

# LIHEAP *networker*

LIHEAP Clearinghouse  
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## Studies Cite Rising Prices, Inadequate Resources

To protect low-income families from the impacts of the largest one-year jump in home heating prices in three decades, a LIHEAP funding level of \$5.2 billion is necessary, according to a recent study. The 2005 National Energy Policy Act, signed into law on August 8, reauthorizes LIHEAP at \$5.1 annually.

The Administration has proposed FY 2006 funding at \$2 billion and House and Senate appropriators at between \$2 and \$2.3 billion.

While FY 2006 LIHEAP funding hasn't been established, Congressional supporters have sought, and are continuing their efforts, to get funding closer to the \$5 billion amount through varying means: as part of a hurricane relief package, as an amendment to pending departmental appropriations bills, and through the emergency contingency fund vehicle of the LIHEAP statute.

According to a September release from the Energy Information Agency, heating fuel expenditures this winter will increase 69 percent to 77 percent for natural gas users in the Midwest; 17 percent to 18 percent for electricity in the South; 29 percent to 33 percent for heating oil in the Northeast; and 39 percent to 43 percent for propane in the Midwest. The average family using heating oil could spend \$1,666 during the upcoming winter, an increase of \$403 over last winter's prices and \$714 over the 2003-04 winter.

Increasing LIHEAP funding to \$5.2 billion would enable the program to cover

the full increase in recipients' heating costs so they would not be forced to pay more out of pocket for heat this winter, according to the study released October 6 by the Center on Budget and Policy Priorities. As a basis for its calculation, the report assumes an average 47.5 percent increase in heating costs, which the authors acknowledge could be conservative.

*Continued on page 7*

## LIHEAP Under CR

At press time, LIHEAP was operating under a Continuing Resolution providing for the lesser of the House or Senate spending level through November 18, which would be the House version of the FY06 Labor, HHS, Education appropriations bill setting regular grant funding at \$2.006 billion.

On October 27, the Senate passed the FY 2006 Labor-HHS Appropriations bill; it now goes to House-Senate Conference. The bill calls for \$1.883 billion in regular LIHEAP funding and \$300 million in emergency funds. The House bill, passed on June 24, contains \$2.006 billion in regular funds and no emergency funds. The Conference will reconcile the two levels.

The President's 2006 budget proposed \$1.8 billion for the regular LIHEAP and \$200 million for emergency contingency funding.

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## FY 2005 REACH Grants Awarded

The Department of Health and Human Services has announced FY 2005 grants totaling over \$4.5 million under the Residential Energy Assistance Challenge (REACH) Option Program. This is the tenth year REACH awards have been distributed.

Massachusetts, Maine and Rhode Island all received \$1.1 million grants, with \$100,000 of each grant for client energy efficiency education services. All three states last received grants in 2002. This year's grant was Rhode Island's second, while Massachusetts is a third-time recipient and Maine is a fourth-time recipient. State projects are awarded for a three-year period.

The Central Council of Tlingit and Haida from Alaska received \$175,000, including \$25,000 for energy efficiency education, and was the top tribal award winner. Grants of \$150,000 each were awarded to six tribes: Choctaw Nation and

Chickasaw Nation, both of Oklahoma; Montana's Chippewa Cree and Northern Cheyenne Tribes; Sisseton-Wahpeton Oyate Tribe of South Dakota; and the United Tribes of Kansas and SE Nebraska. The Grand Traverse Band of Ottawa & Chippewa Indians in Michigan received \$149,949.

Several of the tribes have received awards in other years. The Grand Traverse Band of Ottawa and Chippewa and the Central Council have both received an award every year but one. The United Tribes has received five previous awards; the Northern Cheyenne four, while the Chickasaw Nation is a first-time recipient. Project periods extend up to 24 months for tribes.

**For more information, visit the LIHEAP Clearinghouse website (<http://www.liheap.ncat.org>) for state and tribal REACH history and project summaries and evaluations, if available.**

## Natural Gas Royalty in Kind Provision Could Ease Low-Income Bills

A provision contained in the National Energy Policy Act of 2005 could result in lower cost natural gas for the low income.

Essentially, it allows natural gas from federal lands to be made available at discounted rates to low-income households instead of being sold and the revenues, or royalties, going to the federal treasury.

According to the bill's conference report, under Section 342 (J) of the Act, "the Secretary of Interior may begin a demonstration program that would provide royalty in kind natural gas to low-income energy consumers at below market cost. In order to do so, the Secretary could enter into agreements with natural gas distribution companies to provide them natural gas at below market value as long as they guarantee

such gas will be delivered to low-income energy consumers. In practice, the transfer would occur through accounting mechanisms, not the actual exchange of natural gas molecules."

A group of energy producers and providers, state officials, and consumer and charitable organizations sent a letter to Interior Secretary Gail Norton on September 21 urging her to move quickly on implementation of the provision.

"While there are many ways in which to implement this program, it is most important to act quickly and to ensure that low-income energy consumers are the beneficiaries of this program," the letter stated.

Among the signers of the letter was the National Fuel Funds Network (NFFN), which has presented

workshops on the topic several times at its national conference. (*LIHEAP Networker*, #39, [www.liheap.ncat.org/newslett/39net.htm#support](http://www.liheap.ncat.org/newslett/39net.htm#support))

NFFN member Jim Jacob, who was part of a working group that promoted this concept for at least four years, said, "We want to see low-income customers benefit from lower commodity prices for gas and this provision allows us to do it."

The royalties in kind concept has been proposed as a part of other energy legislation offered during this period, Jacob said. It allows the federal government to take the royalty revenues it receives on production of gas from federal lands in the form of the gas itself, hence, "royalties in kind," instead of as revenues. Pilot proposals under discussion provide that royalty gas would be sold to utilities who would make it available to low-income customers at a discounted commodity rate.

Jacob and other advocates hope that pilot projects in states where gas utilities support the concept can get underway as soon as possible. He noted that many gas utilities already provide a low-income discount on the distribution portion of the gas bill, thus, their low-income customers would already be qualified for additional discounts on the commodity or supply portion of the bill – the portion that's been escalating rapidly in the last couple years.

The federal government also receives billions of dollars in royalties from coal, oil and minerals taken from public lands and, apart from the energy bill and the above-mentioned pilots, some advocates have suggested that a portion of these revenues be allocated to LIHEAP.

**For more information, find testimony regarding the gas royalties in kind provision: [http://www.ipaa.org/govtrelations/testimony/Harpole\\_2001-06-12.asp](http://www.ipaa.org/govtrelations/testimony/Harpole_2001-06-12.asp) and a recent article in the *Denver Business Journal* at: [http://www.izjournals.com/industries/energy/il\\_gas/2005/08/15/denver\\_story8.html](http://www.izjournals.com/industries/energy/il_gas/2005/08/15/denver_story8.html)**

## States Allocate Supplemental Energy Assistance Resources

In response to projected as well as actual escalations in energy prices, states have found or are seeking supplemental funding for energy assistance either through legislation or regulatory commission orders. In addition to state government funding, utilities have pitched in by expanding fuel funds and other assistance programs, and disconnection/reconnection policies have been relaxed to help protect low-income households from loss of service. Following are state funding additions to date. The LIHEAP Clearinghouse is posting all 2006 new resources on its website at: [www.liheap.ncat.org/news/resources06.htm](http://www.liheap.ncat.org/news/resources06.htm)

### MI awards \$41 million in grants

On October 18, the Public Service Commission awarded seven organizations \$41 million in grants to help low-income utility customers with their bills.

The largest grant, \$26.5 million, went to the LIHEAP grantee, the Michigan Department of Human Services. The Michigan Community Action Agency Association, the Salvation Army and The Heat and Warmth Fund, a statewide fuel fund, each received \$4.5 million. Three other community agencies received grants of under \$500,000.

The grants are from the state's Low-Income and Energy Efficiency Fund (LIEE) established in 2000 as part of restructuring legislation to provide protections for the low income and to promote energy efficiency. Since 2002, the PSC has issued 14 requests for proposals soliciting energy assistance and energy efficiency projects and to date it has awarded about \$180 million for low-income energy projects."

**Details are in this report from the Commission, available at [http://www.michigan.gov/documents/liefund05\\_126506\\_7.pdf](http://www.michigan.gov/documents/liefund05_126506_7.pdf)**

### NM legislature provides \$25.5 m

On October 13, New Mexico Governor Bill Richardson signed into law HB 8, providing \$25.5 million for energy assistance. The Human Services Department, the state's LIHEAP grantee, will receive \$23 million for utility bill assistance and \$2.5 million will go to the Department of Finance and Administration for weatherization programs statewide.

The law also provides for a moratorium on utility disconnections for nonpayment of bills from November 15 through May 15 if the customer qualifies for LIHEAP. A utility must report a customer's need for assistance to the LIHEAP office and that office must take "immediate action to mitigate the problem."

### Ohio releases excess TANF funds

On October 6, Governor Bob Taft released \$75 million dollars in unspent federal TANF funds for energy assistance. The funds will be administered by the LIHEAP grantee, the Ohio Department of Development, using Ohio's existing energy assistance network. TANF-eligible households with incomes up to 200 percent of FPG will receive benefits and the state will raise LIHEAP eligibility to 60 percent of median income (from 150 percent FPG), which is near 200 percent FPG. An estimated 70,000 additional families will be served and benefits will be increased by an average of 10 percent.

### GA PSC taps Universal Service Fund

The Georgia Public Service Commission on October 4 approved a motion to allocate \$6 million from the state's Universal Service Fund for gas customers to the Georgia Department of Human Resources, the LIHEAP grantee, which will use the money to help low-income gas

customers pay bills or deposits.

Since 2000, the PSC has disbursed more than \$21 million from the Fund to help low-income seniors and others pay their natural gas bills.

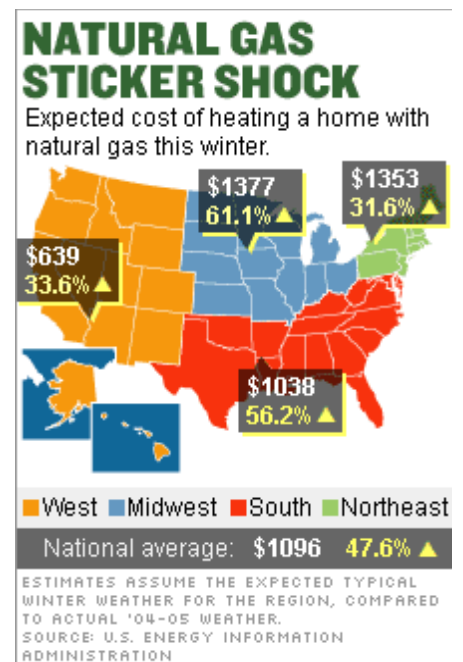
### WI shifts funds to bill payment

Governor Jim Doyle announced September 29 that the state will provide an additional \$16 million for low-income bill payment assistance by shifting money from the state's Public Benefits Fund (PBF) that would have gone for low-income energy efficiency. The PBF includes state funds from assessments on utility ratepayers; for FY 2005 it totaled about \$52 million for low-income bill payment assistance and energy efficiency.

### MT increases low-income discount

On October 25, the Public Service Commission ordered North-Western Energy, the state's largest utility, to shift its universal system benefit (USB) funds to provide low-income households a 30 percent discount on natural gas bills and a 25 percent discount on electric bills from November 1 through April 30.

*Continued on page 4*



The discounts, currently 15 percent for gas and electric, apply to customers who qualify for LIHEAP.

The USB funds are generated from a surcharge on the utility's gas and electric customers' bills. The commission's action resulted in about \$1.8 million in additional USB funds for the discount, an amount that would have gone to renewable and non-low-income conservation programs.

The commission also directed NorthWestern to give \$575,000 of USB funds to Energy Share, a fuel fund that assists those who don't qualify for LIHEAP.

### **NH gas utility discount kicks in**

Effective November 1, about 7,000 low-income gas customers in New Hampshire began receiving a discount on the delivery portion of their gas bills averaging about \$200 per year.

The New Hampshire Public Utilities Commission on September 1 approved an order creating a one-year pilot program for qualifying customers of Keyspan Energy Delivery and Northern Utilities. Customers who qualify for one of 13 means-tested programs, including LIHEAP and the state's Electric Assistance Program, are eligible.

Keyspan estimated its program costs to be about \$1.1 million and Northern estimated its costs at \$267,000. Keyspan expects about 6,000 participants and Northern about 1,000. The majority of the state's low-income, about 66 percent, heat with fuel oil or other delivered fuels and about 20 percent heat with natural gas.

The program had been in the planning stages for over a year, but

## **Milwaukee REACH Features "Energy House" As Energy Education Tool**

**A** REACH project in Milwaukee, Wisconsin, has taken a different approach to energy efficiency education and the project's interim evaluation shows that this approach

all stakeholders urged that it be implemented in time for winter due to gas rate hikes.

### **CA increases eligibility for two programs**

On October 27, the California Public Utilities Commission increased income eligibility for California Alternative Rates for Energy (CARE) and Low-Income Energy Efficiency Program (LIEE) from 175 to 200 percent of federal poverty guidelines.

Enrollment for CARE customers and LIEE participants has been simplified. CARE customers can now enroll by telephone and can't be dropped from the program during the winter for failure to recertify income eligibility.

Utilities are also prohibited from shutting off service during winter months to residential customers who make regular payments of at least 50 percent of their bills. And, the commission directed utilities to waive reconnection and deposit fees for CARE customers this winter.

As of late October, at least a dozen other states were trying to get more funds: IA, PA, MA, RI, VT, NY, IN, MI, OK, SD, VA and WY. Additionally, several states have held or will hold low-income energy summits or will be examining low-income needs as part of energy summits or energy outreach initiatives, e.g., AR, VT, MT, NY, NE, ME, IL, SD, VA. (The last time there was a significant amount of supplemental state funding was in FY 2001-02; details are on the Clearinghouse website at: [www.ncat.org/liheap/news/01newres.htm](http://www.ncat.org/liheap/news/01newres.htm))

is one of the most effective of the entire project.

In 2003, the Wisconsin Department of Administration, the LIHEAP grantee, and the Social Development

Commission of Milwaukee (SDC-Milwaukee) won a \$445,486 REACH grant to provide holistic services that promote individual and family energy self-sufficiency to participants.

Along with extensive case management services, referrals to weatherization, home rehabilitation and other services, and financial counseling, the project provides energy efficiency education through the "Energy House," a model home featuring energy- and water-saving technologies.

Located in the lobby of the SDC, where many Milwaukee residents apply for LIHEAP, the Energy House has reached more household than any other component of the project. REACH staff conduct house tours in both English and Spanish demonstrating the benefits of energy- and water-saving devices such as compact fluorescent light bulbs, programmable thermostats, faucet aerators, and weatherstripping, along with ENERGY STAR® appliances (washer, refrigerator, television and water heater), and a new energy efficient furnace. Located near many demonstrated units is a poster that details how much energy can be saved using the device or appliance.

The rooms through which clients tour include a hallway, kitchen and laundry facilities, bathroom, child's bedroom, the basement, attic and roof areas, which show the water heater, furnace and attic and roof insulation; and the "window and door" room, where staff demonstrate energy-efficient windows, along with the use of weatherstripping, plastic and caulking to block drafts through doors and windows.

Recognizing that most clients can't afford many of the items demonstrated, the project presents low-cost energy and water-saving alternatives where available. For example, while a low-flow toilet is shown and compared with a standard toilet, a low-cost "toilet tank bank" device is also shown. At a cost of less than

\$10, the “bank” inflates and fits in the toilet tank, decreasing water use.

The evaluation notes that about 1,800 persons had toured the Energy House, feedback was positive and surveys showed that not only are participants learning in the Energy House, but many are also applying what they learn.

“While reading pamphlets and

## Oregon HEAT’s Energy Smart: A Holistic Approach to Self-Sufficiency

**A** new pilot project in Oregon is helping low-income families pay their energy bills, reduce their energy burden, meet non-energy needs and become more self-sufficient. Energy Smart, the nearly \$1 million, three-year pilot was launched by Oregon HEAT, in the fall of 2004.

Oregon HEAT is a non-profit fuel fund that raises money for energy assistance through donations from the general public as well as cash and in-kind support from utility partners. The Meyer Memorial Trust awarded Oregon HEAT a \$250,000 matching grant in support of Energy Smart.

Quantec, LLC, the other key partner in the program, is one of the nation’s leaders in energy assistance evaluation and has developed measures to quantify the cost-effectiveness of the program.

According to Joe Berney, Energy Smart director and project director for Quantec, community action agencies have always thought the best way to help a family is through intensive case management and the opportunity to provide services such as education, employment, food and medical assistance, childcare, transportation or anything it takes to help the family become self-sufficient.

This holistic approach to helping people out of poverty is not a new concept and data from other programs were used to develop a program for Oregon. Energy Smart

being told how to save energy may be useful, actually seeing how easy it is to conserve through demonstrations is far more powerful,” the evaluation states.

The interim evaluation is available at <http://www.liheap.ncat.org/reach/WIreach.pdf>; Appendix D contains the visual tour of the house.

goes one step further by including rigorous data collection and evaluation that is intended to demonstrate that investing in services that help stabilize a household will reduce costs to utilities by avoiding late payments, arrearages and collections.

Referrals for participants in Energy Smart come from other programs such as weatherization, LI-HEAP or Head Start. Fifty families in Marion and Polk counties are participating in the first year of the program, another 70 families are expected to participate by the end of the second year.

Annette Jensen, Resource Development Consultant at Mid-Willamette Valley Community Action Agency, works with the families in the program and sees it as a three-fold approach to moving toward self-sufficiency – examining income versus expenditures and the potential to increase income, budgeting and energy efficiency measures to reduce energy burden.

Families participate in the program for 12 months, beginning with an in-home interview during which every family member participates. The interviewer makes an assessment of non-energy needs in 13 areas including adult education, employment, housing, food, childcare, utilities, transportation, health, addiction and others. The case manager and household members rate each category on a scale from 1 (crisis) to 10 (thriving).

From that assessment, a plan or road map, according to Jensen, is developed for the family to address its needs and to develop short- and long-term goals. The family is then connected with resources to help it achieve its goals. Jensen visits with the family every month to evaluate progress toward goals and to make a to-do list for the next 30 days, which helps keep the family on track, she said, and holds it accountable for resolving issues or reaching goals.

Households that are having difficulty paying utility bills are put on payment plans and, if needed, receive an energy audit and weatherization measures. All family members receive energy conservation education through the Oregon REACH program.

After being in the program for a few months and immediate needs have been addressed, the family keeps all household receipts for a month and works on a budget with the case manager.

A key piece to making the program work is flex funds, Jensen said, explaining that each family receives an average of \$1,200 to use for resources ranging from utility bills and rent to medical needs, education or car repairs. The case manager and the family determine how the flex funds are used. Jensen said that help with car repairs, medical expenses and utility bills are the biggest needs for families.

At four-month intervals during the year, each household is accessed again using the ten-point scale to evaluate their progress towards reaching goals and, if needed, to make adjustments in the family’s plan. Data is put into one database that is accessible at any time to monitor a household’s progress.

Each family is a unique story, Jensen said, for example some have fallen behind on bills because of illness that prevented fulltime employment, while some have high utility bills or medical bills that keep them

*(Continued on page 6)*

in a low-income bracket. The non-energy resources they receive are unique as well; they may get help setting up their own business or learn how to buy and prepare healthy lower-cost meals. One family member was able to acquire a service dog that freed time for another family member to have fulltime employment.

Jensen has found that participating families often want to give back to the community and to help other families in the program.

An essential element of Energy Smart is to demonstrate the cost-effectiveness of the program. Using

## Hurricanes Impact CAAs in Region; Help Comes from Around Nation

Throughout the region that has been hardest hit by hurricanes, community action agencies (CAAs) have been on the front lines of relief, according to articles in the publication *Economic Opportunity Report (EOR)*.

Katrina directly affected more than two dozen community action agencies, the publication said, and agencies in the five impacted states – Florida, Louisiana, Mississippi, Texas and Alabama – had to deal with the problems of their own residents, some of whom were employees, and those of evacuees.

Katrina destroyed a 12-story CAA building in Jefferson Parish and the main New Orleans CAA building was so badly damaged the office had to relocate to Baton Rouge, according to Jane Killen, executive director of the Louisiana Association of Community Action Partnerships, (LACAP). LACAP worked with local churches to provide housing and established a CAP Disaster Relief account to help evacuees with money for medication, gas and down payments.

Additionally, agencies from across the country responded with help to those agencies in highly impacted areas. Killen said her agency

data from the utilities, Quantec has developed measures to quantify household energy savings, decreases in arrears and reconnect fees and changes in payment patterns. These quantitative measures will provide Energy Smart site managers with real-time data that can be used to make decisions, enabling continuous improvement in the program. And, at any time, the utility providing services to an Energy Smart household can see direct savings from every dollar spent on this program.

**For more information about Energy Smart, contact Joe Berney at (541) 484-2992.**

was able to provide direct relief to an estimated 500 people, thanks to \$75,000 and truckloads of goods from CAAs throughout the nation.

Nationally, the Community Action Partnership National Office is coordinating an effort to provide ongoing relief to hurricane victims throughout the region.

“State Community Action Agency Associations and CAAs in the affected region face long months and years of recovery, relocation, and rebuilding,” the Partnership’s website states. “Millions upon millions of lives have been affected and forever changed by these disasters. As community-based organizations, CAAs in the affected areas have suffered the same devastation as the rest of their communities, with facilities damaged or destroyed, employees and operations uprooted, and programs that must be rebuilt.”

Katrina forced the cancellation of the Partnership’s 2005 Annual Convention slated for the New Orleans Marriott August 30–September 2. The organization then announced tentative plans to hold the convention there in January 2006, but has since announced it is unable to reschedule that event in New Orleans in the foreseeable future, nor could it

reschedule the 2005 convention elsewhere.

**For more information, visit the Operation: Unity Relief webpage, [http://www.communityactionpartnership.com/about/about\\_partnership/Unity\\_Relief.asp](http://www.communityactionpartnership.com/about/about_partnership/Unity_Relief.asp)**

## LOW-INCOME ENERGY RESOURCES

*Report on 2004 Universal Service Programs and Collection Performance of the Pennsylvania Electric Distribution and Natural Gas Distribution Companies*, Pennsylvania Public Utilities Commission, October 2004. Latest annual summary on the universal service and collection performance of the major electric and natural gas distribution companies. Details their universal service programs types, which include customer bill assistance plans (called CAPs or customer assistance plans) usage reduction/energy conservation, arrears forgiveness, and utility hardship or fuel funds, including participation rates, spending levels, program costs, and source of income for participants. Breaks down spending by program component, i.e., administrative costs, customer credits and arrears forgiveness. The report also details utility hardship funds, listing ratepayer and utility shareholder contributions, number of households served, and average grants received. The report is available at [http://www.puc.state.pa.us/general/publications\\_reports/pdf/EDC\\_NGDC\\_UniServ\\_Rpt2004.pdf](http://www.puc.state.pa.us/general/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2004.pdf)

**“Report on the Low-Income and Energy Efficiency Fund,”** Michigan Public Service Commission, June 2005. Summarizes the history of the LIEE fund in Michigan and details expenditures, the majority of which have been for energy assistance and energy efficiency, since the fund’s creation in 2002. The report is available at [http://www.michigan.gov/documents/liefund05\\_126506\\_7.pdf](http://www.michigan.gov/documents/liefund05_126506_7.pdf)

**“The Growing Need to Help Low-Income Energy Consumers: Government, Charitable and Utility Programs,”** American Gas Association, September 2005. Documents the need for LIHEAP against the backdrop of more eligible households, less federal aid and a growing amount of non-federal resources. The report is available on the AGA website, <http://www.aga.org/>

**Meeting Essential Needs: The Results of a National Search for Exemplary Utility-Funded Low-Income Energy Efficiency Programs,** American Council for an Energy Efficient Economy, September 2005. Profiles 24 low-income energy efficiency programs selected from around the country for their “best practices,” which include positive energy and cost savings impacts; replicability; and qualitative factors, such as innovation, participant satisfaction, unique services, and stakeholder support. Presents summary observations and discusses common traits of top programs, and provides a catalog with descriptive profiles. <http://aceee.org/pubs/U053.htm>

**2005 National Energy Assistance Survey Report,** National Energy Assistance Directors’ Association (NEADA), September 2005. The second annual survey of how low-income families are coping with rising energy costs. Among the study’s findings: 32 percent of families in the survey sacrificed medical care, 24 percent failed to make a rent or mortgage payment, 20 percent went without food for at least a day, and 44 percent said that they skipped paying or paid less than their home energy bill in the past year. Updates the information provided by same recipients during a similar survey conducted by NEADA in 2003. The report is available on NEADA’s website at [http://www.neada.org/comm/surveys/NEADA\\_2005\\_National\\_Energy\\_Assistance\\_Survey.pdf](http://www.neada.org/comm/surveys/NEADA_2005_National_Energy_Assistance_Survey.pdf)

## **Studies** *(Continued from page 1)*

According to the study’s calculations, a LIHEAP budget increase of \$3.17 billion will be needed to match the 47.5 percent increase in heating costs, a corresponding increase in LIHEAP households’ out-of-pocket expenses (in effect, holding the households harmless for heating price increases), and an expected 5 percent increase in participant households. (The number of LIHEAP recipients has increased by an average of six percent per year from 2002 through 2005.)

The report also notes that even at funding of \$5.2 billion, LIHEAP would be able to serve only about one-seventh of the roughly 35 million eligible households.

### **Affordability gap widens**

According to another study, projected price increases for heating fuels will drive the average Home Energy Affordability Gap for individual low-income households above \$1,000 for the first time. These numbers are found in a special supplement to the annual “Home Energy Affordability Gap,” published by Fisher, Sheehan & Colton, a Boston-based consulting firm.

The firm usually publishes the analyses each April, but the special supplement was released in October to track the impacts of escalating fuel prices. According to Roger Colton, author of the study, the \$1,032 average gap per low-income household in 2006 represents a nearly 50 percent increase over the 2004 average gap of \$707 for each low-income household nationwide.

Additionally, Colton said, the proportion of the energy affordability gap covered by LIHEAP will fall by nearly 40 percent. While the 2004 LIHEAP coverage ratio was 18.6 percent, Colton said, the LIHEAP coverage ratio projected for 2006 is only 11.7 percent. As a result, nearly 90 percent of the unaffordable portion of the annual heating/cooling bill has no resources to

help pay it. For low-income households, Colton said, that means increasing utility arrears and higher rates of utility disconnections.

More information can be found on the firm’s website at: <http://www.fsconline.com/>

### **“Humane” disconnect policies urged**

In recognition of the potential for increased disconnections, several national consumer groups have asked utility companies to offer more generous payment terms to low- and moderate-income customers.

The AARP, the National Community Action Foundation (NCAF), National Consumer Law Center, Consumer Federation of America, and Consumers Union, have written letters to the trade associations of the investor-owned natural gas and electric utilities asking them to develop and promulgate policies that are both “financially realistic and humane.”

The letter recommended that utilities reconnect service to low-income customers who were disconnected as a result of Hurricanes Katrina and Rita or because they cannot afford recent energy cost hikes. “After record high energy prices last year, many low- and moderate-income consumers are carrying balances on their utility bills that threaten to swell out of control as prices climb still more steeply,” said NCAF Executive Director David Bradley. “Some very low-income families in almost every state are already without lights and refrigeration or without gas service,” he added.

The organizations asked the industry groups to recommend their member companies make extraordinary efforts to help their least fortunate customers cope. Customary industry rules for re-payment of debt and “levelized” or “budget” billing will be beyond the means of about 20 percent of their consumers, the groups said.

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The groups cited Entergy Corporation, which serves New Orleans, other parts of Louisiana, as well as parts of Texas, Arkansas and Mississippi, as having model practices. Entergy Corporation is waiving deposits and fees for customers dislocated by the hurricanes and relocating to other places within its territory. It has suspended disconnections and is working out payment plans with customers who have high past due balances.

**For more information, see the NCAF webpage, [www.ncaf.org](http://www.ncaf.org).**

## LOW-INCOME ENERGY CALENDAR

**February 14-15, 2006:** National Energy Assistance Directors' Association (NEADA) winter meeting, Washington, D.C.

**June 11-12, 2006:** National Fuel Funds Network (NFFN) 22nd annual conference, Omni Shoreham Hotel, Washington D.C.

**June 11-12, 2006:** National Energy Assistance Directors' Association (NEADA) meeting, Omni Shoreham Hotel, Washington D.C.

**June 12-15, 2006:** National Low Income Energy Consortium (NLIEC) 20th annual conference, Omni Shoreham Hotel, Washington, D.C.

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### **About the Clearinghouse**

The Clearinghouse is funded by a contract from the Department of Health and Human Services (HHS), Division of Energy Assistance. The Clearinghouse's purpose is to collect, develop, organize and disseminate information relevant to the LIHEAP program to providers of LIHEAP services and other interested parties.

The Clearinghouse is operated by the National Center for Appropriate Technology, a nonprofit organization established in 1976 to provide technical solutions to the problems of low-income Americans in the areas of energy, housing, environment and sustainable agriculture.

Clearinghouse staff members are: Kay Joslin, Project Director and Newsletter Editor; and Sherry Vogel, Program Specialist. If you have submissions, comments or questions please call or write: LIHEAP Clearinghouse, NCAT, P.O. Box 3838, Butte, MT 59702; (406) 494-8662. The Clearinghouse may also be accessed at its Internet Web site: <http://www.liheap.ncat.org/>



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