



DEPARTMENT OF ECONOMIC SECURITY

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**Division of Community Assistance and Development
Policy Memorandum**

Date: May 14, 2024
To: LIHWAP Utility Vendors, ADES Personnel
From: DCAD Policy Unit
Subject: Processing Vendor Refunds per DES LIHWAP Terms and Conditions

References: (1) [DES LIHWAP Terms and Conditions](#)
(2) [American Rescue Plan Act of 2021, Sec 2912](#)
(3) [Consolidated Appropriations Act of 2021, Sec 533](#)
(4) [2 CFR 75 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards](#)

Purpose

This memorandum provides guidance for water/wastewater vendors (Vendor) in processing refunds of Department of Economic Security (DES) Low Income Household Water Assistance Program (LIHWAP) benefits payments per the DES LIHWAP Terms and Conditions. Information is also provided for reference by DES Personnel in routing payments otherwise received by DES to the Division of Community Assistance and Development (DCAD) for processing.

Authority

Federal LIHWAP statute provides that assistance payments will be made “by providing funds to owners or operators of public water systems or treatment works to reduce arrearages of and rates charged to such households for such services” (See American Rescue Plan Act of 2021, Sec. 2912(a); Consolidated Appropriations Act of 2021, Sec. 553).

As provided by the DES LIHWAP Terms and Conditions, *Section 3: Recordkeeping and Auditing*:

3. Vendor shall apply all overpayments to the household's water account. Such credits are not to be paid directly to the household. Should the household close their account, Vendor must refund any credit balance that is the result of a Department payment to the Department within 30 days.

Guidance

Refunds of LIHWAP benefits:

In accordance with implementing LIHWAP statute and the DES LIHWAP Terms and Conditions, a Vendor may not make a payment of DES LIHWAP funds to a client; this includes refund of any LIHWAP benefit payment to a client upon request, account closure, or for any other reason.

Refunds of any excess LIHWAP credits on a household utility account must be returned to ADES.

Funds eligible for refund:

Only LIHWAP benefits paid to a client account by ADES may be refunded to ADES. No other funds on a client account may be refunded to ADES, including, but not limited to: utility deposits, funds paid by another public benefit program, funds paid by a client, utility credits, or other non-LIHWAP payments or credits. In instances where a client utility account contains commingled LIHWAP and non-LIHWAP credits, it is presumed that LIHWAP credits were utilized first for valid, eligible costs.

Transfer of excess LIHWAP benefits:

A vendor may transfer excess LIHWAP credits from an existing household account, when:

1. There are no changes regarding the account-holder(s);
2. The transfer only relates to a change of address;
3. There is no change in utility service provider (the Vendor is the service provider for both the current and new address); and
4. The new address is within the state of Arizona.

If any of the criteria above are not met, any excess LIHWAP credits are not eligible for transfer and must be refunded to ADES.

DES Refund Processing:

Vendors will return any LIHWAP refunds to Department of Economic Security at:

Mail: DES LIHWAP
1789 W Jefferson St
Mail Drop 4271
Phoenix AZ 85007

Refunds must be made via check. Vendors must identify the client and account the refund is related to for processing (full name, account number, and/or service address); alternatively, a direct Vendor contact must be provided who can communicate this information to DES upon request.

Any other DES agencies who may receive a LIHWAP refund, should forward electronic copies of all documents and information received to dcadfbofiscalteam@azdes.gov.

Refunds received by DES will be processed for return to the United States Department of Health and Human Services (HHS) in accordance with applicable LIHWAP law and policy.

For questions regarding the processing of LIHWAP refunds, please contact dcadfbofiscalteam@azdes.gov.