contract with the vendors who perform weatherization services. We verified that although the contract for weatherization services expired in December 2012, a new contract was not executed until May 2013.

As mentioned in the background section of this report, funding for the weatherization programs includes two funding components. Specifically:

- The Customer Assistance Program (CAP) funding source is intended to provide primarily bill assistance with \$1 million allocated annually for weatherization services to AE's customers who are already enrolled in the Customer Assistance Program². Unspent funds at the end of the fiscal year are carried over to the next fiscal year until spent.

² According to the Austin Energy website, through the Customer Assistance Program, the City of Austin offers programs to help customers facing temporary or long-term financial difficulties as well as serious medical problems.

- The Energy Efficiency Services (EES) funding source is intended to provide demand side management programs to all Austin Energy customers. Austin Energy annually authorizes a discretionary budget from this source to provide weatherization services for Austin Energy’s low-income customers (defined as having income at or below 200% of the federal poverty income guidelines). Unlike the CAP funding source, at the time of our analysis any unspent funds from this source were not required to be carried over to the next fiscal year or be allocated to the weatherization program.

Based on our review of the weatherization program expenditures for the period FY 2013 through FY 2015 (through July), as shown in Exhibit 2, Austin Energy did not spend funds timely, resulting in a significant outstanding balance from both funding sources described above.

**EXHIBIT 2
Austin Energy Did Not Spend Weatherization Program Funds Timely**

	Customer Assistance Program (CAP) funding	Energy Efficiency Services (EES) funding
FY 2013		
authorized	\$1,000,000	\$849,850
spent	(\$75,728)	(\$233,139)
unspent	\$924,272	\$616,711
FY 2014		
carryover	\$924,272	N/A
authorized	\$1,000,000	\$1,350,000
spent	(\$1,374,646)	(\$729,547)
unspent	\$549,626	\$620,453
FY 2015 (through July) - unaudited		
carryover	\$549,626	N/A
authorized	\$1,000,000	\$1,377,000
spent*	\$612,979	\$325,533

unspent amount (\$1,475,354) is required to be carried over to the next FY until spent

unspent amount (\$1,237,164) is not required to be carried over to the following year

* As of July 2015, Austin Energy encumbered an additional \$1.2 million, bringing the total amount committed to the program to a total of approximately \$2 million.

Similarly, as of July 2015, Austin Energy had weatherized 246 homes, and weatherization on approximately 260 additional homes was in progress.

SOURCE: OCA analysis of Austin Energy weatherization program expenditures, August 2015

As noted in Exhibit 2, while the approximately \$1.5 million of unspent funds from one funding source carries over to the next fiscal years and therefore will ultimately be used for weatherization services, the remaining unspent funds (approximately \$1.2 million) do not have similar constraints and there is no assurance that they are used to fund this specific program. We estimate that this unspent amount could have been used to weatherize approximately 200 additional low-income customer homes³.

³ Based on an average weatherization expenditure of \$6,000 per home in FY 2014.

Austin Energy management indicated that unspent weatherization program funds were used to pay for other energy efficiency-related programs in the subsequent years. These programs may or may not have benefitted low-income customers. Management has most recently indicated that, effective in FY 2016, unspent funds will be carried over to the next fiscal year to be spent on the weatherization program.

Austin Energy did not provide weatherization services to some identified low-income customers

In order to receive weatherization services, customers must meet specific eligibility requirements, which are dictated by the two funding source, as shown in Exhibit 3. These requirements are designed to identify eligible customers and prioritize the delivery of weatherization services through a multi-step vetting process.

We reviewed reports associated with the vetting process for customers funded through the CBC's Customer Assistance Program and found that in FY 2014, 67 customers were eliminated because they did not complete the necessary education requirement of half day training. This training is the last step performed under the CBC Customer Assistance Program vetting process, but is not a requirement for the Energy Efficiency Services weatherization program. Based on this logic, customers who do not meet the training requirement of the Customer Assistance Program-funded weatherization program should be considered for the Energy Efficiency Services-funded weatherization program. However, we found that 65 of the 67 customers (or 97%) that did not complete the training did not receive weatherization services from either program and were not considered for the Energy Efficiency Services-funded weatherization program. Eligibility requirements for both funding sources have differences and similarities. Eligibility requirements for the size and value of the home and prior weatherization are similar for both funding sources. Exhibit 3 shows the differences.

EXHIBIT 3

Differences in Customer Assistance Program and Energy Efficiency Services Weatherization Program Funding Key Eligibility Requirements

Requirements	Customer Assistance Program Funding Source	Energy Efficiency Services Funding Source
Customer status	<i>Must be enrolled in Austin Energy's Customer Assistance Program</i>	<i>Any low-income customer is eligible</i>
Proof of income	<i>Not explicitly required</i>	<i>Must provide proof of income</i>
Tampering with Austin Energy meters	<i>Must not have tampered with Austin Energy meters</i>	<i>None</i>
Debt to Austin Energy	<i>Must not exceed \$5,700</i>	<i>None</i>
Education Requirements ⁴	<i>Must complete a 4 hour education class</i>	<i>None</i>

SOURCE: OCA analysis of Austin Energy weatherization program eligibility requirement reports, August 2015

⁴ The education requirement is designed to educate the customers on how to save energy. Austin Energy indicated that they are conducting a study to determine whether customers in the education program save more energy/money than those that do not go through this education.

Austin Energy provided weatherization services to some homes that were not qualified to receive those services

In order to qualify for weatherization a home has to meet specific eligibility requirements related to home value and size. During the audit scope, weatherization services were limited to homes with a size of 2,000 sq. ft. or less and home value of \$200,000 or less (excluding the land value). Austin Energy management indicated that effective May 2014, Austin Energy increased the home value limit to \$250,000.

We reviewed the homes that were weatherized in FY 2014 through FY 2015 (through July) for compliance with the program requirements relating to the home value and size limit. We found that Austin Energy provided weatherization services to a small number of homes that exceeded the value and size limits. Exhibit 4 shows the number of weatherized homes that did not comply with the two requirements.

**EXHIBIT 4
Ineligible Homes Weatherized During FY 2014 and FY 2015 (Through July)**

Fiscal Year	Homes Tested	Homes That Did Not Meet the House Size/Value Eligibility Requirements
2014	289	8 (3%)
2015 (10 months)	244	4 (2%)

SOURCE: OCA analysis of the FY 2015 and FY 2015 weatherization reports, August 2015

Based on our discussion with Austin Energy management and staff, it appears that some of the issues noted above stem from initial differences in criteria and inadequate coordination and communication between Customer Care and Energy Efficiency Services, the two groups within Austin Energy that are responsible for the weatherization program eligibility vetting process. This lack of coordination resulted in the duplication of some tasks of the eligibility vetting process and addressing of customer complaints, as shown in Exhibit 5.

**EXHIBIT 5
Duplication of Tasks Performed by Customer Care and Energy Efficiency Services Groups**

Task	Task Performed by	
	Customer Care	Energy Efficiency Services
Verifies home not weatherized within the past 10 years	✓	✓
Verifies premise requirements (e.g. home value and size)	✓	✓
Verifies customer debt to Austin Energy requirement	✓	✓
Performs home visits	✓	✓
Handles customer weatherization complaints	✓	✓

SOURCE: OCA analysis of Austin Energy weatherization program practices, August 2015

Without ensuring regular aligned coordination among all weatherization program groups, Austin Energy may not be able to consistently carry out and adequately plan the program or reduce the risk of problems that may occur due to lack of adequate communication in the weatherization program.

Finding 2: Austin Energy lacks some key information needed to evaluate overall effectiveness of the weatherization program.

According to industry practices, organizations should develop clear written program goals and should communicate those goals to all stakeholders. Also, organizations should develop strategies to achieve those goals and performance measures to provide reliable information on whether goals and objectives are being met.

We noted some gaps in the strategic planning and limitations in the availability of program data/information, which makes it difficult to evaluate the effectiveness of the weatherization program. Specifically, not all program goals are consistently stated or measured, and the data to evaluate the program is not always reliable or readily available.

Goals are not clearly stated and measured

We noted that the goals of the weatherization program are not always consistently stated and understood by all stakeholders. Although some stakeholders and program literature identify energy savings and lowering of the electric bill as the focus of the program, others indicated social benefits to low-income customers, such as enhancing the customer's comfort and safety as key objectives of the weatherization program.

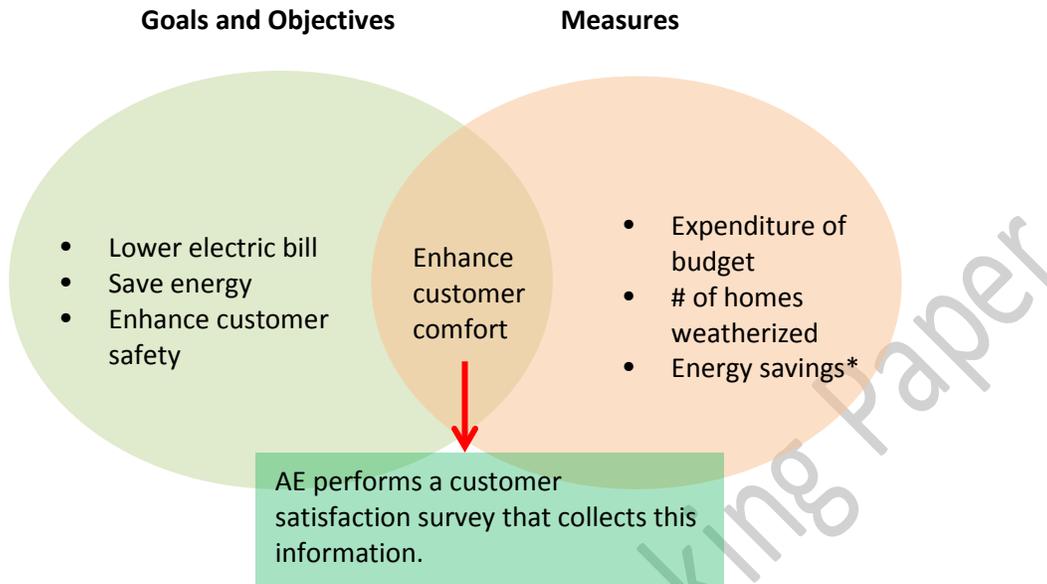
In addition, program evaluation criteria appear not to be well aligned with some the goals of the program. Austin Energy uses "full expenditure of funds" and "number of homes weatherized" to measure the success of the weatherization program. While these performance measures quantify the program outputs, they do not measure its outcomes in light of the desired goals.

We also noted that some of the numerical goals associated with the measures above were reported inconsistently, making it difficult to gauge whether a program is effective and achieving the desired outcomes. While Austin Energy's management indicated that the goal for FY 2015 was to weatherize 700 homes, we identified different documents, which reported a different target. For example, the 2015 Marketing Strategy reported a goal of 1,200 homes and two presentations to the Council Utility Oversight Committee in May 2015 and June 2015 reported 800+ and 600+ respectively.

Without clearly stating and communicating the program goals and establishing relevant and reliable program performance measures, Austin Energy may not be able to accurately determine the success and impact of the weatherization program, such as the resulting decreases in the customer electric bill, the actual energy savings, and the effectiveness of the program.

Exhibit 6 on the next page shows a comparison of the weatherization program goals and the established performance measures.

EXHIBIT 6
Performance Measures Used by Austin Energy to Determine the Success of the Program Are Not Well Aligned With Program Goals



*Austin Energy management reports projected energy savings based on weather normalized program impacts.
SOURCE: OCA analysis of weatherization program information, August 2015

Data needed for program evaluation is not always reliable and readily available

In order to perform effective program evaluation, management must track and maintain accurate, reliable, and complete information. Example of key data needed to evaluate the weatherization program includes detailed customer account and monthly billing information, participant program data, and daily energy use information.

In September 2012, a consultant who evaluated Austin Energy’s weatherization program⁵ noted data reliability as one of the key challenges the program was facing. Specifically, the consultant noted that there were “inaccuracies in Austin Energy’s database and tracking system.” The consultant recommended that Austin Energy conduct a billing analysis to determine true weatherization program savings. During this audit, we found that Austin Energy is still facing data challenges. For example:

- the data needed to evaluate the program is stored in several Austin Energy systems;
- staff indicated that until recently data needed to perform program evaluation, such as detailed account and monthly billing information from the Customer Care and Billing system⁶ (CC&B), was not readily accessible.

Without having readily available weatherization program data Austin Energy management may not be able to accurately determine the success and impact of the weatherization program. As noted in the observation section below, Austin Energy is in the process of consolidating all weatherization-related data in a new database.

⁵ September 2012 Evaluation of Austin Energy's American Recovery and Reinvestment Act-Sponsored Weatherization Assistance Program Report by GDS Associates, Inc.

⁶ The current City of Austin utility billing system.

Additional Observations

We noted that Austin Energy is making key improvements to its management of the weatherization program, which, if effectively implemented and monitored, will help to mitigate some of the challenges facing the weatherization program. However, because these changes have recently been implemented or are still in progress, we are not able to determine their effectiveness. Exhibit 7 lists some of the key changes that we noted.

EXHIBIT 7
Process Improvements Recently Implemented or Still Underway and
Associated Key Potential Effects

Key changes	Potential benefits	Status
Updated existing policies and procedures	Additional guidance to staff on their roles and management expectations	Recently updated
Increased program staffing	Additional resources for monitoring and oversight of the weatherization program	Staff added in late 2014
Developed a marketing strategy specific to the weatherization program	customer education about the weatherization program to encourage program participation	Recently implemented
Proposed revisions to the weatherization contract	Increased contractor accountability for timeliness of service delivery	Underway as of July 2015
Consolidated all weatherization-related data in a new database	Needed data for timely program analysis and reporting	Underway as of July 2015

SOURCE: OCA analysis of Austin Energy weatherization program documents, August 2015

In addition, we performed a customer satisfaction survey and found that 93% of the respondents rated their overall satisfaction with the weatherization program services as “very satisfied” or “satisfied,” which was consistent with the Austin Energy survey done in July 2015.

RECOMMENDATIONS

1. **Austin Energy management should ensure adequate monitoring and oversight over the eligibility process to ensure expending of program funds are optimized and that only eligible customers are served.**

MANAGEMENT RESPONSE: **Concur.** Refer to Appendix A for management response and action plan.

2. **Austin Energy should review and structure its weatherization contracting, operations, and measurements to ensure that funding allocated to the program is used.**

MANAGEMENT RESPONSE: **Concur.** Refer to Appendix A for management response and action plan.

3. **Austin Energy management should evaluate the impact and complexity of operating the weatherization program under two separate groups and develop strategies to mitigate the risk of inadequate coordination and communication between the two groups.**

MANAGEMENT RESPONSE: **Concur.** Refer to Appendix A for management response and action plan.

4. **Austin Energy management should clarify the goals of the weatherization program with the stakeholders and should track relevant and reliable performance measures for evaluating the success of the program.**

MANAGEMENT RESPONSE: **Concur.** Refer to Appendix A for management response and action plan.

5. **Austin Energy management should continue to implement the changes noted in the additional observation section including:**
 - a) **ensuring that accountabilities are clearly stated in the contracts and communicated to and executed by the contractors;**
 - b) **consolidating of all weatherization-related data into one central database; and**
 - c) **marketing the program to increase awareness of available weatherization services.**

MANAGEMENT RESPONSE: **Concur.** Refer to Appendix A for management response and action plan.

MANAGEMENT RESPONSE



MEMORANDUM

TO: Corrie Stokes, City of Austin Auditor

CC: Larry Weis, General Manager
Jawana Gutierrez, V.P. Customer Care Services

FROM: Debbie Kimberly, V.P. Customer Energy Solutions

DATE: October 26, 2015

SUBJECT: Management Response to Austin Energy Low-Income Weatherization Program
Audit Number AU15104

In March, 2015, the Office of the City Auditor met with Austin Energy to review the 2014 activities for the Low Income Weatherization to determine if the program was being administered effectively and efficiently. The audit scope included Austin Energy (AE) weatherization program operations in FY 2014 which they expanded review of FY 2013 through July of FY 2015.

This review was extended to slightly more than the 24 months AE had contract authority to spend the budgeted funds. Over the three year period, AE had the contract authority to weatherize homes from June 2013 through June 2015. The two contracts bid in winter 2012 and again in spring 2015 were delayed due to formalized input from key stakeholder groups, AE rate case and the protesting process.

Those utilities providing weatherization services to help low-income customers focus on energy, water and safety-related improvements to their households. These include energy efficiency improvements such as installing attic insulation and solar screens, duct repair/replacement, and safety and health installations such as smoke and carbon monoxide detectors. These services are provided free of charge to eligible customers.

Over the last thirty years, Austin Energy (AE) has spent on average under \$1 million per year providing mainly attic insulation, weather-stripping and lighting utilizing third party installation. In 2009, AE received a substantial number of American Recovery and Reinvestment Act grants. Over \$9.6 million grant funds were focused on weatherization allowing the hiring of over 10 additional staff and four shared staff. This funding provided the ability to increase the cost per home by three times the previous two decades. This audit focused on the transition period returning to the

APPENDIX A

program funding provided by AE rate payers and the establishing of a new method of funding by a line-item Customer Benefit Charge on the electric bill. In addition, new staff and management has been automating and streamlining processes while providing cost effective energy efficiency improvements to align this program with Council affordability guidelines. In a recent customer survey, satisfaction was incredibly high with the AE weatherization program.

For those findings by Auditing that are in AE's control, AE is in various stages of addressing:

1. Enhancing oversight and contractual responsibilities by working closely with COA Risk Management, Legal Department, Purchasing and the Comptroller's Office.
2. Expanding the number of participating contractors by 50%.
3. Expanding the eligibility criteria to include homes that are \$250,000 or less regardless of the value of the land and participation in the weatherization program even if they didn't participate the Customer Care education program.
4. Integrating additional quality assurance and contractor training sessions.
5. Increasing communication with internal AE areas such as Customer Care who provides ongoing education on budgeting, reducing energy usage and home safety.
6. Clearly defining AE weatherization goals established and tracked by AE Energy Efficiency Services who is responsible for the developing and implementation of the program.
7. Working with Texas Gas Services, several non-profit organizations, the Housing Repair Coalition, Austin Water Utility, Health and Human Services, Neighborhood Housing and Economic Development to align our efforts to low income customers.
8. Continue to work with Purchasing on aligning available budgets with the contractual authority to spend the funds to avoid inability to weatherize homes.
9. Roll over unspent CBC CAP WX funds and AE has agreed to roll over unspent CBC EES WX funds starting in 2016.

Over the past three years, AE weatherized over 1,000 homes spending \$3.9 million or 60% more per year than the prior twenty five year average of less than \$800,000 per year. Spending greatly spiked with the ARRA federal grant of \$9.6 million. Even after the federal funding, in 2015, AE budgeted almost \$3 million for weatherizing low income homes.

Again, we appreciate all of the work that the City Auditor Office. AE will continue to strive to provide customer programs in a cost effective manner.

As always, I am prepared to answer any questions the task force may have.

APPENDIX A

ACTION PLAN

Recommendation	Concurrence and Proposed Strategies for Implementation	Status of Strategies	Proposed Implementation Date
<p>1. Austin Energy management should ensure adequate monitoring and oversight over the eligibility process to ensure expending of program funds are optimized and that only eligible customers are served.</p>	<p>1. Austin Energy concurs as there are current strategies in place to monitor the eligibility process. Over the past thirty years, Austin Energy has provided weatherization for low income homes In addition, AE offers bill assistance. In 2012, Council approved a formal Customer Benefit Charge as a line item on the AE bill to pay for the costs of both efforts. With the significant amount of budget increase, the Council decided to utilize the eligibility verification as provided by other agencies to be adopted rather than duplicated.</p> <ul style="list-style-type: none"> o Medicaid Program o Supplemental Nutrition Assistance Program (SNAP) o Children’s Health Insurance Program (CHIP) o Telephone Lifeline Program o Travis County Comprehensive Energy Assistance Program (CEAP) o Medical Access Program (MAP) o Supplemental Security Income (SSI) <p>2. AE has been working with several non-profit organizations, Texas Gas Services and various Departments within the City of Austin:</p> <ul style="list-style-type: none"> a. Office of the Comptroller b. Risk Management c. Legal Department d. Purchasing e. Austin Water Utility f. Health and Human Services g. Neighborhood Housing and Economic Development <p>3. The recent addition of Veterans Affairs Supportive Housing (HUD-VASH), AE is discussing the possibility of hiring a third party to provide additional support for screening applicants including income verification for SSI and HUD-VASH or working directly with Health & Human</p>	<p>Item 1 and 2 are implemented.</p> <p>Item 3 and 4 are underway with pending discussion.</p>	<p>Item 1 is complete.</p> <p>Item 2 is ongoing.</p> <p>Item 3 has an estimated completion of 2nd Quarter FY16.</p> <p>Item 3 has an estimated completion date of 4th Quarter FY16.</p>

APPENDIX A

Recommendation	Concurrence and Proposed Strategies for Implementation	Status of Strategies	Proposed Implementation Date
	<p>Services (HHS), who has the income levels verified on file.</p> <p>4. AE has discussed with HHS, Purchasing and Neighborhood Housing and Economic Development (NHED) to develop a standard approval process. The challenge is that HHS and NHED are funded primarily by federal grants and the eligibility criteria can vary depending on the agency. The industry standard for most low income programs is less than 200% poverty levels while NHED uses 80-100% median income.</p>		
<p>2. Austin Energy should review and structure its weatherization contracting, operations, and measurements to ensure that funding allocated to the program is used.</p>	<p>This review was extended to slightly more than the 24 months AE had contract authority to spend the budgeted funds. Over the three year period, AE had the contract authority to weatherize homes from June 2013 through June 2015. The two contracts bid in winter 2012 and again in spring 2015 were delayed due to formalized input from key stakeholder groups, AE rate case and the protesting process.</p> <p>Austin Energy is improving processes and has implemented enhancements to align the budget with the approvals to spend from having contracts in place so that there are overlaps instead of gaps. In addition, AE has:</p> <ol style="list-style-type: none"> 1. Streamlined various processes 2. Automated the field assessment and automation process 3. Engaged with key stakeholders 4. Created additional oversight reports 5. Hired or are in the process of hiring additional staff 6. Integrated additional QA/QC and financial controls 7. Identified and are tracking key performance indicators 8. Established a new contract with tighter completion and quality requirements 9. Currently, roll over unspent CBC CAP 	<p>Items 1-8 are implemented.</p> <p>Items 9 and 10 are underway.</p>	<p>For item 9 to be completed 1st quarter 2016.</p> <p>For item 10, we anticipate a 1st Quarter FY17 implementation date.</p>

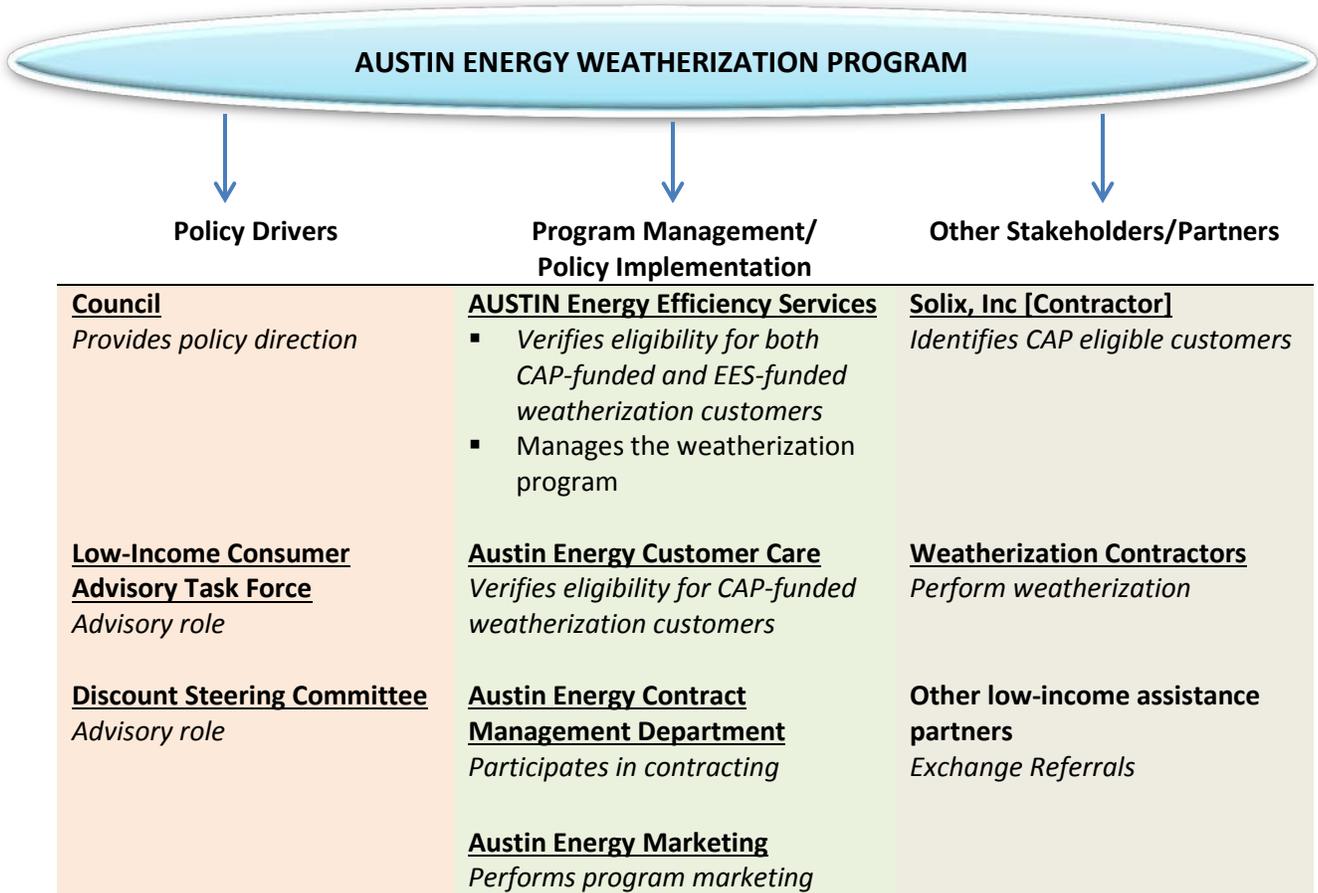
APPENDIX A

Recommendation	Concurrence and Proposed Strategies for Implementation	Status of Strategies	Proposed Implementation Date
	<p>WX funds and has agreed to roll over unspent CBC EES WX funds.</p> <p>10. AE is working with COA Purchasing to discuss the bidding of the next weatherization contract in order to align the AE budget with the contractual authority to spend the funding to avoid ten of the 36 months of inability to weatherize homes.</p> <p>Over the three years during the audit, AE weatherized over 1,000 homes spending roughly 60% per year more than the pre-ARRA federal grant of \$9.6 million.</p> <p>In 2015, AE has weatherized 520 homes spending approximately \$ 1.8 million or double the pre-ARRA federal grant AE weatherization funding levels and has vetted another 300 customers ready to begin the weatherization process when the new contract is in place.</p>		
<p>3. Austin Energy management should evaluate the impact and complexity of operating the weatherization program under two separate groups and develop strategies to mitigate the risk of inadequate coordination and communication between the two groups.</p>	<p>AE concurs that having two AE departments verifying eligibility does take additional coordination and communication.</p> <p>In 2012, the AE Customer Benefit Charge (CBC) was established as a line item on customer bill to pay for community assistance (mostly utility bill discounts) and energy efficiency programs.</p> <p>Low income weatherization funding is from two CBC charges; Customer Assistance Program (CAP) defined for weatherization at \$1 million/year and Energy Efficiency Services (EES) discretionary.</p> <p>Customer Energy Services delivers the weatherization program while Customer Care (CC) identifies the customers that are participating in seven soon to be eight assistance programs. CC also contacts the highest energy consumers asking them to participate in an education program that focuses on</p>	<p>Implemen- ted.</p>	<p>Implemented.</p>

APPENDIX A

Recommendation	Concurrence and Proposed Strategies for Implementation	Status of Strategies	Proposed Implementation Date
	<p>budgeting, energy efficiency, understanding your bill, recycling, safety hazards and tenant rights. CC then meets with the customer to review their before and after usage over the past 18 months.</p> <p>Eligible customers may choose to participate or not in the education offering and still have their homes weatherized. Other eligible customers can participate in the weatherization program through referrals or self-nomination.</p> <p>Through this effort, AE expanded the eligibility criteria to include homes that are \$250,000 or less regardless of the value of the land.</p>		
<p>4. Austin Energy management should clarify the goals of the weatherization program with all stakeholders track relevant and reliable performance measures for evaluating the success of the program.</p>	<p>AE concurs. The weatherization program is under the responsibility of AE EES.</p> <p>In 2014 while the 2015 budget was being discussed, there were several sensitivity analysis and ‘what-if’ scenarios requested. Once the official budget was established, AE EES established the number of homes as one of the goals although some organizations were still using different ‘what-if’ values rather than the official goals.</p> <p>In 2016, AE EES will be establishing the number of homes, energy and demand reduction and communicate these goals throughout the organization. The goals along with the progress will be reported to the Resource Management Commission on a monthly basis.</p>	<p>Underway AE is finalizing the business plans for 2016.</p>	<p>Underway to be implemented First Quarter FY 2015/16.</p>

WEATHERIZATION STAKEHOLDERS AND THEIR KEY RESPONSIBILITIES



DRAFT - Audit