§ 440.18 Allowable expenditures.

(a) Except as adjusted, the expenditure of financial assistance provided under this part for labor, weatherization materials, and related matters included in paragraphs (c)(1) through (9) of this section shall not exceed an average of $6,500 per dwelling unit weatherized in the State, except as adjusted in paragraph (c) of this section.

(b) The expenditure of financial assistance provided under this part for labor, weatherization materials, and related matters for a renewable energy system, shall not exceed an average of $3,000 per dwelling unit.

(c) The $6,500 average will be adjusted annually by DOE beginning in calendar year 2010 and the $3,000 average for renewable energy systems will be adjusted annually by DOE beginning in calendar year 2007, by increasing the limitations by an amount equal to:

1. The limitation amount for the previous year, multiplied by
2. The lesser of:
   1. The percentage increase in the Consumer Price Index (all items, United States city average) for the most recent calendar year completed before the beginning of the year for which the determination is being made, or
   2. Three percent.

3. For the purposes of determining the average cost per dwelling limitation, costs for the purchase of vehicles or other certain types of equipment as defined in 10 CFR part 600 may be amortized over the useful life of the vehicle or equipment.

(d) Allowable expenditures under this part include only:

1. The cost of purchase and delivery of weatherization materials;
2. Labor costs, in accordance with § 440.19;
3. Transportation of weatherization materials, tools, equipment, and work crews to a storage site and to the site of weatherization work;
4. Maintenance, operation, and insurance of vehicles used to transport weatherization materials;
5. Maintenance of tools and equipment;
6. The cost of purchasing vehicles, except that any purchase of vehicles must be referred to DOE for prior approval in every instance;
7. Employment of on-site supervisory personnel;
8. Storage of weatherization materials, tools, and equipment;
9. The cost of incidental repairs if such repairs are necessary to make the installation of weatherization materials effective;
10. The cost of liability insurance for weatherization projects for personal injury and for property damage;
11. The cost of carrying out low-cost/no-cost weatherization activities in accordance with § 440.20;
12. The cost of weatherization program financial audits as required by § 440.23(d);
13. Allowable administrative expenses under paragraph (d) of this section; and
14. Funds used for leveraging activities in accordance with § 440.14(b)(9)(xiv); and
15. The cost of eliminating health and safety hazards elimination of which is necessary before, or because of, installation of weatherization materials.

(e) Not more than 10 percent of any grant made to a State may be used by the grantee and subgrantees for administrative purposes in carrying out duties under this part, except that not more than 5 percent may be used by the State for such purposes, and not less than 5 percent must be made available to subgrantees by States. A State may provide in its annual plan for recipients of grants of less than $350,000 to use up to an additional 5 percent of such grants for administration if the State has determined that such recipient requires such additional amount to implement effectively the administrative requirements established by DOE pursuant to this part.

(f) No grant funds awarded under this part shall be used for any of the following purposes.
§ 440.19 Labor.

Payments for labor costs under § 440.18(c)(2) must consist of:

(a) Payments permitted by the Department of Labor to supplement wages paid to training participants, public service employment workers, or other Federal or State training programs; and

(b) Payments to employ labor or to engage a contractor (particularly a nonprofit organization or a business owned by disadvantaged individuals which performs weatherization services), provided a grantee has determined an adequate number of volunteers, training participants, public service employment workers, or other Federal or State training programs are not available to weatherize dwelling units for a subgrantee under the supervision of qualified supervisors.

§ 440.20 Low-cost/no-cost weatherization activities.

(a) An eligible dwelling unit may be weatherized without regard to the limitations contained in § 440.18 (c)(2) or § 440.21(b) from funds designated by the grantee for carrying out low-cost/no-cost weatherization activities provided:

(1) Inexpensive weatherization materials are used, such as flow controllers, furnace or cooling filters, or items which are primarily directed toward reducing infiltration, including weatherstripping, caulking, glass patching, and insulation for plugging and

(2) No labor paid with funds provided under this part is used to install weatherization materials referred to in paragraph (a)(1) of this section.

(b) A maximum of 10 percent of the amount allocated to a subgrantee, not to exceed $50 in materials costs per dwelling unit, may be expended to carry out low-cost/no-cost weatherization activities, unless the Support Office Director approves a higher expenditure per dwelling unit.

§ 440.21 Weatherization materials standards and energy audit procedures.

(a) Paragraph (b) of this section describes the required standards for weatherization materials. Paragraph (c)(1) of this section describes the performance and quality standards for renewable energy systems. Paragraph (c)(2) of this section specifies the procedures and criteria that are used for considering a petition from a manufacturer requesting the Secretary to certify an item as a renewable energy system. Paragraphs (d) and (e) of this section describe the cost-effectiveness tests that weatherization materials must pass before they may be installed in an eligible dwelling unit. Paragraph (f) of this section lists the other energy audit requirements that do not pertain to cost-effectiveness tests of weatherization materials. Paragraphs (g) and