**Summary Information Page**

**Project Title**

Montana Low Income Wood Stove Changeouts Study

**Applicant Information**

Montana Department of Public Health and Human Services

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**EPA Funding Requested**

$100,000

**Total Project Cost**

EPA $100,000

LIHEAP $90,006

Total Cost $190,006

**Project Period**

September 1, 2007 – October 1, 2008

**Project Summary**

**Logistical Approach**

The proposed project will be administered by the Intergovernmental Human Services Bureau (IHSB) of the Human and Community Services Division (HCSD) of the Montana Department of Public Health and Human Services (DPHHS). (See Attachment A Organization Charts.) IHSB administers Montana’s Low Income Home Energy Assistance Program (LIHEAP) and Weatherization Assistance Program (WAP) through a network including ten (10) Human Resource Development Councils (HRDCs) and one (1) Area Agency on Aging.

This project will combine EPA funds with LIHEAP funds to mail information to LIHEAP households in Gallatin, Ravalli and Silver Bow counties utilizing wood as their primary heating source. Information will cover health hazards associated with breathing wood smoke; benefits of using EPA certified heating appliances and proper wood burning practices. Eligible LIHEAP households will be offered up to $2,570 ($1,365 of EPA funding and $1,205\* of LIHEAP funding) toward replacement of non-compliant wood stoves with EPA approved appliances. Costs associated with replacements below $2,570 will be prorated 53.11% to EPA and 46.89% to LIHEAP Weatherization funds. Costs in excess of $2,570 shall be the responsibility of the homeowner or landlord. All wood stove replacements shall be installed by certified installers. DPHHS shall ensure that appliances replaced are decommissioned and not reused. Where feasible, stove replacement activities will be coordinated with installation of other energy conservation measures and provision of client education. All administrative costs including postage, eligibility determination, data processing, data collection, and indirect costs shall be paid through the state’s LIHEAP and Weatherization programs.

If the project is successful, DPHHS will initiate efforts to utilize Universal System Benefits (utility company funds designated for low-income energy programs by state statute) or other funds to supplant EPA funds (after the proposed project has ended) and make wood stove replacement a permanent component of the state’s Weatherization Assistance and LIHEAP programs. The primary objective of the proposed project is to develop and demonstrate a woodstove change out program that can be cost effectively replicated in Weatherization and LIHEAP programs throughout the country.

\* *$1,205 is the level of investment, at current fuel prices, that is cost effective (at a 1.8 savings to investment ratio, which is the minimum criteria used to evaluate energy conservation investments in Montana’s Weatherization Assistance Program) for conversion in a dwelling heated entirely with wood, from a 50 percent efficient wood stove to a 72 percent efficient wood stove.*

**Potential Number of Participants**

During the 2006-2007 heating season, 21,221 households received LIHEAP heating assistance benefits through Montana’s LIHEAP program. 415 of them utilized wood as their primary heating source. 22% of LIHEAP households utilizing wood as their primary heat source were located in Ravalli, Gallatin and Silver Bow counties. All eligible households in these three counties, utilizing wood as their primary heat source, shall be provided information on health hazards associated with breathing wood smoke; benefits of using EPA certified heating appliances and proper wood burning practices. Eligible LIHEAP households will be offered up to $2,570 ($1,365 of EPA funding and $1,205 of LIHEAP funds) toward replacement of non-compliant wood stoves with EPA approved appliances. Over the two-year project period, DPHHS subcontractors shall replace (and de-commission) non-compliant wood stoves in approximately 74 eligible households with EPA approved wood stoves or other clean burning appliances such as pellet or gas furnaces.

**Eligibility Criteria**

Household income for Montana’s LIHEAP program (which is the basis of qualifying for the proposed project) is limited to 150 percent of U.S. Department of Health and Human Services poverty guidelines (see Attachment B) as published each year in the Federal Register.

**Communications Plan**

In addition to application packets and energy education information available on-line and at state and utility company offices in the targeted service area, materials mailed to wood heated LIHEAP homes and distributed at LIHEAP outreach and client education events shall include the following EPA publications:

* Potential Partners Fact Sheet
* Changeout Overview Brochure
* Burn Clean Fact Sheet
* General Fact Sheet

A link to EPA’s website “Clean Burning Wood Stoves and Fireplaces” shall also be placed on Montana’s LIHEAP and Warm Hearts Warm Homes websites.

**Method to Receive and Document Data Confirming Installation of Replacement Appliances and Dismantling of Old Wood Stoves**

LIHEAP and Weatherization Assistance Offices shall be required via contract to maintain client files containing documentation confirming purchase and installation of replacement appliances and dismantling of old wood stoves. Documentation shall include homeowner and installer sign-off sheets, recycling center/scrap metal processor sign-offs, purchase orders, and receipts. All replacement appliance purchases shall be performed in accordance with applicable OMB cost principals. DPHHS field supervisors shall inspect a minimum of 20 percent of randomly selected client files during annual on-site monitoring visits (DPHHS reserves the right to inspect all client files if reason exists for doing so). Costs associated with any undocumented installations or un-verified dismantling of old stoves shall be disallowed. DPHHS field supervisors shall also visually inspect a minimum of 10 percent of randomly selected installations during on-site monitoring visits (DPHHS reserves the right to inspect all installations if code violations or other reasons exists for doing so).

**Plan for Administering Funds and Other Functions of the Changeout**

All project funds shall be administered by IHSB utilizing three (3) Human Resource Development Councils (HRDCs). These agencies will be responsible for determining eligibility of recipient households and maintaining proper records. Existing LIHEAP Weatherization contracts with the HRDCs will be modified to include the stove replacement project as an activity with reimbursement being made under these contracts to the HRDCs for the LIHEAP portion of the program. The HRDCs will request reimbursement of the State of Montana funds and the EPA funds using the existing LIEAP module of the statewide Centralized Data System (CDS) currently in existence to reimburse HRDCs for costs associated with emergencies for LIHEAP eligible households. Additional coding will be added to the CDS/LIHEAP module to account for the reimbursements to the HRDCs.

On a weekly basis, the CDS system posts financial information to the State of Montana’s financial accounting system known as SABHRS. Implemented in July of 2000, SABHRS enables the State to record financial transactions according to generally accepted accounting principles and according to the Governmental Accounting Standards Board statements for fund accounting. A new fund will be created to track the EPA grant for this stove replacement program. Cost allocation will not be charged to the EPA fund, but instead will be part of the expenditures charged to the LIHEAP program.

The State of Montana conducts an annual audit in accordance with the OMB Circular A-133. The audit report is available from the federal clearing house. There are no reportable conditions associated with IHSB in the current audit report and the State received an unqualified audit opinion.

**Summary Reports**

LIHEAP and Weatherization Assistance Program Offices shall submit to DPHHS quarterly and annual reports (within 10 working days of the close of each quarter/year in the project period) documenting the items listed below. DPHHS shall compile information submitted by LIHEAP and Weatherization Assistance Program Offices and submit it to EPA in accordance with the schedule established after the initial award. Information reported shall include:

* Expenditures by funding source (including client and landlord contributions);
* The number of stoves replaced;
* The number and type of replacement appliances installed (i.e., EPA approved wood stoves, fireplace inserts, pellet stoves, gas furnaces, etc.);
* An estimate of PM2.5 emissions from wood smoke before and after the changeout; and
* Lessons learned.

Other information available to EPA through Montana’s CDS/LIHEAP client tracking system includes:

* Client demographics (e.g., household income, race/ethnicity, dwelling type, dwelling size, secondary fuel type, household resources, educational attainment of household members, household size, annual household fuel costs (pre- and post changeout), etc.);
* Location of changeouts by city, county, and zip code; and
* Client satisfaction survey results (generated by the computer system and mailed and compiled at some point after replacement installations are complete).

**Proposed Partnerships**

The proposed project shall be a partnership between the federal government (EPA, HHS and DOE), the State of Montana (DPHHS), local LIHEAP and Weatherization Assistance Program operators, homeowners and landlords.

DPHHS is the applicant for the proposed project. DPHHS, through LIHEAP and Weatherization Assistance Program contracts shall provide funds to three (3) HRDCs for the delivery of project services under this proposal. These organizations are currently subgrantees for LIHEAP, the Department of Energy Weatherization Assistance Program and the Community Services Block Grant (CSBG) programs. DPHHS shall be responsible for contracting, information dissemination, financial management, data collection, project management, training and technical assistance, reporting, and quality control and monitoring associated with all project activities. See Attachment C for resumes of key DPHHS project staff.

The subgrantee organizations involved in the proposed project have over twenty (20) years experience administering the LIHEAP, Weatherization Assistance and CSBG programs in their respective local service areas. Their responsibilities in the proposed project shall include eligibility determination, information dissemination, client education, materials and subcontractor procurement, collecting client/landlord contributions where applicable, client file documentation, on-site inspection of all wood stove conversions, safety inspections, decommissioning of old wood stoves, reporting, data collection, and local project and financial management functions. Below is a listing of all subgrantee organizations involved in the project, their service territories, their 2006-2007 LIHEAP caseloads and their current Weatherization Assistance Program budgets. EPA and LIHEAP funds shall be accessed by subgrantee organizations through the CDS/LIHEAP computer system and matched with local Weatherization Assistance funds (in the amounts/proportions described above) until EPA and LIHEAP funding for the project has been fully utilized.

MONTANA LIHEAP AND WEATHERIZATION ASSISTANCE PROGRAM SUBGRANTEES

**Dist IX - Human Resource Development Cou­ncil**

321 East Main, Suite 300

Bozeman Hotel

Bozeman, MT 59715

Phone: (406) 587-4486

2006-2007 LIHEAP Caseload: 1,003 households

Current Weatherization Budget: $473,278

Counties Served: Gallatin, Meagher, Park

**Dist XI - Human Resource Cou­ncil**

1801 South Higgins Ave

Missoula, MT 59801

Phone: (406) 728-3710

2006-2007 LIHEAP Caseload: 3,197 households

Current Weatherization Budget: $993,025

Counties Served: Mineral, Missoula, Ravalli

**Dist XII - Human Resource Development Council**

Box 3486

700 Casey Street

Butte, MT 59702

Phone: (406) 496-4975

2006-2007 LIHEAP Caseload: 2,634 households

Current Weatherization Budget: $808,591

Counties Served: Beaverhead, Deer Lodge, Granite, Madison, Powell, Silver Bow

**Outputs and Outcomes**

Anticipated outputs and outcomes associated with the proposed project and the methodology that will be utilized to verify each of them are as follows:

* All Gallatin, Ravalli and Silver Bow County LIHEAP households utilizing wood as a primary or secondary heating source shall be provided information on health hazards associated with breathing wood smoke; benefits of using EPA certified heating appliances and proper wood burning practices. Success shall be evaluated by comparing CDS/LIHEAP computer system information supplied by all households on heating fuel type and annual heating fuel consumption with mailing records.
* Information on health hazards associated with breathing wood smoke; benefits of using EPA certified heating appliances and proper wood burning practices shall be disseminated by LIHEAP and Weatherization Assistance Programs during all outreach and client education forums held during the project period. Success shall be evaluated by examining the number of outreach and client education forums held at which the information described above was disseminated to participants.
* All LIHEAP households in Gallatin, Ravalli, and Silver Bow counties utilizing wood as a primary heating source shall be offered up to $2,570 ($1,365 of EPA funding and $1,205 of LIHEAP funding) toward replacement of non-compliant wood stoves with EPA approved appliances. Costs associated with replacements below $2,570 will be prorated 53.11% to EPA and 46.89% to LIHEAP funds. Costs in excess of $2,570 shall be the responsibility of the homeowner or landlord. Success shall be evaluated on the basis of cost and expenditure records and by comparing actual offers of assistance to records in the CDS/LIHEAP computer system on households utilizing wood as their primary heat source.
* A minimum of 74 pre-1988 woodstoves utilized as primary heating sources by low income Montana families shall be replaced (and decommissioned) with EPA approved wood stoves or other clean burning appliances such as pellet or gas furnaces. Average emission reductions associated with woodstove changeouts shall be 87%\*. Average annual heating cost reduction associated with weatherization and changeouts shall be at least 21 percent. Success shall be evaluated on the basis client files, energy consumption data gathered from households, invoices, on-site inspections and quarterly and annual reports submitted by LIHEAP and Weatherization Assistance Programs.
* DPHHS will utilize lessons learned from the proposed project, conduct economic analyses and initiate efforts to utilize Universal System Benefits or other funds to supplant EPA funds (after the proposed project has ended) and make wood stove replacement a permanent component of the state’s Weatherization Assistance and LIHEAP programs. Success shall be evaluated based on the existence of a permanent wood stove replacement component in Montana’s LIHEAP and Weatherization Assistance Programs at the end of the project period.
* A model wood stove changeout program template, compatible with the LIHEAP and Weatherization Assistance Programs shall be available to other states’ respective Weatherization Assistance and LIHEAP Programs. Success shall be evaluated at the end of the project period based on the existence of a written template describing the proposed project and lessons learned in the course of developing and implementing it.

\* *Based on figures found in “PM2.5 Emission Reduction Benefits of Replacing Conventional Uncertified Cordwood Stoves with Certified Cordwood Stoves or Modern Pellet Stoves” prepared by James Houck and David Broderick, OMNI Environmental Services, May 26, 2005..*

**Programmatic Capability**

Programs administered by IHSB over the last three years exemplifying organizational capability include:

* The Weatherization Assistance Program (WAP) – Currently funded at approximately $6 million annually, WAP provides weatherization services to 1,500 to 2,000 low-income Montana households annually. All costs associated with proposed measures (except health and safety and minor home repair) are submitted to a cost effectiveness test and must demonstrate a savings to investment ratio of at least 1.8. Dwellings are selected for weatherization on the basis of household energy burdens (annual energy costs as a percent of total household income). Households with the highest energy burdens receive assistance before households with lower energy burdens. WAP is administered locally by the subgrantees listed above. Training and technical assistance, a key to program success, is provided through the Montana State University Extension Service Continuing Education Program. Compliance with all program and financial management rules governing the program is verified on an annual basis by DPHHS staff. WAP funding partners include NorthWestern Energy, the Bonneville Power Administration, the State of Montana, and the U.S. Departments of Energy and Health and Human Services. IHSB has fulfilled all reporting requirements and has not received any audit exceptions for this program.
* The Low Income Home Energy Assistance Program (LIHEAP) – Currently funded at $13.7 million, LIHEAP provides heating assistance benefits, emergency services benefits, client education and outreach to 19,000 to 22,000 households annually. One of the primary objectives of the program is to provide assistance in proportion to need. Accordingly, benefits are based on fuel costs, dwelling size, dwelling type, local climate, household income, and fuel type. Benefits are paid directly to fuel vendors and utility companies on behalf of eligible households. Eligibility for the LIHEAP program is determined locally by ten (10) HRDCs and one (1) Area Agency on Aging. Payments to fuel vendors and utility companies are generated using the CDS/LIHEAP computer system which was developed for the State of Montana by Northrop Grumman. Activities critical to the program’s success include policy and computer system training, community outreach, advertising and marketing, development of computer interfaces, utility and fuel vendor negotiations, monitoring and quality assurance, reporting, and regulatory and legislative affairs. In addition to benefit payments, DPHHS has negotiated with local utilities to provide LIHEAP recipients discounts ranging from ten (10) to thirty-five (35) percent of annual energy costs.

The LIHEAP program recently provided the Montana Department of Environmental Quality technical and data processing assistance and outreach and eligibility determination services necessary to implement the Lincoln County Woodstove Changeout Program. To date, this program has successfully replaced approximately 190 non-compliant wood stoves in the homes of LIHEAP recipients in Lincoln County. IHSB has fulfilled all reporting requirements and has not received any audit exceptions for the LIHEAP program.

Other programs successfully administered by IHSB include the Community Services Block Grant Program, the Emergency Services Grant Program, Housing Opportunities for Persons With AIDS, the Warm Hearts Warm Homes Program, and a multitude of surplus commodity/nutrition programs. See Attachment C for resumes outlining the qualifications of key DPHHS staff responsible for administering the proposed project.

**Past Performance**

Programs administered by IHSB over the last three years exemplifying efficient and effective past performance include:

* The Weatherization Assistance Program (WAP) – Weatherization is intended to reduce on a long term basis, the annual heating costs of recipient households. The program also strives to identify and address energy related repair and health and safety issues in recipient homes. Measures most frequently performed include attic, wall and floor insulation, duct wrap, heating system diagnostics, and blower door guided air infiltration reduction. Success in achieving energy savings and addressing repair and health and safety issues are assessed through annual program monitoring, provision of job-site training and technical assistance, infrared heat loss scanning, and pre- and post-weatherization measure and energy consumption analysis (see Attachment D). Success in reaching agency-specific and state-wide production goals, established by funding partners, is assessed through quarterly production and expenditure reports and electronic submission of completed energy audits.
* The Low Income Home Energy Assistance Program (LIHEAP) – LIHEAP is intended to provide heating assistance and emergency assistance to low-income households. Heating assistance is provided in proportion to need. Success in reaching needy households is assessed by comparing annual client enrollment figures with census data. Expenditure and caseload progress are tracked and reported on a weekly basis using the CDS/LIHEAP computer system. The Program’s ability to provide assistance in proportion to need, likewise is tracked and reported using data taken from the CDS/LIHEAP computer system (see Attachment E).

**Budget Narrative**

Contractual: DPHHS sub-grantees shall utilize $100,000 of EPA funds to provide labor and materials costs associated with replacing uncertified woodstoves with EPA approved appliances and disposing of uncertified woodstoves to ensure they are not used again.

Matching Funds: DPHHS and subgrantees shall utilize $90,006 of LIHEAP funds to share the costs of the proposed project. LIHEAP funding shall be used contractually to provide labor and materials costs associated with replacing uncertified woodstoves with EPA approved appliances and disposing of uncertified woodstoves to ensure they are not used again.