

## A NA Utility Expenses and Allowances



The NA budgetary unit is allowed a utility allowance based on the budgetary unit's obligation to pay utility expenses.

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### Policy

The utility expenses billed separate from or itemized with rent or mortgage payments on a regular basis are used to determine the allowable utility allowance for the NA budgetary unit. A utility allowance amount is used to allow a standard amount in place of the actual utility expenses. The utility allowance is also used to calculate the shelter deduction.

The amount of the utility allowance is determined by **all** of the following:

- An obligation to pay allowable utility expenses
- Verified allowable utility expenses
- The size of the NA budgetary unit

**NOTE** Participants who are disqualified are included when determining the size of the NA budgetary unit. However, household members not receiving benefits are not included when determining the size of the budgetary unit.

Budgetary units billed separately for utility expenses are allowed **one** of the following utility allowances:

- Standard Utility Allowance (SUA)

The budgetary unit is eligible for SUA when **any** of the following is met:

- Obligated to pay a heating or cooling expense separately from rent or mortgage on a regular basis. (See [Example 1](#))

**NOTE** The budgetary unit may use the utility for only heating or for only cooling. See [Standard Utility Allowance Expenses](#) for the type of expenses that are considered heating or cooling sources.

- Receive Low Income Home Energy Assistance Program (LIHEAP) payments. (See [Example 2](#))
- The heating or cooling expenses exceed the other Energy Assistance payments. (See [Example 3](#))
- Limited Utility Allowance (LUA)

The budgetary unit is eligible for LUA when obligated to pay at least two non-heating or non-cooling utility expenses. (See [Example 4](#))

**NOTE** When determining eligibility for LUA, a telephone expense can be used as one of the two non-heating or non-cooling expenses

- Telephone Utility Allowance (TUA)

The budgetary unit is eligible for TUA when they have the obligation to pay only a telephone expense.

NOTE When utility expenses are claimed for more than one residence in the same month, only one utility allowance is allowed.

(See [Utility Allowance Current Amount](#) for the current utility allowance amount)

### Standard Utility Allowance Expenses

**Any** of the following utility expenses are considered heating sources when used to provide heat for the home:

- Electricity
- Gas or propane
- Coal, wood, or oil

**Any** of the following are considered cooling sources:

- Central air conditioners
- Evaporative coolers
- Room air conditioners

The costs for **any** of the following supplemental sources of heating or cooling do not qualify for the SUA:

- Electric blankets
- Fans
- Heat lamps
- Water for evaporative coolers
- Heating or cooling equipment maintenance
- Chimney maintenance
- Equipment for cutting wood (i.e. chainsaws, chainsaw maintenance, axe)

### Shared Utilities

The budgetary unit is entitled to a utility allowance based on utility expenses verified when **either** situation occurs:

- More than one budgetary unit lives in the same residence and shares utility expenses.
- One budgetary unit shares a housing unit with others who do not receive NA.

A utility allowance is allowed regardless of the percentage of the utilities paid.

When one budgetary unit pays the expense and receives a fixed monthly amount from another budgetary unit for utilities, each budgetary unit is allowed a utility allowance.

When budgetary units that incur utility expenses live in separate housing units (house, apartment, trailer, etc.) and share a meter with each other, each budgetary unit with an obligation to pay is entitled to a utility allowance.

**NOTE** This situation is common when two separate housing units are located on the same property or when the homeowner rents out a separate apartment within their residence.

### **Allowable NA Utility Expense Types**

See the following for more information on the allowable utility expenses for NA:

- [Coal](#)
- [Electricity](#)
- [Emergency Rental Assistance Program \(ERAP\)](#)
- [Energy Assistance](#)
- [Garbage, Sewer, and Trash](#)
- [Gas and Propane](#)
- [Oil](#)
- [Telephone](#)
- [Utility Installation Fees](#)
- [Water](#)
- [Wood](#)

#### **Coal**

The cost of coal used as a utility, billed separate from or itemized with rent or mortgage payments, is allowable.

When coal is used to produce heat, the budgetary unit is eligible for SUA.

#### **Electricity**

Electricity service expenses billed separate from or itemized with rent or mortgage payments, are allowable.

When electricity is used to produce heating or cooling, the budgetary unit is eligible for SUA.

#### **Emergency Rental Assistance Program (ERAP)**

ERAP assist budgetary units that are unable to pay rent and utilities due to the COVID-19 pandemic. ERAP payments are either paid directly to the participant or to the utility

company.

Participants may have some or all of their utilities paid by ERAP. Budgetary units that are eligible for ERAP are eligible for a utility expense.

### **Energy Assistance Utility Expense**

Participants may have some or all of their utilities paid with Energy Assistance, previously known as negative rent, when **one** of the following applies:

- They live in public housing and their rent is zero
- They live in Section 8 Project based Rental Housing
- They are recipients of a Section 8 Housing Choice Voucher

Energy Assistance payments are either paid to the participant or directly to the utility company as a vendor payment.

When the Energy Assistance payment covers all of the participant's utilities, **all** of the following apply:

- The NA budgetary unit does not qualify for the utility allowance because they have no out of pocket utility expense.
- When the payment is more than the utility expense, the remaining amount may be considered income. (See [Energy Assistance Payments](#) when the payment is more than the utility expense.)

When the payment is less than the utility expense, the budgetary unit is eligible for a utility allowance.

When the budgetary unit has utility expenses and receives Low Income Home Energy Assistance Program (LIHEAP) payments, the budgetary unit qualifies for SUA even when the payment covers all expenses or is paid as a vendor payment.

### **Garbage, Sewer, and Trash**

The following utility expenses billed separate from or itemized with rent or mortgage payments, are allowable:

- Garbage
- Sewer
- Trash
- Portable toilet rental when no bathroom exists
- Septic maintenance

### **Gas or Propane**

Gas, propane, and propane tank rental utility expenses billed separate from or itemized with rent or mortgage payments, are allowable.

When gas or propane is used as a fuel to produce heat, the budgetary unit is eligible for

SUA.

## Oil

The cost of oil used as a utility, billed separate from or itemized with rent or mortgage payments, is allowable.

When oil is used to produce heat, the budgetary unit is eligible for SUA.

## Utility Installation Fees

The initial utility installation fee is an allowable NA Utility Expense in the month the expense is billed when **all** of the following occur:

- The utility installation fee is for an initial installation of a utility
- The utility installation is performed by the utility provider

NOTE One-time deposits are not an allowable NA Utility Expense.

Examples of utility installation fees include the following:

- Electrical wiring
- Gas pipes
- Septic tanks
- Solar panels
- Water pipes

## Telephone

The expense for basic service fees of landlines or cell phones are allowable when the budgetary unit has an obligation to pay any portion of the telephone expense. This includes the following:

- When the expense is billed separate from or itemized with rent or mortgage.
- When the participant is responsible for the charges (even when it is billed to another person).

When the budgetary unit participates in the Lifeline Assistance Program, a telephone expense is allowable when **one or more** of the following apply:

- The discount program does not pay the expense in full
- Extra airtime is purchased after exhausting free minutes

## Water

The following utility expenses billed separate from or itemized with rent or mortgage payments are allowable:

- Water services expense.
- Well maintenance expenses including the following:

Chemicals for water treatment

Service and repair

- The expense of purchasing water when onsite water is not available.

### Wood

The budgetary unit is eligible for SUA when **all** of the following occur:

- The wood is purchased or is billed separate from or itemized with rent or mortgage payments
- The wood is used to produce heat.

The budgetary unit is not eligible for SUA when the participant cuts their own wood and only incurs costs connected with cutting wood such as cutting permits, gas for chain saws or trucks, and equipment for cutting the wood.

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### Procedures

During the interview, explore whether the utility is used for heating or cooling when the participant states an obligation to pay for **any** of the following:

- Electricity
- Gas or propane
- Coal, wood, or oil

When the participant states that a utility expense is used for heating or cooling, ensure that the HC Expense Subtype Code is keyed in the SUB field on EXNS next to the appropriate utility expense type. The HC Expense Subtype Code allows AZTECS to deduct the Standard Utility Allowance (SUA) amount from the budgetary unit's countable income. Document the casefile to support the action taken.

When the participant is not obligated to pay for a heating or cooling expense but incurs non-heating or cooling expenses, ensure that all expenses are keyed on EXNS. When there are at least two non-heating or cooling expenses keyed on EXNS, AZTECS deducts the Limited Utility Allowance (LUA) from the budgetary unit's countable income.

When the participant is allowed a cell phone expense, document the name of the cell phone service carrier.

When a participant uses a cell phone obtained through a government-subsidized free cell phone program and is not responsible for paying for cell phone related services, documentation of the free, subsidized cell phone usage is required.

Request verification for expenses when **any** of the following occurs:

- New application
- Renewal application
- When a reported change in the expense or address is received (See [Effecting Changes](#) for change procedures)

- When the expense amount is [questionable\(g\)](#)

Do not request verification of a nonparticipant's separate billing statement or separate residential address.



For the safety of the participant, do not upload any document that shows the actual address of an Address Confidentiality Program (ACP) participant. Any person who intentionally obtains or discloses information regarding the physical address of an ACP participant is potentially guilty of a class one misdemeanor. (See [ACP](#) for more information about the program)

## Budgeting

The utility allowance is calculated based on the utility expenses for which the budgetary unit expects to be billed during the approval period.

Budget the amount of the utility expense based on the participant's statement unless it is questionable, or the bill is paid by a participant outside the budgetary unit. When participant statement verification cannot be used, project the expense based on the most recent month's bill unless the participant is reasonably certain a change will occur. When a change is anticipated, a participant's statement of the obligation can be used as verification.

## Energy Assistance

When the participant lives in public or subsidized housing, fax an Authorization to Release Information (FAA-1765A) form to the Public Housing Agency to determine whether the budgetary unit is receiving an energy assistance payment.

NOTE When faxing documents containing confidential information use the Fax Cover Sheet (DES-1078A) form.

When the energy assistance is paid directly to the participant and the payment is less than the participant's utility expenses, complete the following:

- Deduct the assistance amount received from the utility expenses. (Apply the assistance to the telephone bill last.)

NOTE When the budgetary unit receives Low Income Home Energy Assistance Program (LIHEAP) payments, budget \$0 for each utility bill covered by the LIHEAP payment or paid directly to the utility company. (See [Example 2](#))

- After deducting the energy assistance, budget the remaining balance of utility expenses on EXNS. (See [Example 5](#))
- Document the case file to support the determination.

NOTE Unless the energy assistance is LIHEAP, no utility expenses are budgeted when the payment covers all utility bills. When payment exceeds all utility bills, the remaining amount is considered unearned income. (See [Energy Assistance Payments](#) for keying instructions.) (See [Example 6](#))

## Keying Utility Expense Amounts



On documented verification, key the total utility bill amount. Do not remove late penalties or other expenses from the amount. When allowed utility expense types are itemized with another allowed utility expense type, key the expense types separately (See [Example 7](#)).

**NOTE** When documented verification or the participant is unable to provide a utility amount, key \$0 in the amount field. It is more important that the correct Expense Type and Subtype Code are keyed. The expense type and subtype determines the budgetary unit's utility allowance.

When a utility is used for heating or cooling, the HC Expense Subtype Code must be keyed next to the heating or cooling Expense Type Code.

Key only expenses that have been verified by participant statement, documented, or collateral contact verification. When requested verification is not provided, determine the benefit amount without allowing the unverified expense. Do not deny or close the case when the expense is not verified.

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## Verification

Participant statement verification can be used as the primary source of verification for utility expense obligation when no other verification is available at the time of the interview or change, except when **any** of the following occur:

- The expense is in another person's name who is outside the budgetary unit.
- The participant's statement is [questionable\(g\)](#).

Utility expense obligation must be verified only when **any** of the following occurs:

- New application
- Renewal application
- When a reported change in the expense or address is received (See [Effecting Changes](#) for change information)
- When the expense amount is questionable

## Utility Allowance Verification

To be eligible for the Standard Utility Allowance (SUA), the obligation of only one heating or cooling utility expense is required to be verified. To be eligible for the Limited Utility Allowance (LUA), the obligation of at least two non-heating or cooling utility expenses are required to be verified.

When participant statement verification cannot be used, the following can be used to verify the utility allowance:

- A utility bill
- A landlord's statement when the statement identifies that the landlord is paid an amount for utilities separate from the amount paid for rent
- A lease agreement that shows a portion of the amount paid is used to pay specific utilities



- A Low Income Home Energy Assistance Program (LIHEAP) payment
- When the utility expense is billed to someone outside the budgetary unit, **one** of the following must be used to verify who is responsible to pay the expense:

A collateral contact (CC) with the person billed for the expense

A signed statement from the person billed for the expense

NOTE The CC documentation or the signed statement must include the type of utility expense and must state that the budgetary unit has the responsibility to pay the utility expense.

### Telephone Expense Verification

When participant statement verification cannot be used, the following are examples of what can be used as verification for the telephone expense obligation:

- The telephone bill or proof of payment for minutes attached to a specific device
- A receipt from the cell phone service carrier
- A screenshot from the cell phone (when the customer only makes payments through the device)
- An email from the cellular phone service provider verifying the expense

### Energy Assistance

When a budgetary unit receives energy assistance, **all** of the following must be verified:

- Rental obligation amount
- Utility allowance amount
- Utility reimbursement amount
- Energy assistance amount

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### AZTECS Keying Procedures

Key all utility expense types and amounts, when known, on EXNS. The information keyed is used for **all** of the following:

- Assist in determining Expenses Exceed Income (EEI)
- Deduct the appropriate utility allowance from the countable income

Unless the budgetary unit includes a disqualified NA participant, key the budgeted amount next to the participant who is responsible to pay the bill. When the budgetary unit includes a disqualified participant, see [Disqualified NA Participants Effect on the NA Benefit Amount](#) for additional keying instructions.

Key the budgeted amount with the corresponding Expense Type Code on EXNS (or EXPC when the expense is billed other than monthly) for the following utility expenses:

- Coal, oil, and wood used for heat - CW
- Electricity – EL

- Garbage, sewer, and trash – GB
- Gas and propane – GS
- Utility installation fees – UI
- Telephone expense -TL
- Water – WA

**NOTE** When the utility amount is itemized with the rent or mortgage payment, remove the utility amount from the shelter expense total. Key utility expenses and shelter expenses separately on EXNS or EXPC. When the amounts are not itemized and cannot be separated, key the entire amount as a shelter expense.

When expenses that are not allowed are itemized with expenses that are allowed, key only the allowable expenses on EXNS or EXPC.

Key the HC (Heating or Cooling) Expense Subtype Code in the SUB field on EXNS when the utility expense is used for heating or cooling. The HC Expense Subtype Code allows AZTECS to deduct the Standard Utility Allowance from the budgetary unit's countable income.

### Converting to a Monthly Amount

Key expenses billed monthly on EXNS. When the expense is billed other than monthly, use EXPC to convert the expense to a monthly amount. Key **one** of the following Frequency Codes in the FREQ field on EXPC:

- WK when billed on a weekly basis. AZTECS converts the amount to a monthly amount by multiplying the amount keyed by 4.3.
- BW when billed on a bi-weekly basis (every two weeks). AZTECS converts the amount to a monthly amount by multiplying the amount keyed by 2.15.
- SM when billed on a semi-monthly basis (twice a month). AZTECS converts the amount to a monthly amount by multiplying the amount keyed by 2.
- QR when billed on a quarterly basis (four times per year). AZTECS converts the amount to a monthly amount by dividing the amount keyed by 3.
- SE when billed on a semi-annual basis (twice per year). AZTECS converts the amount to a monthly amount by dividing the amount keyed by 6.
- AN when billed on an annual basis (once per year). AZTECS converts the amount to a monthly amount by dividing the amount keyed by 12.
- OC when billed on an occasional basis. AZTECS converts the expense keyed by multiplying the amount by 1.

To access EXPC, key Y in the WS field on EXNS and press the Enter key. After keying the information on EXPC, press the Enter key to return to EXNS. AZTECS processes EXPC and displays the converted expenses on EXNS.

**NOTE** Do not convert an expense when it is less than a full month's expense due to the expense starting or stopping. Key the actual expense using the AC

Frequency Code on EXPC for the month billed and change it for ongoing months.

### Examples

- 1) During the interview, Jessica stated that she is not obligated to pay any utilities. However, she spends about \$50 every other month to buy wood for the fireplace to heat her home.

EXNS is keyed with the following:

- \$25 using the CW Expense Type Code
- HC (Heating or Cooling) Expense Subtype Code in the SUB field next to CW

Since the fireplace that uses wood is the source to heat the home, Jessica is eligible for the Standard Utility Allowance (SUA).

- 2) Tracy is billed \$60 for electricity and \$25 for telephone. The Low Income Home Energy Assistance Program (LIHEAP) pays the electric and telephone companies directly as a vendor payment for the full amounts.

EXNS is keyed with **all** of the following:

- \$0 using the EL Expense Type Code
- HC (Heating or Cooling) Expense Subtype Code in the SUB field next to the EL
- \$0 using the TL Expense Type Code

Since Tracy receives LIHEAP, Tracy is eligible for the Standard Utility Allowance (SUA).

- 3) Casey receives \$75 monthly from Section 8 to assist with his utilities. Casey states during the interview his house uses central air conditioning for cooling and central heating. Casey provides an electric bill of \$120.

EXNS is keyed with the following:

- \$45 using the EL Expense Type Code
- HC (Heating or Cooling) Expense Subtype Code in the SUB field next to EL

Since Casey incurs a heating or cooling cost and his utility expenses exceed his Energy Assistance payment, Casey is eligible for SUA.

- 4) Maria states she is obligated to pay \$20 for gas and telephone. Maria states the gas is used for their gas stove for cooking.

EXNS is keyed with the following:

- \$20 using the GS Expense Type Code
- \$0 using the TL Expense Type Code since the amount is unknown

Since Maria is not obligated to pay for a heating or cooling cost but is obligated to pay for two non-heating or cooling utility expenses, she is eligible for the Limited

#### Utility Allowance (LUA).

- 5) Johnathon is billed \$60 for electricity and \$25 for telephone. He receives an energy assistance check from Housing and Urban Development (HUD) for \$80 to use toward his family's utilities.

Apply the \$80 to the electricity bill first. (Subtract \$60 from \$80.) There is \$20 of energy assistance remaining.

Next apply the remaining balance of \$20 toward the telephone bill. (Subtract \$20 from \$25.) Johnathon has a \$5 telephone bill remaining.

After keying \$5 using the TL Expense Code on EXNS, Johnathon is eligible for the Telephone Utility Allowance (TUA).

- 6) Jacob is billed \$60 for electricity and \$25 for telephone. He receives an energy assistance check from the Service to Help Arizonans with Relief on Energy (SHARE) for \$100 to use toward his family's utilities.

Apply the \$100 to the electricity bill first. (Subtract \$60 from \$100.) There is \$40 of energy assistance remaining.

Next apply the remaining balance of \$40 toward the telephone bill. (Subtract \$25 from \$40.) Jacob has \$15 of energy assistance remaining.

No utilities are keyed on EXNS, and Jacob is not eligible for a utility allowance. However, the remaining \$15 must be keyed as unearned income on UNIN.

- 7) Jane's \$50 water bill itemizes that \$5 of the total is allocated toward garbage services.

EXNS is keyed with **all** of the following:

- \$45 using the WA Expense Type Code
- \$5 using the GB Garbage Expense Type Code

NOTE Keying the two non-heating or non-cooling utility expenses separately qualifies Jane for the Limited Utility Allowance (LUA).

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#### DBME BEST Google Job Aids

[NA Utility Allowance](#)

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#### Legal Authorities

7 CFR 273.9(d)

7 CFR 273.10(d)

7 CFR 273.9(d)(6)(ii)(c)

7 CFR 273.9(d)(iii)(A), (C), (E), and (F)

#### [Prior Policy](#)

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