resources any costs the grantee incurred in leveraging the resources and any costs imposed on low-income households. These costs are discussed under "Valuation of Offsetting Costs" later in this preamble.

We received no comments regarding valuation of leveraged resources and offsetting costs.

Because the final rule adds discounts in the cost of specified services as countable resources (under § 96.87(e)(2)), we revised the valuation of countable paid services under § 96.87(g) as follows, for consistency:

Installation, replacement, and repair of weatherization materials, and other countable services, will be valued at rates consistent with those ordinarily paid for similar work, by persons of similar skill in this work, in the grantee's or subrecipient's organization in the local area, at the time these services were provided. If the grantee or subrecipient does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work, by persons of similar skill in this work, in the same labor market, at the time these services were provided. Fringe benefits and overhead costs will not be counted.

Because the final rule deletes delivery services and rented and loaned supplies and equipment as separate countable resources, we made a conforming change to § 96.87(g) to delete valuation of these services and items.

The final rule's other requirements for valuation of leveraged resources/benefits are substantially unchanged from the interim rule. They are summarized below.

Third-party donations of fuel, weatherization materials, and other countable tangible items must be valued at their fair market value at the time of donation, according to the best data available to the grantee.

Unpaid volunteer services must be valued at rates consistent with those ordinarily paid for similar work, by persons of similar skill in this work, in the grantee's or subrecipient's organization. If the grantee or subrecipient does not have employees doing similar work, the rates must be consistent with those ordinarily paid by other employers for similar work, by persons of similar skill in this work, in the same labor market. Fringe benefits and overhead costs cannot be counted. Valuation of volunteers' services must vary according to the skill of the volunteer at the task. For example, the services of professional weatherization installers working at a volunteer weatherization project would be more highly valued than the services of unskilled weatherization volunteers.

When an employer other than a grantee or subrecipient furnishes free of charge the services of an employee in the employee's normal line of work, the services must be valued at the employee's regular rate of pay, excluding the employee's fringe benefits and overhead costs. If the services are in a different line of work, the valuation described in the previous paragraph applies.

The benefits provided by leveraged resources other than in-kind contributions must be valued as explained in the following paragraphs.

Cash benefits for heating, cooling, and energy crisis assistance must be valued at their actual amount at the time they were provided to, or on behalf of, the recipient household. Purchased fuel, weatherization materials, and other countable tangible items must be valued at their actual fair market value at the time of purchase, according to the best data available to the grantee. The fair market value of a fuel or tangible nonfuel item is the price or cost normally charged a customer in the same customer class, in the same local area, as the recipient household. Countable services, including installation, replacement, and repair of weatherization materials, must be valued as described earlier. Home energy discounts and credits must be valued at their actual value—the actual amount of the discount, reduction, waiver, or forgiveness.

Fuel purchased with leveraged cash at a discounted price and provided without charge to low-income households would be valued at the actual fair market value of the fuel-the commonly available household rate or cost—at the time it was purchased. Fuel purchased with leveraged cash at a discounted price and provided at a discount to low-income households would be valued at the actual fair market value of the fuel—the commonly available household rate or cost—at the time it was purchased, less (minus) the amount paid by the recipients. Only the amount of the net addition to recipient households' home energy resources may

When low-income households pay discounted prices or reduced rates for home energy (such as fuel oil or electricity), only the amount of the discount or reduction is countable. When low-income households receive home energy at no cost to themselves (for example, a LIHEAP grantee which has purchased fuel oil with leveraged resources or received donated fuel oil provides the oil to a household at no cost to the household), the amount the fuel would have cost the household at

"commonly available household rates" is countable.

Grantees may use leveraged funds, regularly appropriated LIHEAP funds, and leveraging incentive funds awarded to them, to purchase fuel or other approved tangible items at discounted prices. If the grantee uses leveraged funds, the gross value of the resource/ benefit is the amount it would have cost the recipient households at the commonly available household rate or cost. This means that a grantee may count as leveraged resources both the leveraged funds and savings obtained through buying at a discount. For example, a grantee might use \$10,000 of its own funds to purchase fuel oil at a discount, so that it obtains oil that would be worth \$12,500 at commonly available household rates/costs. The grantee would have leveraged \$10,000 in cash and \$2,500 in discounts. If the grantee uses regular LIHEAP funds or leveraging incentive funds—that is, funds that are not countable leveraged resources-to purchase fuel or other approved tangible items at discounted prices, the gross value of the resource/ benefit is the amount of the discountthe difference between the amount the item would have cost the recipient household at the commonly available household rate or cost and the reduced amount actually paid. For example, if the grantee had purchased the same fuel oil as above, at the same discounted price but with regular LIHEAP funds, it could count as leveraging only the \$2,500 in discounts.

Valuation of Offsetting Costs

Section 2607A(d) of the LIHEAP statute requires that, to determine the net dollar value of grantees' leveraged resources, grantees must subtract from the gross dollar value of leveraged resources they received or acquired during the base period any costs they incurred to leverage such resources and any costs imposed on federally eligible low-income households.

Funds from grantees' regular LIHEAP allotments that are used specifically to identify, develop, and demonstrate leveraging programs under section 2607A(c)(2) of the LIHEAP statute must be deducted as offsetting costs in leveraging reports covering the base period in which these funds were obligated, whether or not there were any leveraged benefits resulting from these particular funds. However, if a grantee does not submit a leveraging report covering the base period in which these funds were obligated, they should not be offset in future reports. Also, any funds from the grantee's LIHEAP planning and administrative funds that