

CDBG-CV Public Service – Emergency Grant Payments (Utilities)

Policies and Procedures:

Grants must be implemented in compliance with the requirements found in the Housing and Community Development Act of 1974, the CDBG program regulations found in 24 CFR 570, the CDBG Coronavirus Response Grants requirements found under the CARES Act, and other federal regulations, and state policies and procedures. While most are applicable until a project is funded and underway, some have to be considered when submitting an application for funding as they may impact cost, schedule, staffing, etc... The ones listed below are specific to eligible activities that can be funded under this grant.

Requirements for Using CDBG-CV funds for Emergency Grant Payments for Utility Costs:

1. Assistance is only available to persons who have been financially impacted by COVID-19 (such as loss of job) and who are in danger of having their utilities (water, sewer, electric, gas, other energy sources for heating and cooling) disconnected due to the inability to make payment.
2. Assistance can only be provided by a local non-profit community based public service provider to households that are located in the jurisdiction of the unit of local government (County or City) who is applying for CDBG-CV funding.
3. Utility payments are exclusively for those households who are in arrears (January 21, 2020 – present day). Assistance may not exceed **six (6) consecutive** total months. (ex: Household applies for assistance on November 1, assistance could be provided for utility fees in arrears for May, June, July, August, September, and October for a total of six (6) consecutive months).
4. Each household must complete an income verification form at the time of their application for assistance from CDBG-CV using the CDBG-CV Income Verification Form with Section 8 Income Limits.
5. Each household must provide proof of residence and income:
 - a. Valid driver's license or ID with current residential address.
 - b. Copy of current utility provider statement at the date of application including residential address.
 - c. Proof of all household income earned over the last month or 4 weeks.
6. Each household must sign a copy of the CDBG-CV affidavit as to the information they have provided.
7. Payments must be made exclusively to the utility provider.
8. Each Unit of Local Government (City or County) may request up to \$200,000 CDBG-CV from DLG.
9. Each Unit of Local Government may request as part of their application up to 5% for administrative costs. Administrative costs must be shared by the local community based agency (ex: local community action agency) and the Kentucky CDBG certified administrator.
10. Each household may receive up to \$250 per month to be used for assistance with unpaid utility fees for water, sewer, electric, gas, and other heating and cooling source fees.
11. For electric, gas, and other heating and cooling utility sources, assistance from CDBG-CV may only be provided in the event program funding from Low Income Home Energy Assistance Program (LIHEAP), HEA, and/or other electric, gas, and heating and cooling programs are unavailable.
12. Each household must have a completed Duplication of Benefit Worksheet and supporting documentation on file with the respective local community based action agency.
13. Each Utility Provider must agree to either forgive or provide payment plan options for any outstanding unpaid utility bills for CDBG-CV assisted customers between January 21, 2020 and date of CDBG-CV application for assistance.

Exclusively for Grantee-Owned Utility Providers:

1. The costs incurred for providing services are allowable to the extent they are consistent with cost principles at 2 CFR Part 200, Subpart E. The costs typically incurred by a grantee-owned utility include depreciation, payments to external suppliers (e.g., of electricity or natural gas), operating and maintenance, etc. However, the grantee must ensure that the costs to be allocated to individuals/families do not include depreciation of assets whose cost was borne by the Federal Government (including assets acquired or improved with CDBG, RD, ARC, etc... funds).
2. The cost principles cited above also do not permit a grantee to earn a profit on charges to grant programs. Therefore, the grantee must ensure that the “per unit” cost of delivering the utility service to an individual/family is reasonable. If the grantee wishes to base its charge to the grant on the fee billed to the individual/family, it must ensure that the amount of the utility fee is reasonable. One test of the reasonableness of the utility fee billed to the individual/family is whether the operations of the utility are budgeted so as to realize an excess of revenue over expenses (i.e., a “profit”) for the budget period. If the utility’s operations are budgeted and accounted for in a separate enterprise fund, as is likely for most grantees, the grantee should evaluate the fund’s budget and/or financial statements to ascertain whether its operations will generate a profit. If a profit is not indicated, the billed fee may be used to support the reasonableness of the charge to the grant for emergency payment.
3. If the grantee-owned utility is operated so as to earn a profit, the grantee must calculate the per unit cost for residential customers based on the actual costs of providing the service and an allocation base that results in an equitable allocation to the grant.

If the grantee operates a grantee-owned utility that is not budgeted or accounted for in a separate fund (account), the grantee is strongly advised to discuss options with DLG.