

D 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.

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 **both** of the following:

- Verified allowable utility expenses
- The size of the NA budgetary unit

NOTE Disqualified participants are included when determining the size of the NA budgetary unit.

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

- Telephone Utility Allowance (TUA)
To qualify for the TUA, the NA budgetary unit must have the obligation to pay only a telephone expense.
- Standard Utility Allowance (SUA)
To qualify for the SUA, the NA budgetary unit must have the obligation to pay for any allowable utility expense other than 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 amount of the TUA and SUA.

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](#)
- [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.

Electricity

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

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 is either paid to the participant or directly to the utility company as a

vendor payment.

When Energy Assistance covers all of the participant's utilities, the NA budgetary unit does not qualify for the utility allowance because they have no out of pocket utility expense.

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

NOTE 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.)

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 and Propane

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

Oil

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

Utility Installation Fees

Initial utility installation fees may be an allowable utility expense in the month the expense is billed.

The utility installation fee is an allowable NA Utility Expense 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

Telephone expenses 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 both** 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 cost for wood used as a utility, billed separate from or itemized with rent or mortgage payments, is allowable.

NOTE Do not allow costs connected with cutting wood such as cutting permits, gas for chain saws or trucks, and equipment such as chain saws.

Procedures

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 budgetary unit 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 1](#))

- After deducting the energy assistance, budget the remaining balance of utility expenses on EXNS. (See [Example 2](#))

- 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 budgeting and keying instructions.) (See [Example 3](#))

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 total amount as one utility expense type (See [Example 4](#)). When the obligation of the utility expense is verified, but the amount is in question, key \$0 in the amount field.

NOTE The utility amount keyed is not critical. It is more important that the correct Expense Code is keyed. The expense type determines which utility allowance is used.

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 because the expense was not verified.

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 **either** 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 utility expense that is not a telephone expense must 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

AZTECS Keying Procedures

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 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.

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) 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.

After keying \$0 using the EL Expense Code and \$0 using the TL Expense Code on EXNS, Tracy is eligible for the Standard Utility Allowance (SUA).

- 2) 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).

- 3) 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.

- 4) Jane's \$50 water bill itemizes that \$5 of the total is allocated toward garbage services. Key \$50 using the WA Expense Type Code on EXNS.

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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