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Sent: Monday, August 2, 2021, 7:21 AM
To: PH-FMD-L@HUDLIST.HUD.GOV
Subject: Rate Reduction Incentive (RRI) Deadline Reminder

Public Housing Authorities (PHAs):

Two key deadlines are approaching for the Rate Reduction Incentive (RRI). The RRI is a financial incentive for PHAs that pursue special and significant efforts beyond what is required by statute and/or regulation to reduce their utility rate. Eligible PHAs can retain 50% to 100% of savings. The PHA's action must exceed the activities required by statute and/or regulation. Pursuant to HUD regulation 24 CFR § 990.185(b), a PHA will be eligible for a rate reduction if a PHA takes an action beyond normal public participation in rate-making proceedings, such as wellhead purchase of natural gas, administrative appeals, or legal action to reduce the rate it pays for utilities. The RRI provides additional Operating Fund Grant formula eligibility to a PHA that undertakes a special and significant action to reduce its utility rate.

The deadline dates are as follows:

1. RRI Eligibility Submissions

- a. **Single Year:** For PHAs which do not have a multiyear RRI Approval letter covering the periods for the FY2022 RRI (July 1, 2020 – June 30, 2021), eligibility submission requests are due no later than August 30, 2021 to PIH_EPC_Policy@hud.gov. Submittals received after August 30, 2021 will be ineligible to participate in the FY2022 RRI pursuant to Notice PIH 2019-24.
- b. **Multiyear:** For PHAs with a multiyear RRI Approval letter that covers the period July 1, 2020 – June 30, 2021, savings calculations and supporting documentation are due no later than September 30, 2021 pursuant to Notice PIH 2019-24 to PIH_EPC_Policy@hud.gov. PHAs with multi-year approvals that do not submit calculations by September 30, 2021 will not be eligible for RRI in 2022.

2. RRI Savings Calculations and Supporting Documentation Submission

- a. All RRI eligible PHAs participating in the RRI must submit calculations and documentation to PIH_EPC_Policy@hud.gov no later than September 30, 2021.
- b. Submissions must include:
 - i. PHA Name and PHA code;
 - ii. Asset Management Project (AMP) number for **each AMP** included in the proposed RRI;
 - iii. A brief description of the action the PHA undertook to reduce the utility rate and supporting documentation.
 - iv. An explanation of how the PHA will calculate savings (see example); and
 - v. Identification of the incentive the PHA will claim, whether it is 50 percent or 100 percent of the actual savings.
 - vi. Example:

For most rate reduction actions, a PHA should use the following formulas:

$$1. \text{ Total Savings} = (\text{Default Cost}) - (\text{Actual Cost})$$

2. **Total Savings = ((Default Rate)- (Actual Rate)) x (Consumption)**
3. **Rate = Cost / Consumption**
4. Default Rate = The utility rate that the PHA would have paid if it had not taken any action.
5. Actual Rate = The actual utility rate that the PHA paid as a result of the action. This is the rate reported on the Form HUD-52722.

AMP	Costs	Default Rate	Current Utility Rate RActual \$/kwh	Savings (Rdefault-Ractual) \$/kwh	Usage	Savings	EPC	Incentive Percent	Eligible RRI \$/Year
AMPO1100001	\$ 147,984	\$ 0.0806	\$ 0.07510	\$ 0.0055	1,970,491	\$ 10,739	Yes	100%	\$ 10,739
AMPO1100002	\$ 19,096	\$ 0.0803	\$ 0.07510	\$ 0.0052	254,270	\$ 1,311	No	50%	\$ 655
AMPO1100003	\$ 34,221	\$ 0.0814	\$ 0.07510	\$ 0.0063	455,674	\$ 2,860	Yes	100%	\$ 2,860
AMPO1100004	\$ 16,175	\$ 0.0799	\$ 0.07510	\$ 0.0048	215,386	\$ 1,030	No	50%	\$ 515
Total	\$217,476				2,895,821	\$ 12,050			\$ 14,769

For more information on the RRI see the Notice PIH 2019-24 at <https://www.hud.gov/sites/dfiles/PIH/documents/PIH-2019-24.pdf>. Submit questions to PIH_EPC_Policy@hud.gov.