

**INTEGRATING**

**GOVERNMENT-FUNDED AND RATEPAYER-FUNDED**

**LOW-INCOME ENERGY ASSISTANCE PROGRAMS**

A Workbook Provided By:

LIHEAP Committee on Managing for Results  
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Administration for Children and Families  
Office of Community Services, Division of Energy Assistance  
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The U.S. Department of Health and Human Services' Administration for Children and Families (ACF) established the LIHEAP Committee on Managing for Results in October 1997 as a joint partnership between the states, local agencies, other program stakeholders and ACF. The Committee's task is to collaborate with ACF on developing recommendations on cost-effective performance goals and measures for LIHEAP that will meet the requirements of the Government Performance and Results Act (GPRA) of 1993. In addition, the Committee's task is to enhance management practices through the approach known as "Managing for Results." ACF has awarded NEADA small purchase orders to support the work of the Committee.

Additional copies of this publication may be obtained by contacting the LIHEAP Clearinghouse at the following address:

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## TABLE OF ACRONYMS

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<b>ACF</b>	Administration on Children and Families, U.S. Department of Health and Human Services
<b>BLS</b>	Bureau of Labor Statistics
<b>CAA</b>	Community Action Agency
<b>CCF</b>	Hundred cubic feet (therm)
<b>CDDs</b>	Cooling Degree Days
<b>CEAF</b>	Colorado Energy Assistance Foundation
<b>CPS</b>	Current Population Survey
<b>CSBG</b>	Community Services Block Grant
<b>DOE</b>	U.S. Department of Energy
<b>EIA</b>	Energy Information Administration
<b>FERC</b>	Federal Energy Regulatory Commission
<b>GPRA</b>	Government Performance and Results Act of 1993
<b>HDDs</b>	Heating Degree Days

<b>kWh</b>	Kilowatt hours
<b>LIHEAP</b>	Low-Income Home Energy Assistance Program
<b>LIURP</b>	Low-Income Usage Reduction Program (PA)
<b>LPG</b>	Liquefied Petroleum Gas
<b>MCF</b>	Thousand cubic feet
<b>NARUC</b>	National Association of Regulatory Utility Commissioners
<b>NASEO</b>	National Association of State Energy Officials
<b>NCAT</b>	National Center for Appropriate Technology
<b>OPIS</b>	Oil Price Information System
<b>PADD</b>	Petroleum Administrative for Defense District
<b>PSC</b>	Public Service Commission
<b>PUC</b>	Public Utility Commission
<b>PUMA</b>	Public Use Microdata Area
<b>REC</b>	Rural Electric Cooperative
<b>RECS</b>	Residential Energy Consumption Survey
<b>TANF</b>	Temporary Assistance for Needy Families
<b>SBC</b>	System Benefits Charge
<b>SSI</b>	Supplemental Security Income
<b>WWW</b>	World Wide Web



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# INTRODUCTION

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## AUDIENCE AND PURPOSE

This workbook will help program managers facilitate the integration of government-funded fuel assistance programs (such as the federal Low-Income Home Energy Assistance Program and state funded LIHEAP supplements) with ratepayer-funded energy assistance programs (such as those funded through state system benefits charges). The intended primary audience for this workbook includes state LIHEAP administrators and other persons involved with administering state low-income energy assistance programs.

The wide array of federal, state and private programs designed to reduce low-income home energy burdens and to improve low-income home energy affordability --through a combination of cash assistance, rate discounts, and energy efficiency measures-- presents an ideal opportunity to fulfill the mandate of the Government Performance and Results Act of 1993 (GPRA) that related programs be integrated to achieve their maximum effectiveness.

Having federal agencies coordinate efforts with related strategic or performance goals is a specific purpose behind the federal Government Performance and Results Act (GPRA) of 1993. GPRA encourages the identification of, and coordination among, "cross-cutting programs." The U.S. General Accounting Office has said that:

A focus on results, as envisioned by the Results Act, implies that federal programs contributing to the same or similar results should be closely coordinated to ensure that goals are consistent and that, where appropriate, program efforts are mutually reinforcing. This suggests that federal agencies should look beyond their organizational boundaries and coordinate with other agencies to ensure that their efforts are aligned.

In this sense, the materials that follow are not for everyone. They are presented with a view toward helping those managers who are now faced with issues involving the integration of government-funded and ratepayer-funded programs. The materials are not intended to be a primer on natural gas and/or electric restructuring. Nor will the materials assess the impact of moving to retail competition on low-income consumers. The material assumes that sufficient progress has been made toward establishing ratepayer-funded programs that the question is not *whether* to do it, but *how* to do it.

While related, the purposes of publicly-funded and ratepayer-funded programs are not identical. As a result, program managers need tools that will allow them to fulfill the vision of integration. The purpose is not simply to comply with statutory mandates, but to engage in an active planning and management tool.

In furtherance of the objective of providing tools to assist a determination of whether integration is appropriate, and to help ease that integration when found to be so, this workbook is presents in two sections. The first section examines the most asked policy questions regarding integration. The second section examines the most requested pieces of information.

#### **MOST ASKED POLICY QUESTIONS**

Experience with the creation of ratepayer-funded programs in the various states has revealed that certain questions arise in each state that are common to each program. Rather than having program managers grapple with such questions as though they had never been raised or addressed before, this section will, for each question, provide background on the policy and program implications presented.

Again, the discussion that follows is not intended to be an introduction to either electric or natural gas restructuring. It is instead intended to help identify questions that specifically relate to linking existing LIHEAP programs with new ratepayer-funded programs.

This workbook does not address the integration of the federal Weatherization Assistance Program (WAP) with ratepayer-funded weatherization programs. WAP presents its own issues of integration. In the interests of simplicity, this workbook is limited to issues involving the integration of fuel assistance programs.



Ratepayer funding generally arises from what is called a “system benefits charge.” A system benefits charge is a nonbypassable surcharge on the bills of regulated utilities. Such a charge is generally, though by no means necessarily, associated with the move of a state to retail choice (sometimes also called “direct access” or electric and/or natural gas “restructuring”).

A system benefits charge is not necessarily designed exclusively to provide low-income rate affordability assistance. Instead, some states have designed these charges to fund a range of public benefits that are placed at risk in a more competitive industry. These benefits include, but are not limited to, assistance for low-income consumers, renewable energy, research and development, energy efficiency, and the like.

In reviewing this section, readers should be aware of the differences in how certain terms and phrases are used. Most importantly, references to “home energy” throughout this section are intended to refer to a low-income household’s total residential bill (including heating, cooling and appliance usage). Home energy is not limited exclusively to heating and cooling as defined for LIHEAP purposes in the LIHEAP statute.

#### **MOST REQUESTED PIECES OF INFORMATION**

This section of the workbook is designed to help LIHEAP program administrators identify what information is most helpful in the process of linking LIHEAP programs with ratepayer-funded low-income energy assistance programs. In particular, the sources presented allow access to information regarding:

- Residential energy consumption
- Residential energy expenditures
- Income and other demographic information
- Utility expenses and revenues
- Utility rates and customer service fees
- Utility payment troubles, including shutoffs, arrearages, and the like
- Utility collection practices

On-line sources for obtaining that information are noted in particular. Explanatory comments and notes are provided when useful to helping program administrators obtain the necessary information.

When looking for information on low-income consumers and utility restructuring generally, the LIHEAP Clearinghouse is the best source. The LIHEAP Clearinghouse Restructuring Toolkit can be accessed on-line at [www.ncat.org/liheap/toolkit/peer.htm](http://www.ncat.org/liheap/toolkit/peer.htm).

In addition, the federal LIHEAP office annually publishes the LIHEAP Home Energy Notebook. This notebook includes state-specific information on the number of households eligible for LIHEAP as well as the number of LIHEAP recipients. The notebook further includes regional information on home heating and cooling usage, expenditures, and energy burdens. This information is presented for all residential customers, for low-income households, and for LIHEAP recipients. Copies of the LIHEAP Home Energy Notebook can be obtained by writing [llitow@acf.dhhs.gov](mailto:llitow@acf.dhhs.gov).

#### **INTENDED UPDATES**

The underlying questions for both sections of this workbook were developed through a series of workshops involving state program administrators and other persons involved with the administration of state low-income energy assistance programs. Questions and issues facing state administrators, however, will likely change and expand over time.

Accordingly, this workbook may be revised and updated over time to respond to the changing needs of program managers and to communicate the lessons that are learned over time. Each state that has been through the process of creating ratepayer-funded programs has presented a unique situation. Distilling and communicating those past lessons, as well as identifying and future lessons as they arise, will allow others to learn from this growing body of experience as it occurs.

Persons interested in having certain policy questions and/or pieces of information addressed in this workbook are encouraged to submit their requests to the LIHEAP Clearinghouse. Requests may be submitted to [kayj@ncat.org](mailto:kayj@ncat.org).

#### **AN AFTERWORD:**

World Wide Web links present an ever-changing world. The Web links presented above were all current as of February 1, 2002.

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## MOST ASKED POLICY QUESTIONS

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- Question No. 1.** What is a system benefits charge program?
- Question No. 2.** Is a move to retail competition in the electric and/or natural gas industry a necessary prerequisite to the creation of a public benefits charge for low-income rate affordability programs?
- Question No. 3.** If there is a fixed stream of dollars for ratepayer-funded programs, how do I decide how to divide those funds between bill assistance and low-income energy efficiency programs?
- Question No. 4.** What are the limits and the benefits of delivering a ratepayer-funded program through the existing networks of local organizations delivering LIHEAP and other services?
- Question No. 5.** Is it appropriate for me to combine LIHEAP with new ratepayer-provided funding generated through a natural gas and/or electric system benefits charge?
- Question No. 6.** What program goals and objectives will I need to revisit in order to integrate the state LIHEAP program with new programs funded through a system benefits charge?

- Question No. 7.** What unique contributions can the state LIHEAP office offer to the implementation of a program funded through a natural gas and/or electric system benefits charge?
- Question No. 8.** How do I assess whether my state should integrate the state LIHEAP program with ratepayer-funded low-income energy affordability programs?
- Question No. 9.** Does the state LIHEAP office lose control of the LIHEAP program if it is integrated with a program funded through a system benefits charge?
- Question No. 10.** What types of activities can I engage in to promote integration if I do not believe that I am bargaining from a position of strength in my state?
- Question No. 11.** What funding may I permissibly use to pay for participation in the process of determining whether, and if so how, the integration of LIHEAP and ratepayer-funded programs might occur?
- Question No. 12.** What materials and information should we present to utilities, legislators and regulators in support of an integrated program?

**Question No. 1**

What is a system benefits charge program?

One condition that many states are placing on restructuring the natural gas and/or electric industry today involves the imposition of a system benefits charge. These charges are often called by different names. They might be referred to as distribution fees or universal service fund charges. They might be referred to as public benefits charges, public purpose charges, or system benefits charges. At their core, each of these fees are the same.

A system benefits charge may be distinguished by the manner in which it is collected. Three fundamentally different ways exist to impose a system benefits charge:

- Some states impose what is referred to as a **volumetric charge**. A volumetric charge may be a charge per kilowatt-hour (kWh) or therm. Imposing a charge of one mil (one tenth of one cent) per kWh, for example, is a volumetric charge. New Hampshire's decision to impose a fee of 1.25 mils per kWh in support of its low-income energy assistance program is a volumetric charge.
- Some states impose what is referred to as a **revenue-based charge**. This approach imposes a charge as a percentage of total revenues. Pennsylvania's decision to generate funding for its Low-Income Usage Reduction Program (LIURP) through a charge of 0.2% (two-tenths of one percent) of total gross revenue is a revenue-based approach.
- Some states impose what is referred to as a **meters charge**. A meters charge involves a flat fee per account per month in support of system benefits programs. The fees will differ based on customer class. Under such an approach, residential customers might pay \$0.80 per month while industrial customers might pay \$300 per month. A meters charge caps the financial exposure of large users. The large residential user will pay no more and no less for system benefits charge programs than the small residential user. The same is true for large and small industrial users.

Irrespective of their name, and irrespective of their form, to the extent that ratepayer charges generate dollars for low-income affordability assistance --this might include rate discounts, energy efficiency, crisis assistance, arrearage forgiveness, aggregation assistance, and the like-- for purposes of this workbook, the programs funded through such dollars will fall within the rubric of ratepayer-funded system benefits charge programs.

### Question No. 2

Is a move to retail competition in the electric and/or natural gas industry a necessary prerequisite to the creation of a public benefits charge for low-income rate affordability programs?

While many states implement a system benefits charge program at the same time the state decides to introduce retail competition into its natural gas and/or electric industries, this move to retail competition is *not* a necessary prerequisite to the creation of a system benefits charge for low-income rate affordability and/or energy efficiency programs.

As used in this sentence, the term “retail competition” means requiring residential customers to choose their electricity and/or natural gas supplier, much as they choose their long-distance telephone carrier today, or face assignment to a default supplier.

Historically, more than a dozen states ordered their utilities to fund large-scale weatherization and/or price reduction programs and include it in their rates even before and without the move to retail choice. For years, states such as Arizona, California, Connecticut, Maine, Massachusetts, Montana, New York, Ohio, Pennsylvania and Wisconsin provided various types of affordability assistance. Other states (for example, Maryland, New Jersey and Oregon) are now *also* choosing to implement a system benefits charge to support rate affordability assistance programs.

#### **WISCONSIN**

Wisconsin is perhaps the best example of a state that has implemented a public benefits charge without also adopting retail choice for natural gas and/or electric customers. Based on 1999 legislation --the legislation was popularly known as Reliability 2000-- Wisconsin’s major natural gas and electric utilities collect funds for public benefits programs. These programs include both bill assistance and weatherization.

In addition to participation by the state’s investor-owned utilities, the Wisconsin statute requires the state’s rural electric cooperatives (RECs) and municipal electric utilities to collect a public benefits charge as well. Half of that money is earmarked for low-income programs. The RECs and municipal utilities are given the option of either creating their own programs or paying the money into the state public benefits fund.

Low-income funding through the Wisconsin public benefits charge is determined under regulations adopted by the state administrator. The determination involves a number of calculations. The formula is designed to ensure that the total level of funding for low-income assistance programs, from all sources, is the same proportion of a given year’s

low-income need as is provided in the base funding of the program; the fees are set to raise the portion of this funding that is not provided from other sources.

The “low-income need” is the amount by which the annual energy bills of all low-income households in the state exceed 2.2% of the annual incomes of those households. This is a measure of the amount of those energy bills that are unaffordable to those households and so is a measure of the need for program funding. (Wisconsin Statutes §16.957(1)(n)).

Under the Wisconsin statute, the public benefits fund is generated through three sources. First, the current year’s federal appropriation for LIHEAP and Weatherization Assistance Program (WAP) is devoted to the fund. Second, those dollars, which the Wisconsin utilities spent on low-income assistance prior to enactment of the fund, are devoted to the fund. The value of that contribution was determined by the state Public Service Commission. Third, the difference between the low-income “need” and the dollars generated through the first two sources is collected through what is called a “non-taxable customer charge” placed on natural gas and electric bills.

A copy of the legislation, along with subsequent documents implementing the program, can be obtained at the following Web site of the Joint Legislative Council of the Wisconsin legislature:

[www.legis.state.wi.us/lc/reports\\_by\\_topic.htm](http://www.legis.state.wi.us/lc/reports_by_topic.htm)  
(click on the button for “Utilities, Energy and Telecommunications”).

## **OREGON**

The State of Oregon legislatively established a Public Purpose Charge to fund both low-income weatherization and low-income fuel assistance. The 1999 legislation, while authorizing retail choice (known as direct access) for industrial and commercial customers, does not provide retail choice for residential customers.

The Oregon Public Purpose Charge consists of a meters charge on customers of the state’s two investor-owned utilities. Beginning October 2001, the meters charge is designed to generate \$7.8 million for low-income weatherization programs. In addition, the public purpose charge is designed to restore the state’s low-income energy assistance funding to the same level it reached at the peak of LIHEAP funding in 1985 (about \$20 million). To reach that level, the Oregon charge will generate \$10 million a year in additional energy assistance funding.

Under the Oregon statute, the public purpose funds are to be devoted exclusively to low-income electric bills. All funds are to be used in the electric service territory of the company providing the funds. By statute, the program targets customers who are in danger of having their service disconnected for nonpayment. The statute further provides that the energy assistance is to be provided through programs “that effectively reduce service disconnections and related costs to retail electricity consumers and electric utilities.”

Eligibility guidelines for the electric program is set at 60% of median income (the same as for LIHEAP).

A copy of the legislation can be obtained at the following Web site:

[www.leg.state.or.us/99reg/measures/sb1100.dir/sb1149.en.html](http://www.leg.state.or.us/99reg/measures/sb1100.dir/sb1149.en.html)

## **COLORADO**

While Colorado has not established a statewide system benefits charge, it has created a meaningful stream of revenue for low-income fuel assistance and energy efficiency through three different approaches.

1. **Placing conditions on obtaining favorable regulatory treatment:** The Colorado Energy Assistance Foundation (CEAF) was an active intervenor in the proceedings before the Colorado Public Utility Commission (PUC) to consider the proposed merger of Public Service Company of Colorado (PSCO) with Southwest Natural Gas Company in 1998 as well as the proposed merger of PSCO with Northern States Power Company in 2000. In each proceeding, CEAF reached settlements with the Company to provide long-term rate affordability and energy efficiency assistance to low-income households.
2. **Being compensated for service failures:** An additional part of the settlement with PSCO in the merger proceeding was an agreement that substantial funding would be provided to low-income fuel assistance should PSCO fail to comply with the quality of service conditions imposed on the company. In 2000, CEAF and PSCO agreed on, and the state PUC approved, a mechanism that would earmark eight percent of any financial penalty paid by PSCO attributable to a failure to meet quality of service criteria for low-income fuel assistance. According to Karen Brown, Executive Director of CEAF, the policy behind the agreement was that deterioration in quality of service tends to adversely affect low-income



customers more than it does other residential customers. In June 2001, CEAF received an initial payment of \$844,000 as a result of quality of service penalties paid by PSCO.

3. **Identifying and capturing existing pots of funding:** A third source of ongoing revenue captured by CEAF flows from the Colorado state statute which provides that unpaid utility refunds should be paid to CEAF rather than allowing those refunds to escheat to the state. In most states, when customers who are entitled to utility rate refunds cannot be found, the dollars that would otherwise have been paid out are required to be flowed back into the state's general fund.

In addition, in recent years, utilities have increasingly provided rate refunds as bill credits to customers, irrespective of whether the customer receiving the credit paid any part of the bill subject to refund with which to begin. As a result of this practice, no dollars remain unrefunded and the escheat statute is rendered inoperative. As a result, CEAF has convinced Colorado regulators that portions of all refunds should be earmarked for low-income fuel assistance *before* they are passed through as bill credits. This earmarking is necessary in order to give effect to the escheat statute. Beginning in 2001, CEAF has begun collecting 25% of all rate refunds in Colorado to fund low-income fuel assistance.

Information on the merger settlements, as well as the settlements regarding the capture of rate refunds, can be obtained by contacting Karen Brown, Executive Director, Colorado Energy Assistance Foundation (CEAF) in Denver at the following e-mail address: [kbrown@ceaf.org](mailto:kbrown@ceaf.org).

### Question No. 3

If there is a fixed stream of dollars for ratepayer-funded programs, how do I decide how to divide those funds between bill assistance and low-income energy efficiency programs?

The division of funds between bill assistance (such as discounts or cash assistance) and low-income energy efficiency programs poses one of the most difficult issues for program administrators to address. The basic question presents itself as this: assuming that you generate (for example) \$10 million through a public benefits charge, how much should go to energy efficiency and how much should go for bill assistance? Should there be \$8 million for bill assistance and \$2 million for efficiency? Or should it be \$5 million for bill assistance and \$5 million for efficiency?

The *policy* argument presented by the choice on whether to use system benefits charge funds for energy efficiency or fuel assistance involves making difficult decisions on two issues:

- (1) Do you want to use your funding for permanent long-term reductions in energy burden or for resolution of the immediate needs created by unaffordable home energy burdens? and
- (2) Do you want to serve fewer households with greater funding provided through energy efficiency investments or do you want to serve a larger number of low-income households?

These issues must be directly confronted. On the one hand, given the large numbers of low-income consumers with energy burdens exceeding 20%, the need for bill assistance to bring energy burdens down to affordable levels will often overwhelm the budget, leaving nothing left for longer-term energy efficiency. On the other hand, the necessary expenditures for energy efficiency improvements would allow treatment of only one household for each eight or ten (or more) households that could be served with bill assistance. The issue on how to appropriately divide the fund arises when there are insufficient resources to provide both types of service.

As a general rule, the need for efficiency services cannot be the exclusive basis for decisionmaking. Given the number of low-income households and the nature and age of the housing units occupied by those low-income households, the need for efficiency services can be expected to outstrip any reasonable level of energy efficiency funding. This is true even if the treatment of low-income housing units is spread over an extended period of time (such as 10 or 15 years).

Several approaches exist, none of which directly measure the relative benefits of providing energy efficiency against providing cash assistance. In no order of priority:

- The first (and most common) approach commits to generating a certain level of energy efficiency revenue on a per unit of energy basis. Pennsylvania, for example, funds its Low-Income Usage Reduction Program (LIURP) through a system benefits charge of 0.2% of revenue (two-tenths of one percent). No historical record exists of the rationale behind the particular level (rather than 0.25% or 0.3%). Indeed, it has often been argued by low-income advocates that the 0.2% provides insufficient funding to treat all eligible low-income households. In contrast, many Pennsylvania utilities have argued that they can't find sufficient numbers of households to spend the efficiency budget generated by the 0.2% of revenue requirement.
- The second approach commits to delivering energy efficiency measures to a certain percentage of the recipients of bill affordability assistance. This approach posits that energy efficiency services will be delivered to the 20% of participants with the highest energy consumption (or 25% or 15%). The policy behind this decision is that reducing consumption for these households with the highest usage will accomplish two results. First, it will improve the affordability of home energy to the recipient household. Second, it will reduce the number of dollars that the household needs to receive through the bill assistance program component, thus either reducing the cost of the program or allowing program dollars to be devoted to other eligible households.

The approach somewhat begs the question, however, because it does not provide a direct answer to the question of what percentage of participants should be served. Consumption levels, however, may well fall into natural groupings, which should become evident upon examination.

- The third approach commits to delivering energy efficiency to all households with consumption at or above a certain percentage of median consumption. Under this scenario, the energy efficiency program would deliver efficiency measures to, for example, all households whose consumption is at or above 130% of the median consumption (or 120% or 140%). The difference between this approach and the first approach is that there is no commitment to serve any particular proportion of the low-income population with energy efficiency. If only 10% of all low-income households have consumption at or above 130% of the median use, only those 10% of households receive efficiency services.

Again, this funding rule somewhat begs the question of how to split total public benefits funding. It merely converts the question of how to split the funding into the question of where to draw the line on what percentage of median consumption to serve. Examining a sample of low-income accounts from a local utility, however, may well reveal natural groupings of accounts by consumption. Here, too, in other words, there may be a natural break-point at 130% of median consumption that will be revealed by such an examination.

- The fourth approach focuses on the capacity of the energy efficiency community to deliver efficiency services. This approach does not consider the households to be served so much as it considers the capacity of the weatherization network to treat eligible households, assuming those households have been identified and enrolled in a program. In deciding upon the capacity to deliver, the state must take into account the existing capacity given current funding levels, and the projected capacity given a ramp-up in expertise and ability at anticipated future funding levels. The process is, of course, somewhat unavoidably circular since the capacity to deliver efficiency services will grow in response to increasing resources. Conversely, a small existing capacity may simply reflect a paucity of resources. Because of this, the question of what capacity exists to deliver efficiency services must be revisited on a regular basis and resources adjusted accordingly.

Not all states seek to provide any particular justification for the allocation of resources. These states instead simply make a policy decision on the level of need for weatherization services to be met each year. In Wisconsin, for example, the public benefits statute requires the Low-Income Administrator to allocate 47% of all sources of low-income funding to weatherization and energy efficiency. That 47% figure was based on the assumption that roughly \$50 million would need to be spent in the first full year of public benefits funding on weatherization and energy efficiency to meet 10% of the identified need for those services. Ultimately, the Wisconsin program administrator has said, funding allocations should be based primarily on a needs assessment, including a time frame within which certain effectiveness milestones are achieved.

Moreover, not all states place rate affordability assistance and energy efficiency assistance in competition with each other. In Massachusetts, funding for low-income rate assistance and low-income energy efficiency assistance come out of different pots of money. As a result, the structure and depth of low-income rate discounts does not depend on the structure and extent of the low-income efficiency programs and vice versa.

#### Question No. 4

What are the limits and the benefits of delivering a ratepayer-funded program through the existing networks of local organizations delivering LIHEAP and other services?

The network of local organizations delivering federal fuel assistance, low-income energy efficiency services, and related services, generally, but does not always, involve a local network of community action agencies (CAAs). This same network could, but need not, be used to deliver ratepayer-funded programs. Using the same network to deliver a program (or set of programs) funded by a state system benefits charge, as well, offers both benefits and limitations.

#### **THE BENEFITS OF USING THE EXISTING NETWORK**

As a general rule, the existing LIHEAP network is well-suited to deliver a new program funded through a natural gas and/or electric system benefits charge. Several factors support this conclusion.

The existing network of local organizations is generally able to sustain a year-round intake and outreach effort. The network of local community-based organizations generally provides a range of services beyond fuel assistance. These local agencies, for example, also frequently provide services such as Community Service Block Grant (CSBG) services, bulk food distribution, job training, and similar programs. While the organizations would need additional administrative money to fund additional staff should year round energy assistance be provided, the basic infrastructure for such staff is generally in place.

Similarly the network of local organizations delivering fuel assistance and/or weatherization services is often the *only* network capable of delivering benefits statewide. Agencies such as local fuel funds, for example, tend to serve only particular regions of a state. Similarly, even large utilities rarely serve an entire state.

The LIHEAP network frequently delivers multiple service to the low-income community throughout the state. Through this process, the agencies comprising the network can be expected not only to become aware of families that are facing financial troubles, but will be aware of those families that are facing such troubles while at the same time likely being eligible for a low-income program funded through a system benefits charge. In contrast, while utility customer service representatives may work with payment-troubled customers, those customer service representatives generally do not have information about household income that would allow an easy determination to be made about whether the customer is likely to be eligible for system benefits charge programs.

## **THE LIMITATIONS OF USING THE EXISTING NETWORK**

Using the local network of organizations to deliver a program (or set of programs) funded through a system benefits charge presents its limitations as well. Without long-term commitments of funding, local agencies often have difficulty in ramping up staff levels to effectively deliver new services. Moreover, the ability to develop the institutional infrastructure to deliver new programs is not uniform amongst agencies. Some agencies have a greater administrative, fiscal and physical capacity to generate new staff and deliver new services. Even when staff levels are ramped up, agencies are frequently too small to be able to absorb the working capital associated with slow expense reimbursements.

The fact that these same agencies deliver federal programs is not necessarily helpful in these regards. Federal dollars, of course, may not be spent on non-federal programs. Indeed, if federal and non-federal program dollars are *not* segregated, all recipients must meet the most stringent of federal requirements. As a result, local agencies must have the capacity to meet federal program assurances and to withstand financial scrutiny through a federal audit.

While it would appear to be most reasonable to build on the existing delivery network rather than to create a new one, doing so is not without its limitations.

**Question No. 5**

Is it appropriate for me to combine LIHEAP with new ratepayer-provided funding generated through a natural gas and/or electric system benefits charge?

Combining funds occurs when the LIHEAP dollars are added to funds generated through an electric or natural gas system benefits charge to form a single fund that does not distinguish between the benefits delivered based on the source of those benefit dollars. No legal impediment exists to prevent the combination of LIHEAP dollars into a single fund with system benefits charge dollars.

Nonetheless, state LIHEAP programs must be capable of demonstrating compliance with the assurances that form part of the state agreement with the federal government to receive and distribute LIHEAP funds. For example:

- **Assurance 1** incorporates the state agreement to use LIHEAP funds only for purposes specified in the LIHEAP statute. In addition to basic planning and administration functions, the purposes consist of providing assistance to help households meet their home energy costs (“home energy costs” is a defined term in the statute); intervening in energy crisis situations; and providing low-cost weatherization and other cost-effective energy-related home energy repair.
- **Assurance 2** creates both minimum and maximum income eligibility standards. A system benefits charge program limited exclusively to households below 100% of the federal poverty level, for example, would not be a permissible use of federal LIHEAP funds, since the minimum LIHEAP eligibility is 110% of poverty.
- **Assurance 5** provides that the highest level of assistance “will be furnished to those households with have the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size . . .” Limiting benefits only to customers with payment troubles, thus excluding income-eligible households without payment troubles, may well be in noncompliance with this assurance.
- **Assurance 6** provides that states shall give “special consideration” to the use of any local public or private nonprofit agency receiving federal energy assistance or weatherization funds under federal law prior to the enactment of LIHEAP. An

exclusive reliance on utilities to deliver LIHEAP in combination with a system benefits charge may be in noncompliance with this special consideration.

- **Assurance 10** requires states to ensure that the state retain fiscal control and fund accounting procedures sufficient to demonstrate the “proper disbursement and accounting for federal funds paid to the state . . .” The expenditure of LIHEAP funds thus needs to be separately tracked and separately subject to audit, both fiscal and programmatic. A state must be able to demonstrate compliance with the LIHEAP statute.
- **Assurance 12** requires states to allow “timely and meaningful” public participation in developing an annual LIHEAP state plan. The state plan is to designate the use to which LIHEAP funds are to be put, including the allocation between basic benefits and crisis benefits. Combining funds may not prevent a state from being able to designate funds for particular purposes and trace their actual expenditures for those purposes.

In sum, LIHEAP can be combined with state system benefits charge funds (and vice versa). This does not, however, relieve state administrators of their fiscal and program responsibilities.



**Question No. 6**

What program goals and objectives will I need to revisit in order to integrate the state LIHEAP program with new programs funded through a system benefits charge?

Not all traditional goals of the LIHEAP program will necessarily be consistent with the goals of a program. The following goals, in particular, have posed conflicts that states have been required to reconcile:

- **Year-round vs. seasonal program delivery:** While LIHEAP has traditionally been a seasonal program, a system benefits charge program generally involves a year-round effort that addresses monthly baseload electric bills as well as heating and/or cooling bills. Accordingly, while outreach and intake for system benefits charge programs might be integrated with the outreach and intake for LIHEAP, it should not be limited to outreach and intake that does not involve a year-round presence.
- **Unaffordability vs. payment troubles:** While LIHEAP has traditionally been a program through which cash assistance has been distributed based on need, many system benefits charge programs are explicitly directed toward payment troubled customers. The goal of LIHEAP is to reduce the highest energy burdens and to mitigate the harms that arise from unaffordable home energy bills, whether those harms involve households failing to make full and timely bill payment or households experiencing other hardship in order to make their utility bill payments. In contrast, system benefits charge programs frequently have as their focus the purpose of reducing the utility costs associated with nonpayment.
- **Fuel neutral benefits:** While LIHEAP has traditionally been a fuel neutral program, delivering benefits to both utility customers and to customers of bulk fuels, a system benefits charge program will largely be directed toward customers of regulated utilities. LIHEAP dollars should not be directly or indirectly siphoned away from bulk fuel customers in order to help reduce system benefits charge program costs to be passed on to utility ratepayers.
- **Statewide benefit distribution:** While the distribution of LIHEAP benefits occurs on a statewide basis, with no preference being given to any particular section or region of a state, system benefits charge programs are sometimes structured so that the dollars of system benefits charge benefits are returned to customers in the geographic area from which the dollars came. This is

accomplished, for example, by imposing requirements that the dollars collected in one utility service territory be paid out in benefits only to customers in that service territory. This targeting principle is based on the notion that universal service is a mechanism to help reduce the utility costs of nonpayment, rather than a program to address home energy unaffordability. A benefit dollar distributed outside a utility's service territory cannot serve to reduce the costs of nonpayment to that utility.

- **Targeted households:** LIHEAP is intended to be targeted to two types of households. On the one hand, LIHEAP is targeted to households with high energy burdens taking into account household size. On the other hand, LIHEAP is also targeted to vulnerable households irrespective of energy burden. These vulnerable households include households with senior citizens, the disabled, and children under six years of age. System benefits charge programs may have different targeting principles.
  
- **Crisis benefits, arrearages and shutoffs:** While LIHEAP crisis benefits are generally directed toward preventing the loss of utility service due to shutoffs for nonpayment, participants in low-income programs are often protected from such shutoffs due to arrearage forgiveness provisions. Whether households that might be \$1,000 in arrearages are still in crisis even though their arrearages are subject to forgiveness over the long-term is a conflict that requires reconciliation.

**Question No. 7**

What unique contributions can the state LIHEAP office offer to the implementation of a program funded through a natural gas and/or electric system benefits charge?

Integrating the existing state LIHEAP program with a new program funded through a system benefits charge is not an all-or-nothing proposition. Instead, specific activities can be identified that can be performed by the existing LIHEAP network which, if agreed to, will help integrate the programs.

A 1999 symposium hosted by the federal LIHEAP office identified five areas in which state LIHEAP offices might make specific suggestions on linking new system benefits charge programs with the existing LIHEAP program. These include in no particular order of priority:

- funding
- program oversight
- program administration
- program outreach
- program delivery

In particular, readers should review the report titled *Integration of LIHEAP with Energy Assistance Programs Created through Electric and/or Natural Gas Restructuring* (October 1999). That report is attached as an Appendix to this workbook.

**Question No. 8**

How do I assess whether my state should integrate the state LIHEAP program with ratepayer-funded low-income energy affordability programs?

A 1999 symposium hosted by the federal LIHEAP office identified the following action steps that LIHEAP programs might take to assess whether LIHEAP should be integrated with ratepayer-funded programs:

1. Identify existing program linkages and assess whether these current linkages provide opportunities for program integration with a new energy assistance program created by electric and/or natural gas restructuring legislation.
2. Identify and articulate the natural synergies that are inherent in LIHEAP, low-income energy assistance programs created through electric/natural gas restructuring statutes, and U.S. Department of Energy weatherization assistance.
3. Identify potential program conflicts that are possible in the absence of program linkages and specify the conflict resolution mechanisms that arise from program linkages.
4. Identify the potential increase in the delivery of direct dollars of benefits resulting from program linkages. The LIHEAP office should articulate the specific sources of dollars, access to which would open up as a result of program linkages.
5. Identify the program components where linkage might occur. Program linkages can occur in any of the following program areas: funding; oversight; administration; outreach; or program delivery. LIHEAP offices should further identify what aspects of program operation might benefit from linkage even in the absence of complete integration.
6. Identify the existing administrative capacities of alternative program structures. The administrative capacity should consider the program processes involving intake, outreach, and delivery of program benefits.
7. Identify all risks to the LIHEAP program that would not exist in the absence of program linkages.
8. Identify all barriers that would impede program linkages. As a general rule, the more difficult the barrier, the higher the administrative cost to overcome the barrier.

9. Document the desired outcomes of existing and proposed programs. Outcomes measure program results (e.g., reduced service disconnections, reduced heat-or-eat decisions). They are to be distinguished from (1) activities, which measure the things that programs *do* (dollars delivered, households served); and (2) outputs, which measure the things that programs *produce* (reductions in home energy burden, reductions in energy consumption).
10. Assess the compatibility of program goals of programs for which program linkages are a possibility. Various programs present the issue of reconciling potentially conflicting program goals. If the desired outcomes of integrated programs are at variance, the LIHEAP office should specify a conflict resolution process. In addition, complete program integration is not necessary if program goals are not completely compatible. In those circumstances, programs can operate with *some* level of linkage to achieve mutually sought-after objectives.

Once the above steps are completed, a LIHEAP office has developed the framework for a plan showing whether, why, to what extent, and how existing LIHEAP and DOE weatherization programs can be linked with a new energy assistance program created by electric and/or natural gas restructuring legislation.

#### **WHAT BARRIERS MIGHT TO INTEGRATION?**

It is not a given that administration of a system benefits charge program will (or should) be placed with the state LIHEAP office. Questions for the LIHEAP office to address include:

1. Does the LIHEAP office have sufficient top-level administrative capacity to administer a new system benefits charge program?
2. Does the state LIHEAP office have sufficient administrative resources, including information system staff and clerical assistance, to administer a new system benefits charge program (or set of programs)?
3. Does the state LIHEAP office have sufficient information technology to administer a new system benefits charge program (or set of programs)?
4. Is the fuel assistance program a sufficiently high priority of the state agency in which fuel assistance is located that it would receive the administrative, financial and political support needed to create and administer a new program (or set of programs)?

5. Is the fuel assistance network sufficient statewide to provide the necessary year-round intake, enrollment and support services for a system benefits charge program?

Aside from these issues involving capacity, some policymakers may want to avoid creating what they perceive to be another state bureaucracy. Some policymakers may believe that it is better for each utility company to collect its own system benefits charge revenue and distribute that revenue back to its own customers.

The bottom line is that is not *always* the case that a new program (or set of programs) funded through a system benefits charge can or should be administered through the state LIHEAP office.

**Question No. 9**

Does the state LIHEAP office lose control of the LIHEAP program if it is integrated with a program funded through a system benefits charge?

The integration of a system benefits charge program with the delivery of LIHEAP benefits should have no impact on the control that a state LIHEAP office exercises over the distribution of LIHEAP benefits. In short, the issue is not really a question of control, it is a question of compliance.

While LIHEAP is a block grant program, with considerable state discretion over the design and delivery of program benefits, that discretion is not unlimited. The federal-state relationship in the LIHEAP program is spelled out by the assurances which the LIHEAP statute requires the state's chief executive office to make each year. The integration of a system benefits charge program with the LIHEAP program does not exempt the state from compliance with federal LIHEAP program requirements.

Assurances that seem to be particularly applicable to the integration of a system benefits charge program with LIHEAP include:

- **Assurance 2** that the state will provide benefits to households within prescribed income ranges and, at the state's option, may provide benefits to households participating in designated public assistance programs;
- **Assurance 3** that the state will conduct outreach activities designed to make eligible households --especially households with elderly individuals or disabled individuals, or both, and households with high home energy burdens-- aware of the assistance available under LIHEAP;
- **Assurance 5** that the state will provide, in a timely manner, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size;
- **Assurance 10** that the state will provide that fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under LIHEAP, including procedures for monitoring the assistance provided under this title;

- **Assurance 12** that the state will develop an annual State Plan for the use of LIHEAP funds and provide for timely and meaningful public participation in the development of that Plan

Aside from these contractual assurances, there are certain limited statutory restrictions placed on state LIHEAP programs. One important limitation is that set forth in Section 8624 of the LIHEAP statute. Section 8624 provides that

Notwithstanding any other provision of law unless enacted in express limitation of this paragraph, the amount of any home energy assistance payments or allowances provided directly to, or indirectly for the benefit of, an eligible household under this title [42 USCS § § 8621 et seq.] shall not be considered income or resources of such household (or any member thereof) for any purpose under any Federal or State law, including any law relating to taxation, food stamps, public assistance, or welfare programs.

It would, therefore, appear to be unlawful for a system benefits charge program to require a household to apply for LIHEAP as a prerequisite to participate in such a program, or to assume that such benefits are available, or to consider such benefits as income or resources of such household for purposes of determining the level of the system benefits charge benefit amount.

In sum, state LIHEAP offices have considerable leverage in maintaining control over the distribution of LIHEAP benefits. While a block grant program leaves ample room for state discretion in the design and administration of programs, that discretion is not unlimited. Even outside the rubric of a system benefits charge program, the state has contractually committed to use its LIHEAP funds in particular ways.



**Question No. 10**

What types of activities can I engage in to promote integration if I do not believe that I am bargaining from a position of strength in my state?

While it is possible for the state LIHEAP office to participate directly in negotiations about the nature and extent of the integration of LIHEAP with new ratepayer-funded energy affordability programs, such participation is not the *exclusive* way for a LIHEAP office to influence the decisionmaking process. State LIHEAP offices have:

- Funded community-based organizations to engage in direct advocacy regarding the nature of a system benefits charge program, including its integration with the state LIHEAP office. Consistent participation in discussions concerning natural gas or electric restructuring has repeatedly been cited as an important component of efforts to attain a system benefits charge that is adequately and appropriately integrated with LIHEAP. Maintaining an ongoing presence may overtax limited staff resources that exist at the agency level in a LIHEAP agency. Several states, however, have used LIHEAP leveraging (or WAP leveraging) dollars to fund organizations such as the state community action association to maintain the low-income presence in hearing rooms, legislative halls, and collaborations.
- Provided information to decisionmakers, both regulatory and legislative, even if the LIHEAP office has not been a direct participant in the discussions regarding the nature and extent of integration. Providing information to decisionmakers is an important role for a state LIHEAP office. The LIHEAP office could position itself as the authoritative source of low-income energy information. A common need, for example, is to address misperceptions about available fuel assistance resources. The LIHEAP office can provide information about issues such as the following:
  - ◆ what fraction of the total eligible population, as eligibility is defined by the state program, actually receives LIHEAP each year;
  - ◆ what fraction of the total eligible population, if eligibility were set at the maximum allowed by law, actually receives LIHEAP each year;
  - ◆ to what extent, if at all, can LIHEAP be used to pay electric non-heating bills;
  - ◆ of the total LIHEAP appropriation, what proportion went to bulk fuel vendors;
  - ◆ what has been the total LIHEAP appropriation over time (compared to the total LIHEAP appropriation adjusted for inflation over time);

- ◆ of the total LIHEAP appropriation, what proportion went to purposes other than fuel assistance (e.g., administration, block grant transfers, weatherization);
  - ◆ what is the average (or typical) LIHEAP recipient gross household income (as well as the range of LIHEAP recipient incomes);
  - ◆ what is the typical churn (or turnover) in LIHEAP participation year-by-year.
- A state LIHEAP office is uniquely situated to request state officials to convene a Blue Ribbon Task Force on low-income energy needs (as well as to influence who might sit on such a Task Force). At least three such panels can serve as models for such a task force.
- ◆ In Maine, the 1990 Blue Ribbon Committee on Energy Policy for Maine’s Low-Income Customers released its recommendations in the report *Ready for Winter?*
  - ◆ In Vermont, the 1994 Fuel Assistance Program Reform Task Force released its report on the structure and funding of low-income energy assistance.
  - ◆ In Colorado, the 1998 Energy Assistance Reform Task Force released the *Romer Task Force Report* making recommendations for the funding and structure of energy assistance.
- A state LIHEAP office is uniquely situated to prepare, or to fund the preparation, of a low-income energy needs assessment. While ideally, a needs assessment would be prepared on a county-by-county basis, such an assessment is often expensive to obtain. The nature and content of a needs assessment is explored further in response to Question No. 12 below.

**Question No. 11**

What funding may I permissibly use to pay for participation in the process of determining whether, and if so how, the integration of LIHEAP and ratepayer-funded programs might occur?

The use of certain components of federal funding to work with legislative and regulatory decisionmakers, or with collaborative work groups, regarding the integration of LIHEAP with a new ratepayer-funded program is a permissible use of the following funds:

- **LIHEAP statute Section 2607A(c)** provides that a state may spend funds allocated for LIHEAP, not to exceed 0.8 percent (eight tenths of one percent) or \$35,000 each fiscal year, whichever is greater, to identify, develop and demonstrate leveraging programs. Funds allocated under this section may only be used for increasing or maintaining benefits to households.
- **LHEAP statute Section 2605(b)(16)** allows states to use up to five percent of their LIHEAP funds “to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance, including needs assessments, counseling, and assistance with energy vendors.” Several states have used these Assurance 16 funds to conduct activities as part of their state’s restructuring process that would help attain more low-income energy resources, so long as negotiations with energy vendors are involved.
- **Weatherization Program Regulations Section 440.14(b)(9)(xiv)** allows grantees to use a portion of their grant for leveraging activities. The regulations provide that a state must specify in its state plan “the amount of federal funds to be used, and an explanation of how they will be used, to increase the amount of weatherization assistance that the state obtains from non-federal sources, including private sources and the expected leveraging effect to be accomplished.” There is no specified limit on the amount of funds a state may use for leveraging so long as the leveraging activity is one that promotes expansion of energy efficiency funding for eligible households.
- **Community Service Block Grant (CSBG) program regulations Section 675C(b)(1)** provides that CSBG statewide funds can be used for the following allowable purposes (amongst others): providing training and technical assistance to those entities in need of such training and assistance; supporting statewide coordination and communication among eligible entities; supporting innovative programs and activities conducted by community action agencies or other

neighborhood-based organizations to eliminate poverty, promote self-sufficiency, and promote community revitalization; supporting other activities, consistent with the purposes of this subtitle.

**Question No. 12**

What materials and information should we present to utilities, legislators and regulators in support of an integrated program?

Preparation of a comprehensive needs assessment is important even if a state LIHEAP office is not in a position to actively participate in discussions about the creation of a system benefits charge. Such an assessment provides an available reference for allies --whether legislators (or legislative staff), poverty advocates, or other interested parties-- to use in presenting empirical information about the low-income population (e.g., how many households live with gross incomes of less than \$5,000). It often also provides a reference to allow others to set the parameters of discussion. It finally establishes a benchmark against which to measure legislative or regulatory actions (do legislative/regulatory proposals meet 50% or 5% of the low-income energy need?).

Documentation of the impacts of unaffordable energy in the absence of a system benefits charge is one important aspect of a needs assessment. The Iowa LIHEAP office's survey of the impacts of home energy bills in the 1999/2000 winter heating season, for example, documented that the need for a system benefits charge to be combined with LIHEAP far transcended bill payment troubles. The Iowa survey documented that:

- Over 12 percent of the surveyed LIHEAP recipients went without food to pay their home heating bill. Projected to Iowa's total LIHEAP recipient population, that meant that about 7,600 low-income households (representing 20,000 Iowa citizens) went without food at times as a result of unaffordable home heating bills.
- More than one-in-five went without medical care to pay for heating bills. This included not seeking medical assistance when it was needed, not filling prescriptions for medicine when a doctor has prescribed it, and/or not taking prescription medicines in the dosage ordered by the doctor;
- Almost 30 percent reported that they did not pay other bills, but did not elaborate as to which bills were not paid. In addition to not paying other bills, many low-income households incurred debt in order to pay both their home heating bills and other basic necessities: borrowed from friends and/or neighbors; used credit cards to pay for food and other necessities, or did not pay the heating bill.

## COMPONENTS OF A COMPREHENSIVE STATEWIDE NEEDS ASSESSMENT

A comprehensive statewide low-income energy needs assessment should include at least the following components:

- The extent and depth of poverty in the state. This includes the number of low-income households in a state, as well as a definition of (and rationale for) the definition of low-income. In addition, information about households below given levels of poverty should be provided. In addition, information about the level of a livable wage and how wages paid within occupations representing the fastest job growth in the state compares to this livable wage helps document the needs of the working poor.
- The need for energy efficiency assistance. This should document the total number of low-income homes, the age of the housing units, and the number of units already served through energy efficiency programs. The time frame within which all low-income households can be treated with energy efficiency investments at current rates of investment should be presented.
- The need for home heating assistance. This should include the number of low-income households using various home heating fuels, along with the home heating burdens of those households at various income and/or poverty levels. Documenting the home heating burdens of recipients of various benefit programs (e.g., Temporary Assistance to Needy Families (TANF), Supplemental Security Income (SSI)) would be appropriate as well.
- The need for home cooling assistance. This should include average cooling consumption, the average cooling bills associated with that consumption, and the cooling burdens that are represented by those bills.
- The need for base load electric assistance. While base load electric use generally represents a smaller proportion of total household energy use than does home heating, base load electric bills represent a much larger portion of total home energy bills (since electricity is much more expensive on a per unit of energy basis). Home electric burdens at different levels of income and/or poverty levels should be documented.
- The extent of low-income bill payment problems. These problems may evidence themselves through utility shutoffs, arrearages, broken payment plans, and the like. Care must be taken, however, to avoid introducing a bias toward regulated utilities

in documenting this need. Information regarding utility payment problems (as opposed to fuel oil or propane vendors) is often more readily available due to the regulated nature of the energy provider.

- The extent of home energy burdens left to be paid *after* LIHEAP is paid to consumers. These home energy burdens include not only home heating and cooling burdens, but the burden of total home energy expenditures as well.
- What low-income customers do when faced with unaffordable home energy bills? As with the Iowa survey, this information should document how many low-income households go without food or medical care in order to have enough money to pay their home energy bills.
- In each instance (energy efficiency, home heating, home cooling, home electric), a cost of providing assistance at a desired level (e.g., reducing home energy burdens to specified levels; serving a designated number of housing units with energy efficiency) should be included.

Ideally, a state-specific needs assessment would involve survey work of the same scope and nature as the U.S. Department of Energy's Residential Energy Consumption Survey (RECS) at the national level. This type of survey work, however, is generally expensive to undertake and may be infeasible.





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## MOST REQUESTED PIECES OF INFORMATION

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- Question No. 1.** Where might I find local information rather than statewide information on demographics and/or energy costs
- Question No. 2.** How do I determine the total number of low-income customers in my state by each of the various fuel types?
- Question No. 3.** How do I determine what the average residential electric bill is in my state?
- Question No. 4.** How do I determine what the average residential natural gas bill is in my state?
- Question No. 5.** How do I determine what the average fuel oil bill is in my state?
- Question No. 6.** How do I determine what the average Liquefied Petroleum Gas (LPG) bill is in my state?
- Question No. 7.** How do I determine current energy price information for my state?
- Question No. 8.** How do I find current energy usage information for my state?
- Question No. 9.** How do I find out the number of households that live at each range of poverty in my state?
- Question No. 10.** How do I find out what percentage of housing units use each fuel as their primary heating source in my state?

- Question No. 11.** How do I find out how much consumers spend on energy as part of their total household budget for my state?
- Question No. 12.** How do I find company-specific information on electric company customers, usage and revenues in my state?
- Question No. 13.** How do I find company-specific information on natural gas customers, usage, and revenue in my state?
- Question No. 14.** How do I find company-specific information on company costs, such as bad debt, collection costs, and arrearages in my state?
- Question No. 15.** How do I find state-specific information on arrearages and/or utility shutoffs (annual or monthly) in my state?
- Question No. 16.** How do I find information on utility collection practices in my state?
- Question No. 17.** Where do I find information about hot and cold weather for my state?
- Question No. 18.** Where do I find information on the working poor in my state?
- Question No. 19.** How do I find out what specific towns or counties in my state are served by specific utilities?
- Question No. 20.** How do I find what fuel oil and/or LPG dealers serve what specific geographic areas in my state?
- Question No. 21.** Where do I find out what states have done with respect to system benefits charge programs in their state?

**Question No. 1**

Where might I find local information rather than statewide information on demographics and/or energy costs?

The information sources presented throughout this section do not generally include an inventory of local sources of information. One key source of information on local Census data, for example, is each state's Data Center. A listing of state Data Centers can be obtained at [www.census.gov/sdc/www](http://www.census.gov/sdc/www). State Data Centers often provide services without charge to state agencies.

Many state energy offices develop and maintain local energy data. These offices, for example, might be the contractors for the U.S. Department of Energy's (DOE) Energy Information Administration (EIA) winter fuels survey. As such, the state energy offices would have weekly data on local petroleum (e.g., fuel oil, kerosene, LPG) prices in regions throughout the state during the winter period. In addition, the state energy offices may maintain information on electricity and natural gas price movement throughout the state on a monthly basis. A listing of state energy office contacts can be obtained through the National Association of State Energy Offices (NASEO) at [www.naseo.org](http://www.naseo.org).

Both the U.S. Census Bureau and the U.S. Department of Energy provide state-specific profiles on the World Wide Web:

- Census profiles (note that the most recent Census Bureau information states that detailed 2000 Census data on poverty and income will not be publicly available until at least late 2002).  
[factfinder.census.gov/servlet/BasicFactsServlet?\\_basicfacts=1&\\_mult1=22189569&\\_geo2=050&\\_geoType1=3238338&\\_action=\\_geoTypeSelected&\\_child\\_geo\\_id=&\\_lang=en](http://factfinder.census.gov/servlet/BasicFactsServlet?_basicfacts=1&_mult1=22189569&_geo2=050&_geoType1=3238338&_action=_geoTypeSelected&_child_geo_id=&_lang=en)
- Energy profiles: [www.eia.doe.gov/emeu/states/\\_states.html](http://www.eia.doe.gov/emeu/states/_states.html)

**Question No. 2**

How do I determine the total number of low-income customers in my state by each of the various fuel types?

The number of low-income customers in a state or other geographic region has to be a calculated figure. The calculation involves three steps using easily available information:

- The first step is to obtain the number of *persons* in the state by various ranges of poverty. This can be obtained from Table P121 from the U.S. Census Bureau's Summary Tape File 3A. This table can be accessed on-line by going to the Census Bureau's look-up service at: <http://homer.ssd.census.gov/cdrom/lookup>. Follow the prompts to Summary Tape File 3A.
- Having obtained the number of persons by poverty range, it is possible to calculate the percentage of persons in each poverty range. This is accomplished simply by dividing the number of persons in each range by the total number of persons.
- Finally, it is necessary to multiply the percentage of persons in each poverty range by the total number of customers in a state. The sources for obtaining the total number of customers are discussed elsewhere in this workbook. While this process assumes that the percentage of customers is the same as the percentage of persons, that assumption has been found to be reasonable.

Be aware that the number of *households* reported by the Census as using each fuel as their primary heating source does not translate into the number of *customers* for that fuel. A household, for example, may live in a master-metered unit, or may live in a rental unit where home heating costs are included in the rent.

The same process as that outlined above can be used for individual utility service territories. If you know the towns or counties served by a particular utility --the source for this information is discussed elsewhere in this workbook-- you can use

the same process for Summary Tape File 3A, following the prompts for counties or for places. Identical data by zip code is available from the same look-up page, using Summary Tape File 3B instead.

Special computer runs using Census data can be obtained by contacting an individual state’s State Data Center. Statewide data is available, as is data for regions of a state called public use microdata areas (PUMAs). PUMAs are regions of a state with designated minimum populations. Using this PUMA data, you can obtain cross-tabulations of data. For example, it would be possible to obtain the number of households by poverty level and household size using each fuel (e.g., natural gas, electricity, fuel oil) as their primary heating fuel.

Care must be taken, however, in seeking to use this data to establish a count of the number of customers. For a variety of reasons, households and customers are not the same and should not be treated as such. For example, a household renting in a master-metered multifamily building can use natural gas as its primary heating fuel without being a natural gas customer.

A sample calculation from the state of New Hampshire using 1990 Census Summary Tape File 3A data is provided below:

Poverty Range	Number of Persons /a/	Percent of Persons /b/	Total Electric Customers /c/	Electric Customers by Poverty Range /d/
Below 50%	27,824	2.6%	531,875	13,829
50 - 74%	17,559	1.6%	531,875	8,510
75 - 99%	23,721	2.2%	531,875	11,701
100 - 124%	29,314	2.7%	531,875	14,361
125 - 149%	30,381	2.8%	531,875	14,893
150 - 174%	38,210	3.6%	531,875	19,148
175 - 184%	13,647	1.3%	531,875	6,914
185 - 199%	26,593	2.5%	531,875	13,297
200% and above	868,454	80.7%	531,875	429,223
Total No. of Persons	1,075,703	xxx	531,875	531,876
SOURCES:				
/a/ Table P121, Census Bureau, Summary Tape File 3A (1990 Census).				
/b/ Number of persons in poverty range / total number of persons.				
/c/ <a href="http://www.eia.doe.gov/cneaf/electricity/esr/esr01p1.html">www.eia.doe.gov/cneaf/electricity/esr/esr01p1.html</a> (state-specific information).				
/d/ Column 2 x Column 3				

One major assumption in this calculation is that the percentage of persons at each poverty level will accurately reflect the percentage of customers living at each poverty level. If, for example, low-income households are disproportionately 1-person households, this process will undercount the number of low-income customers. Experience shows, however, that these variations are insignificant.

**Question No. 3**

How do I determine what the average residential electric bill is in my state?

The U.S. Department of Energy, Energy Information Administration, reports total residential electric use, and total number of residential electric customers for each state each year (and each month). Dividing total statewide consumption by the total number of electric customers will provide the average electric usage. Multiplying the average consumption by a price then provides an average bill. A sample calculation, providing sources, is provided for Tennessee.

Electricity	Residential	Tennessee specific data
Customers	2,363,000	Electric Power Annual--1999, Table 5
Use (kWh)	35,428,000,000	Electric Power Annual--1999, Table 22
Average Use	14,993	Line 2 / Line 1
2001 Price	\$0.062	Electric Power Monthly--July 2001, Table 55
2001 Bill	\$929.55	Line 3 x Line 4

In addition, EIA/DOE provides an average monthly bill for each state by year. As of February 2002, the most recent year available is 2000. This average monthly bill can be accessed at the following Web address:

[www.eia.doe.gov/cneaf/electricity/esr/esrt01p1.html](http://www.eia.doe.gov/cneaf/electricity/esr/esrt01p1.html).

**Question No. 4**

How do I determine what the average residential natural gas bill is in my state?

The U.S. Department of Energy, Energy Information Administration, reports total natural gas use, and total number of natural gas customers for each state each year (and each month). There is a time lag. Annual data for 2000, for example, was published in late 2001.

Dividing total statewide consumption by the total number of customers will provide the average use. Multiplying that average use by a price then provides an average natural gas bill. A sample calculation, providing sources, is provided for Tennessee.

Natural Gas	Residential	Tennessee specific data
Customers	915,504	Natural Gas Annual--1999, Table 83
Use (MCF)	58,983,000	Natural Gas Annual--1999, Table 83
Average MCF Use	64.4	Line 2 / Line 1
2001 Price	\$10.86	Natural Gas Monthly--July 2001, Table 21
2001 Bill	\$700	Line 3 x Line 4

A compilation for all customer classes by all states can be found at the following site:  
[www.eia.doe.gov/oil\\_gas/natural\\_gas/data\\_publications/historical\\_natural\\_gas\\_annual/hnga.html](http://www.eia.doe.gov/oil_gas/natural_gas/data_publications/historical_natural_gas_annual/hnga.html).



In addition to the statewide average prices provided by DOE, it might be possible to calculate annual bills specifically for LIHEAP recipients using utility-specific data if the state LIHEAP office collects usage data. Most state public utility commissions post links on their Web sites to the tariffs of local utility companies. You can reach your state PUC through the National Association of Regulatory Utility Commissioners: [www.naruc.org](http://www.naruc.org). Click on the link for “State PUCs.”

The tariff will provide the three basic components to a natural gas bill: (1) the fixed monthly customer charge; (2) the distribution charge (per therm or per CCF); and the (3) cost of gas (per therm or per CCF). In addition to these basic components, you will need to contact your state PUC to obtain tax and franchise fee rates (if any), purchased gas adjustment clause rates (which may vary by month), and any specific temporary or permanent surcharges that are charged to the bill.

**Question No. 5**

How do I determine what the average fuel oil bill is in my state?

Information on the number of fuel oil customers is difficult to obtain. No published available information exists for the total number of fuel oil customers in a particular state. It is possible to obtain the number of *households* using fuel oil as their primary heating source from the Census, although for the reasons explained above, this number of households does not translate into number of customers. It is also possible to obtain the number of residential fuel oil customers for Census regions and Census divisions through the U.S. Department of Energy's Residential Energy Consumption Survey (RECS). The RECS provides *state-specific* data only for the four most populated states (California, Florida, New York, Texas).

While information can be obtained on the total residential fuel oil use for a state, therefore, no data exists on the number of customers to divide that total use by to obtain an average consumption. The best way to calculate a fuel oil bill is through the following steps:

- The heating intensity for a Census division can be obtained from the RECS. Heating intensity is the consumption per heating degree-day per thousand square feet of heated floor space. (Again, the four most populated states have their own data separately reported in the RECS.) The RECS home page can be accessed at the following Web site: [www.eia.doe.gov/emeu/recs/contents.html](http://www.eia.doe.gov/emeu/recs/contents.html). In addition, the most recent "detailed tables" from the RECS can be obtained at: [www.eia.doe.gov/emeu/recs/contents.html#detailed\\_tables](http://www.eia.doe.gov/emeu/recs/contents.html#detailed_tables).
- The thousands of square feet of heated floor space can be obtained by Census division from the RECS. Other, more localized, data sources may also be available.
- The number of annual heating degree days (HDDs) for a state (or a locality) can be obtained from the National Weather Service.

- Average residential fuel oil consumption can be obtained by multiplying the heating intensity by both the heated floor space and the HDDs.
- This total consumption is then multiplied by the fuel oil price for the state.

A sample calculation for Vermont is presented below:

	Data	Source
Heating intensity (gallons/HDD/000sqft)	0.056	<a href="http://www.eia.doe.gov/emeu/recs/contents.html#detailed_tables">www.eia.doe.gov/emeu/recs/contents.html#detailed_tables</a> (scroll to space heating energy, and click on consumption) (Northeast is Table CE-2-9c).
Square feet of heated living space (000s)	1.914	<a href="http://www.eia.doe.gov/emeu/recs/contents.html#detailed_tables">www.eia.doe.gov/emeu/recs/contents.html#detailed_tables</a> (scroll to space heating energy, and click on consumption) (Northeast is Table CE-2-9c).
HDDs for the state (or locality)	8,105	<a href="http://www.cpc.noaa.gov/products/monitoring_and_data/DD_monitoring_and_data.html">www.cpc.noaa.gov/products/monitoring_and_data/DD_monitoring_and_data.html</a> (click on archives for Vermont).
Fuel oil use heating per customer	869	Row 1 x Row 2 x Row 3
Price per gallon	\$1.54	<a href="http://www.eia.doe.gov/oil_gas/petroleum/info_glance/pricesbystate.html">www.eia.doe.gov/oil_gas/petroleum/info_glance/pricesbystate.html</a>
Estimated fuel oil heating bill	\$1,338	Row 4 x Row 5

A report on weekly fuel oil prices during the winter heating season can be obtained on-line. The current edition, as well as historical editions, of this report are available at the following link:

[www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/winter\\_fuels\\_report/wfr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/winter_fuels_report/wfr.html)

Unlike the natural gas calculation information sources in Question 4, the determination of a fuel oil bill must take into account hot water consumption as well. (In contrast, natural gas data provides total use, not merely heating use.) A calculation of hot water consumption can be based on information provided in the Department of Energy’s Residential Energy Consumption Survey (RECS). The RECS provides a water heating consumption intensity (units of energy per household member) for each fuel by Census Division. This intensity can be multiplied times the number of household members to obtain an annual water heating consumption figure. An illustrative calculation for Vermont is set forth below:

	Data	Source
Fuel oil water heating intensity (per HH member)	93	<a href="http://www.eia.doe.gov/emeu/recs/contents.html#detailed_tables">www.eia.doe.gov/emeu/recs/contents.html#detailed_tables</a> (scroll to water heating energy, and click on consumption) (Northeast is Table CE-2-9c).
Number of household members	2.5	Summary Tape File 3A (persons / households)
Fuel oil consumption	232.5	Row 1 x Row 2
Fuel oil price	\$1.25	Petroleum Marketing Monthly, Table 18
Fuel oil water heating bill	\$291	Row 3 x Row 4

Unlike the calculation of the heating bill, which must be based on winter prices, the hot water bill should be based on a price from the non-heating season. The calculation in the illustration above is based on fuel oil prices available for June 2001.

**Question No. 6**

How do I determine what the average Liquefied Petroleum Gas (LPG) bill is in my state?

LPG data is very difficult to come by, even from government sources. No published information exists for the total number of LPG customers in a particular state. Thus, while information can be obtained on the total residential LPG use for a state, no data exists on the number of customers to divide that total use by to obtain an average consumption. The best way to calculate an average LPG bill is through the following steps:

- The heating intensity for a Census division can be obtained from the RECS. Heating intensity is the consumption per heating degree day per thousand square feet of heated floor space. Data for the four largest states is separately reported in the RECS.
- The thousands of square feet of heated floor space can be obtained from the RECS. Other more localized data sources may also be available.
- The number of annual heating degree days (HDDs) for a state (or a locality) can be obtained from the National Weather Service.
- Average residential LPG consumption can be obtained by multiplying the heating intensity by both the heated floor space and the HDDs.
- This total consumption is then multiplied by the LPG price for the state.

A sample calculation for Minnesota is presented below:

	Data	Source
Heating intensity (gallons/HDD/000sqft)	0.057	<a href="http://www.eia.doe.gov/emeu/recs/contents.html#detailed_tables">www.eia.doe.gov/emeu/recs/contents.html#detailed_tables</a> (scroll to space heating energy, and click on consumption) (Midwest is Table CE-2-10c)
Square feet of heated living space (000s)	2.012	<a href="http://www.eia.doe.gov/emeu/recs/contents.html#detailed_tables">www.eia.doe.gov/emeu/recs/contents.html#detailed_tables</a> (scroll to space heating energy, and click on consumption) (Midwest is Table CE-2-10c).
HDDs for the state (or locality)	8,807	<a href="http://www.cpc.noaa.gov/products/monitoring_and_data/DD_monitoring_and_data.html">www.cpc.noaa.gov/products/monitoring_and_data/DD_monitoring_and_data.html</a> . (click on archives for Minnesota)
LPG heating use per customer	1,010	Row 1 x Row 2 x Row 3
Price per gallon	\$1.304	<a href="http://www.eia.doe.gov/oil_gas/petroleum/info_glance/propane.html">www.eia.doe.gov/oil_gas/petroleum/info_glance/propane.html</a> (most recent month)
Estimated LPG heating bill	\$1,317	Row 4 x Row 5

A report on weekly propane prices during the winter heating season can be obtained on-line at: [www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/winter\\_fuels\\_report/wfr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/winter_fuels_report/wfr.html).

A current edition, as well as historical editions, of this report are available on-line. These weekly prices are for regions called Petroleum Administration for Defense Districts (PADDs). Only the Midwest and Southeast are significant winter propane use areas.

As with fuel oil, calculating an LPG bill must take into account hot water consumption as well. The method for calculating hot water consumption is the same for LPG as for fuel oil. A calculation of hot water consumption can be based on information provided in the Department of Energy's Residential Energy Consumption Survey (RECS). The RECS provides a water heating consumption intensity (units of energy per household member) for each fuel by Census Division. This intensity can be multiplied times the number of household members to obtain an annual water heating consumption figure.

An illustrative calculation for Minnesota is set forth below:

	Data	Source
LPG water heating intensity (per HH member)	116	<a href="http://www.eia.doe.gov/emeu/recs/contents.html#detailed_tables">www.eia.doe.gov/emeu/recs/contents.html#detailed_tables</a> (scroll to space heating energy, and click on consumption) (Midwest is Table CE-2-10c)
Number of household members	2.4	Summary Tape File 3A (persons / households)
LPG consumption	278.4	Row 1 x Row 2
LPG price	\$1.24	Petroleum Marketing Monthly, Table 18
LPG water heating bill	\$345.22	Row 3 x Row 4

Unlike the calculation of the heating bill, which must be based on winter prices, the hot water bill should be based on a price from the non-heating season. The calculation in the illustration above is based on LPG prices available for June 2001.

**Question No. 7**

How do I find current energy price information for my state?

The U.S. Department of Energy, Energy Information Administration, publishes both annual and monthly price information for the major heating fuels. State-specific information is available for both electric and natural gas, as well as for propane and fuel oil in those states where those fuels are in common use. Monthly regional data is often available even when state data is not. Monthly data generally lags publication by two months. Thus, for example, the August 2001 natural gas monthly will publish June 2001 natural gas prices by state (and by customer class).

Annual data is generally published between late fall and mid-winter of each year. Data lags one year. The Electric Power Annual published in October 2000, for example, reports 1999 data. Annual prices for propane are not published.

Monthly prices			
Natural gas	<a href="http://www.eia.doe.gov/oil_gas/natural_gas/info_glance/pricesbystate.html">www.eia.doe.gov/oil_gas/natural_gas/info_glance/pricesbystate.html</a>	Natural Gas Monthly, Table 21	
Electricity	<a href="http://www.eia.doe.gov/electricity/page/at_a_glance/sales_tabs.html">www.eia.doe.gov/electricity/page/at_a_glance/sales_tabs.html</a>	Monthly average revenue per kilowatt-hour for residential sales by state: 1990 – 2001	Includes prices for all sectors
#2 oil	<a href="http://www.eia.doe.gov/oil_gas/petroleum/info_glance/pricesbystate.html">www.eia.doe.gov/oil_gas/petroleum/info_glance/pricesbystate.html</a>	Residential heating oil prices	Weekly prices by state (winter only)
Propane	<a href="http://www.eia.doe.gov/oil_gas/petroleum/info_glance/propane.html">www.eia.doe.gov/oil_gas/petroleum/info_glance/propane.html</a>	Propane prices by sales type and PADD	Weekly by state (winter only)



Average annual prices			
Natural gas	<a href="http://www.eia.doe.gov/oil_gas/natural_gas/info_glance/pricesbystate.html">www.eia.doe.gov/oil_gas/natural_gas/info_glance/pricesbystate.html</a>	Natural Gas Annual, Table 22	State summaries: tables 33-91
Electricity	<a href="http://www.eia.doe.gov/electricity/page/at_a_glance/sales_tabs.html">www.eia.doe.gov/electricity/page/at_a_glance/sales_tabs.html</a>	Annual average revenue per kilowatt-hour for residential sales by state: 1990 – 2001	Includes prices for all sectors
#2 oil	<a href="http://www.eia.doe.gov/oil_gas/petroleum/info_glance/pricesbystate.html">www.eia.doe.gov/oil_gas/petroleum/info_glance/pricesbystate.html</a>	Residential heating oil prices	
Propane	N/A		

A report on weekly fuel oil and propane prices during the winter heating season can be obtained on-line at: [www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/winter\\_fuels\\_report/wfr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/winter_fuels_report/wfr.html). A current edition, as well as historical editions, of this report are available on-line.

**Question No. 8**

How do I find current energy usage information for my state?

As with prices, energy consumption by customer class is published by the U.S. Department of Energy, Energy Information Administration. Electricity and natural gas data allow a calculation of average usage by customer class, while the data for bulk fuels such as fuel oil and propane do not.

Pulling multiple months of publications together --each EIA/DOE Web page has an archive with historical monthly publications going back several years-- allows a comparison between months in a given year (e.g., August vs. February), as well as between the same month in different years (January 2001 vs. January 2000).

State-specific data that you can obtain through these sources includes the following:

State-Specific Data			
Electricity	<a href="http://www.eia.doe.gov/cneaf/electricity/esr/esrt01p1.html">www.eia.doe.gov/cneaf/electricity/esr/esrt01p1.html</a>		Number of consumers, average monthly consumption (1999), average revenue (cents per kilowatt-hour), average monthly bill (dollars and cents)
Natural gas	<a href="http://www.eia.doe.gov/oil_gas/natural_gas/data_publications/historical_natural_gas_annual/hnga.html">www.eia.doe.gov/oil_gas/natural_gas/data_publications/historical_natural_gas_annual/hnga.html</a>		Consumption, price, number of customers by state and by customer sector (1930 to 1999)
No. 2 fuel oil and kerosene (annual)	<a href="http://www.eia.doe.gov/oil_gas/petroleum/data_publications/fuel_oil_and_kerosene_sales/foks.html">www.eia.doe.gov/oil_gas/petroleum/data_publications/fuel_oil_and_kerosene_sales/foks.html</a>	Total sales by residential class (Table 7, Table 19) by state	Since no data on number of customers, no way to calculate average consumption.
Petroleum (monthly)	<a href="http://www.eia.doe.gov/oil_gas/petroleum/data_publications/petroleum_marketing_monthly/pmm_historical.html">www.eia.doe.gov/oil_gas/petroleum/data_publications/petroleum_marketing_monthly/pmm_historical.html</a>	Tables 45 and 46, Tables 49 and 50	Since no data on number of customers, no way to calculate average consumption.

In addition, the RECS provides a wealth of consumption and expenditure data down to the Census division level (but not down to individual states). The RECS is a quadrennial survey with the publication of data generally lagging the survey by about one year. The regional data that can be accessed from this source includes:

Census Division Data			
All fuels	<a href="http://www.eia.doe.gov/emeu/recs/byfuels/byfuels.html">www.eia.doe.gov/emeu/recs/byfuels/byfuels.html</a>	Consumption and expenditures for all fuels by end use and Census division	Based on 1997 Residential Energy Consumption Survey (RECS)

**Question No. 9**

How do I find out the number of households that live under each range of poverty in my state?

The numbers of households living at various ranges of the federal poverty level are published in the LIHEAP Home Energy Notebook published by the federal LIHEAP office annually. The LIHEAP Home Energy Notebook provides state-by-state data on the following:

- The number of households living at or below 60% of the state median income;
- The number of households living with gross household income below 100% of the federal poverty level;
- The number of households living with gross household income between 100% and 125% of the federal poverty level;
- The number of households living with gross household income between 126% and 150% of the federal poverty level; and
- The number of households living with gross household income above 150% of the federal poverty level.

Information is not disaggregated by ratio of income to poverty level for those households below 100% of the poverty level. In addition, information is not disaggregated on a geographic basis smaller than a state.

Two additional ways exist to estimate the number of households by poverty range using data available through the Census Bureau's look-up service. This data is obtained from the Census Bureau's Summary Tape File 3A. As of March 2002, 2000 Census data is not available. Summary Tape File 3A data is expected to be made public by September 2002.

**Method 1:**

- The first step is to obtain the number of *persons* in the state by various ranges of poverty. This can be obtained from Table P121 from the U.S. Census Bureau’s Summary Tape File 3A. This table can be accessed on-line by going to the Census Bureau’s look-up service: <http://homer.ssd.census.gov/cdrom/lookup>. Follow the prompts to Summary Tape File 3A.
- Having obtained the number of persons by poverty range, it is possible to calculate the percentage of persons in each poverty range. This is accomplished simply by dividing the number of persons in each range by the total number of persons.
- Finally, it is necessary to multiply the percentage of persons in each poverty range by the total number of households in the state. The number of households is available through the look-up service at Table P5.

Poverty Range	Persons in Poverty Range	Pct in Poverty Range	Total Households	Households in Poverty Range
Under 50	121,938	4.6%	1,065,243	48,523
50 – 74	83,484	3.1%	1,065,243	33,221
75 – 99	101,998	3.8%	1,065,243	40,588
100 – 124	120,869	4.5%	1,065,243	48,097
125 – 149	124,090	4.6%	1,065,243	49,379
150 – 174	146,125	5.5%	1,065,243	58,148
175 – 184	58,219	2.2%	1,065,243	23,167
185 – 199	92,628	3.5%	1,065,243	36,859
200 and over	1,827,607	68.3%	1,065,243	727,260
Total	2,676,958	100%	1,065,243	1,065,243

**SOURCES:**

Persons in poverty range: U.S. Census Bureau, Summary Tape File, Table P121

Pct in poverty range: Persons by poverty range / total persons.

Total households: U.S. Census Bureau, Summary Tape File 3A, Table P5.

Households in Poverty Range: Column 2 x Column 3.

## **Method 2:**

- The first step again is to obtain the number of *persons* in the state by various ranges of poverty. The source for doing this is discussed above.
- The second step is to calculate the average number of persons per household in the state. This is accomplished by dividing the total number of persons (Table P1) by the total number of households (Table P5).
- Having obtained the average number of persons per household, it is possible to divide the number of persons in each poverty range by the number of persons per household to develop an estimate of the number of households.

Poverty Range	Persons in Poverty Range	Persons per Household	Households in Poverty Range
Under 50	121,938	2.61	46,720
50 – 74	83,484	2.61	31,986
75 – 99	101,998	2.61	39,080
100 – 124	120,869	2.61	46,310
125 – 149	124,090	2.61	47,544
150 – 174	146,125	2.61	55,987
175 – 184	58,219	2.61	22,306
185 – 199	92,628	2.61	35,490
200 and over	1,827,607	2.61	700,233
Total	2,676,958	---	1,025,656

### **SOURCES:**

Persons in Poverty Range: U.S. Census Bureau, Summary Tape 3A, Table P121.

Persons per household: calculated.

Households in Poverty Range: Column 1 / Column 2.

Persons per household assumed to be constant over poverty ranges. Persons per household calculated simply by dividing the total number persons by the total number of households.

As can be seen, while the two methods above do not generate *identical* results, they do generate results that are remarkably consistent with each other.

In addition, PUMA data, as described elsewhere, can provide estimates for statewide households by poverty level (and even poverty level by household size). While the above two methods can be used down to counties and places, however, PUMA data cannot.



**Question No. 10**

How do I find out what percentage of housing units use each fuel as their primary heating source in my state?

The Census Bureau reports the number of occupied housing units (contrasted to households or families) using each fuel as a primary heating fuel in its decennial census data. As with other Census data, this information is available for geographic regions ranging from state level data, down through counties, places and even Census blocks. Data is available for utility gas, electricity, fuel oil/kerosene (combined), coal/coke, wood, solar and other. This primary heating fuel data is available through the Census Bureau on-line through its look-up service at Table H30. This data does not allow for cross-tabulations with other variables.

In contrast to the Summary Tape File 3A data available through the Census look-up service, use of Census microdata data allows data to be cross-tabulated with one or more other variables. Primary heating fuels can be determined, for example, based on poverty, income or other demographic variables. The cross-tabulated data can be available on a statewide basis or on a PUMA basis. PUMAs are sub-regions within a state that have been described elsewhere in this workbook. Data for specific counties or places is not available (except in those rare instances where a county represents a PUMA).

In considering the penetration of primary heating fuels using Census data, for reasons explained elsewhere, housing units cannot be equated with customers.

**Question No. 11**

How do I find out how much consumers spend on energy as part of their total household budget for my state?

The U.S. Department of Labor, Bureau of Labor Statistics (BLS), prepares the national Consumer Expenditure Survey each year. The Expenditure Survey can be accessed on-line at the following Web address: [www.bls.gov/cex/](http://www.bls.gov/cex/)

National and regional data is available for a variety of home energy sources, including natural gas, electricity, and fuel oil. Data is presented cross-tabulated for a variety of demographic variables, including income (but not poverty level). No mechanism exists to create your own tabulations without accessing the underlying micro-data for statistical analysis. Data is available on an annual basis, but not on a monthly basis.

Highly aggregated data is also available for selected metropolitan regions. The metro energy data, for example, is included in “utilities, fuels and public services,” which includes not only energy but telephone and water/sewer bills as well.

Metropolitan areas	<a href="http://stats.bls.gov/cex/">stats.bls.gov/cex/</a>	Scroll to “current metropolitan statistical areas”	Presented as one combined number. Utilities, fuels, and public services not separately stated.
Regional data	<a href="http://stats.bls.gov/cex/">stats.bls.gov/cex/</a>	1. Scroll to “region of residence by income before taxes” 2. Scroll to “current region tables”	Data on expenditures for: natural gas, electricity, fuel oil and other fuels, telephone services, water and other public services, and aggregated “utilities, fuels and public services.”
National data	<a href="http://stats.bls.gov/cex/">stats.bls.gov/cex/</a>	Scroll to cross-reference you desire (e.g., income, age)	Data on expenditures for: natural gas, electricity, fuel oil and other fuels, telephone services, water and other public services, and aggregated “utilities, fuels and public services.”

In addition to this Consumer Expenditure Survey information, the quadrennial Residential Energy Consumption Survey (RECS) publishes energy expenditure information down to the Census division level. Within the Northeast Census region, for example,

there is the New England Census division and the Mid-Atlantic Census division. The Midwest region is broken into the East Central and West Central divisions. Other Census regions are similarly split into smaller divisions.

The RECS publishes state-specific information only for the four most populated states in the country. These include California, New York, Florida and Texas. This information can be accessed on-line at:  
[www.eia.doe.gov/emeu/recs/contents.html#4states](http://www.eia.doe.gov/emeu/recs/contents.html#4states)

The RECS expenditure information includes not only total energy consumption, but energy consumption disaggregated by energy end use (e.g., space heating, water heating, appliances) as well.

The RECS regional data can be accessed on-line at [www.eia.doe.gov/emeu/recs/contents.html](http://www.eia.doe.gov/emeu/recs/contents.html).

**Question No. 12**

How do I find company-specific information on electric company customers, usage and revenues in my state?

Company-specific information on numbers of customers, total revenue, and total sales, by customer class (residential, commercial, industrial) is available for nearly all electric companies. The information does not all come from the same source for all types of electric companies. The three major reports that can be accessed include:

- Financial Statistics for Major Investor-Owned Electric Utilities (U.S. Department of Energy, Energy Information Administration);
- Financial Statistics for Major Publicly-Owned Electric Utilities (U.S. Department of Energy, Energy Information Administration); and
- Financial Statistics for Rural Electric Borrowers (U.S. Department of Agriculture).

In addition to these annual reports, which present calendar year information, DOE/EIA has a Web-accessible data base with downloadable files containing the monthly sales and revenue statistics contained in EIA Form 826. These files are limited to investor-owned utilities.

Investor-owned utilities	<a href="http://www.eia.doe.gov/cneaf/electricity/inv_est/invest_sum.html">www.eia.doe.gov/cneaf/electricity/inv_est/invest_sum.html</a>		
Publicly-owned utilities	<a href="http://www.eia.doe.gov/cneaf/electricity/public/pub_sum.html">www.eia.doe.gov/cneaf/electricity/public/pub_sum.html</a>		
Cooperatives	<a href="http://www.eia.doe.gov/cneaf/electricity/page/at_a_glance/ftabs.html">www.eia.doe.gov/cneaf/electricity/page/at_a_glance/ftabs.html</a>	Scroll to cooperative borrowers	.
By state	<a href="http://www.eia.doe.gov/cneaf/electricity/esr/esr_tabsh.html">www.eia.doe.gov/cneaf/electricity/esr/esr_tabsh.html</a>	Table 14 has specific utilities by state.	Also has publicly-owned and investor-owned utilities

	<a href="http://www.eia.doe.gov/cneaf/electricity/page/ea8261.html">www.eia.doe.gov/cneaf/electricity/page/ea8261.html</a>	Has downloadable file with monthly sales and revenue statistics by company for all investor-owned utilities	
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**Question No. 13**

How do I find company-specific information on natural gas customers, usage, and revenue in my state?

Published information that represent the natural gas counterparts to the electric reports discussed immediately above is not available. Even the natural gas historical publication, unlike its electric counterpart, does not contain company-specific information.

The most likely source of authoritative information is to contact the state public utility commission for the state in which you seek the natural gas company information. Many state public utility commissions require utility companies, including natural gas companies, to submit annual reports to the commission. For natural gas companies, these reports are likely to have information that extends beyond federal reporting requirements.

World Wide Web links to state public utility commissions can be found through the National Association of Regulatory Utility Commissioners (NARUC), at [www.naruc.org](http://www.naruc.org).

**Question No. 14**

How do I find company-specific information on company costs, such as bad debt, collection costs, and arrearages in my state?

Utility expenses are not routinely collected and published in a systematic way for individual customer classes. At best, the information which is available is on a total company basis, not a customer class basis.

Many state utility commissions, for example, require each regulated utility to submit an annual report, which would contain an income statement for the reporting period. These are generally submitted on a calendar year basis. Income statements are also included in federal financial reports. The FERC Form 1s (electric) are filed annually in the spring (April 30 is the deadline). These forms present data from the immediately preceding calendar year. The FERC Form 1 filed in the spring of 2002 would report information from calendar year 2001. The FERC Form 1s are available on-line at the following address: <ftp://rimswb2.ferc.fed.us/f1allyears/>.

The FERC Form 2s are not available for local natural gas distribution companies. FERC Form 2s provide information on intrastate pipelines that are subject to the jurisdiction of FERC. FERC Form 2s are available on-line at: [www.ferc.gov/gas/form\\_2/fm2.htm](http://www.ferc.gov/gas/form_2/fm2.htm). As with sales and revenues, however, the state public utility commission may require a natural gas company to file an annual report which may include gas utility expenses disaggregated by FERC account.

The three statistical reports discussed above for electric companies (investor-owned, publicly-owned, rural electric borrowers) all contain income statements as well. In addition to being available on-line as described above, printed copies of each of these annual publications are all available through the U.S. Superintendent of Documents, Government Printing Office.

Income and expenses are reported using a Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). Customer service related expenses would appear in what are called the "900 accounts." Included, for example, are the following:

- Account 901 includes “supervision.”
- Account 903 includes “customer records and collection expenses.”
- Account 904 includes uncollectible expenses.
- Account 905 includes “miscellaneous customer accounts expenses.”
- Account 906 includes customer service and informational expenses.
- Account 907 includes “supervision.”
- Account 908 includes customer assistance expenses.
- Account 910 includes “miscellaneous customer service and informational expenses.”

These accounts do not include all collection costs, only direct costs. They do not include, for example, capital costs (e.g., data processing systems), allocated overhead, and the like. Nonetheless, they will, on a total company (not a class-specific) basis, provide information on a company’s collection expenses.



**Question No. 15**

How do I find state-specific information on arrearages and/or utility shutoffs (annual or monthly) in my state?

State level information on utility accounts in arrears, as well as utility accounts that have been disconnected for nonpayment, is not generally available without a special survey. Moreover, it is very difficult even for utilities to estimate which shutoffs are for low-income customers.

**PUBLIC UTILITY COMMISSION REPORTING REQUIREMENTS**

An inquiry should be made, however, to the state public utility commission to determine whether that Commission has regular reporting requirements for public utilities. Some states, for example, have winter shutoff survey regulations, requiring utilities to determine how many accounts that have been disconnected for nonpayment remain off the system at the beginning of the winter heating season.

Even in these states, however, the surveys are generally limited to utilities that are subject to state regulation. Often *not* included, therefore, are companies such as municipal utilities and rural electric cooperatives.

**ESTIMATES BASED ON CENSUS DATA**

In the absence of specific state reporting, some estimates can be made of the number of accounts in arrears (and dollars of residential arrearages). One 1995 census data report, for example, found that while 9.8% of non-poor families could not pay their utility bills in full, 32.4% of poor families could not do so. According to the Census Bureau, while 1.8% of non-poor families had their electric and/or natural gas service disconnected for nonpayment, 8.5% of poor families suffered this same deprivation.

This disconnection ratio increased even further for welfare recipients, to 10.5%. U.S. Census Bureau, *Extended Measures of Well-Being: 1992*, P70-50RV (November 1995). At the time this Census report was prepared, welfare was commonly known as Aid to Families with Needy Children (AFDC). Pursuant to federal welfare reform legislation, the program was changed to Temporary Aid to Needy Families (TANF.) Regular periodic Census data is not available.

Application of these national Census numbers to the numbers of customers can be used to develop generalized estimates of the number of customers facing arrearages or termination of service. A May 2001 analysis of Missouri Gas Energy (Kansas City), for example, estimated that 22% of all MGE customers were low-income. Using the Census data, the proportion of all customers who were delinquent *and* low-income was thus be calculated: (22% x 32.4% = 7.1%). Similarly, the proportion of all customers who were delinquent but *not* low-income was calculated: (78% x 9.8% = 7.6%). The total number of accounts in arrears, disaggregated by low-income and non-low-income was thus calculated as follows:

	Percent	Total Customers	No. of Accounts in Arrears
Non-low-income accounts in arrears	7.6%	435,000	33,060
Low-income accounts in arrears	7.1%	435,000	30,885
Total accounts in arrears			63,945

This calculated number stood in contrast to an actual reported average of 66,912 residential accounts in arrears during the year 2000.

(Care must be taken in applying the above methodology to the termination of service. Utility data nearly always reports the number of service terminations, not the number of accounts that have experienced a service termination. To the extent that a customer has experienced more than one service termination, therefore, the total number of shutoffs will overstate the number of customers involved. Because of multiple terminations, 20,000 disconnects may represent only 16,000 different accounts.)

## **LIHEAP VENDOR CONTRACTS/DIRECT VENDOR PAYMENTS**

LIHEAP programs that use direct vendor payments as a mechanism to distribute annual LIHEAP benefits are uniquely situated to develop data on the disconnection of service. Requirements can be included in the vendor contracts that periodic reports be made to the LIHEAP office of the number of past and/or present LIHEAP recipients have had service terminated in any particular month. This direct reporting to the state LIHEAP office can reach all public utilities that sign a vendor contract, whether or not the utility is regulated by the state public utility commission.

It is important to recognize the limitations of even this approach, however. Data reported through this mechanism will not be for the low-income population. In most states, LIHEAP reaches a small fraction of the total low-income population. The shutoff data will relate only to the LIHEAP recipient population. The impacts of this limitation are not clear. On the one hand, given the financial assistance received through LIHEAP, this low-income population might be the low-income population that does not experience the termination of service. On the other hand, the reason why customers may apply for LIHEAP in the first place might be because of their payment troubles. The important point to remember is simply that while the LIHEAP recipient population is an important sub-segment of the low-income population as a whole, it is only a sub-segment, and it may or may not be representative.

**Question No. 16**

How do I find information on utility collection practices in my state?

Three types of information regarding utility collection practices should be developed in seeking to integrate LIHEAP with a public benefits program.

- The first type of information will be publicly available information. Utilities are required to make available their customer service regulations in their published tariffs. Tariffs will include, for example, whether a utility charges a late fee (and how much), whether a utility offers levelized budget billing plans, whether a utility charges a deposit (and under what circumstances, and how much). Utility tariffs are generally available on a utility's Web site (and are often accessible through the Web site of the state public utility commission). The tariff section labeled as "regulations" or "customer service regulations" (or some corresponding name) should be reviewed in its entirety.
- The second type of information will not be publicly available. This information will involve the actual day-to-day practical application of collection practices. These practices will involve, for example, when a customer will be asked to make a 50% downpayment on a payment plan rather than a 25% downpayment. These practices will involve whether a utility will not disconnect service (as a matter of internal policy) for bills that are less than \$100 (or 90-days old). These practices will involve under what circumstances a utility will deny a request for an extended deferred payment plan altogether.

Each company will have documents that provide a written description of these operating practices (rather than the operating principles). The documents will generally be included in staff training manuals or operating procedures. Requests for such documents can routinely be made in litigated proceedings (e.g., a litigated rate case or merger proceeding). Although not known to have been done, requiring LIHEAP access to such documents could also be incorporated into direct vendor payment agreements.

- The final type of information that can (and should) be collected is the day-to-day experience of low-income service providers with respect to utility collection practices. Community action agency personnel who distribute LIHEAP crisis funding, for example, may well have extensive experience in how each utility acts with respect to the negotiation of deferred payment arrangements. Legal Service advocates are likely to have extensive experience in how each utility acts with respect to shutoffs and reconnections (as well as with payment plans negotiations). LIHEAP sub-grantees will know how each utility responds during the time period which elapses between the commitment of LIHEAP funds and the date on which such funds are actually paid. Each state interested in better understanding a utility's day-to-day collection practices should hold extensive workshops with the field personnel who interact with the utility customer service personnel to develop a laundry list of practices.

**Question No. 17**

Where do I find information about hot and cold weather for my state?

The most commonly used data for hot and cold weather involves heating degree days (HDDs) and cooling degree days (CDDs).

A heating degree day is the difference between the average temperature in a day and 65 degrees. A day with an average temperature of 25 degrees (F) thus has created 40 heating degree days. A cooling degree day (CDD) is the difference between the average temperature for a day and 65 degrees (F). A day with an average temperature of 80 degrees thus has created 15 cooling degree days.

National weekly and monthly data for both HDDs and CDDs can be obtained for both states and selected cities. The data can be accessed on-line from the National Climate Prediction Center at the following Web address:

[www.cpc.noaa.gov/sproducts/monitoring\\_and\\_data/DD\\_monitoring\\_and\\_data.html](http://www.cpc.noaa.gov/sproducts/monitoring_and_data/DD_monitoring_and_data.html).

To obtain monthly data for states, click on the “archives” and follow the prompts for the information you are seeking. You need to make a selection of the state desired as well as the year and month desired.

Note that the Heating Degree Years are on a January through December basis while the Cooling Degree Years are on a July through June basis.

**Question No. 18**

Where do I find information on the working poor in my state?

Definitions of what constitutes the working poor range widely. There is no universally accepted definition. The U.S. Department of Labor, Bureau of Labor Statistics, defines the working poor to be households who are in the labor force (working or looking for work) at least 27 weeks a year but whose annual income still fall below 100 percent of the federal poverty level. In contrast, the Urban Institute, in its widely cited study *Playing by the Rules but Losing the Game* (May 2000) defines the working poor to include households, the cumulative work hours of all adults for which equal at least 1,000 hours a year, but nonetheless still have an income less than 200% of the federal poverty level.

- The Urban Institute’s report can be obtained on-line at [www.urban.org/workingpoor/playingtherules.html](http://www.urban.org/workingpoor/playingtherules.html).
- The Bureau of Labor Statistics most recent annual “profile of the working poor” can be accessed on-line through the BLS Current Population Survey (CPS) Home Page at: [www.bls.gov/cps/home.htm](http://www.bls.gov/cps/home.htm) (scroll down to profile of the working poor). In addition, the three most recent editions of the profile can be accessed directly at the following address: [stats.bls.gov/cps/cpswp99.htm](http://stats.bls.gov/cps/cpswp99.htm) (substituting the appropriate year into the address).

Neither the BLS annual profiles, nor the Urban Institute report, provide state-specific information. Two national initiatives, however, provide state-specific information about the economic needs of the working poor. The first initiative is based on what is called a “self-sufficiency standard.” The second considers a “livable wage.”

## **SELF-SUFFICIENCY STANDARD**

The self-sufficiency standard was developed for the group Wider Opportunities for Women. That group explains the standard as follows:

The Self-Sufficiency Standard calculates how much money working adults need to meet their basic needs without subsidies of any kind. Unlike the federal poverty standard, the Self-Sufficiency Standard accounts for the costs of living and working as they vary by family size and composition and by geographic location.

The Standard defines the amount of income necessary to meet basic needs (including paying taxes) in the regular marketplace without public subsidies --such as public housing, food stamps, Medicaid or child care-- or private/informal subsidies --such as free babysitting by a relative or friend, food provided by churches or local food banks, or shared housing. The Standard, therefore, estimates the level of income necessary for a given family type --whether working now or making the transition to work-- to be independent of welfare and/or other public and private subsidies.

Information about self-sufficiency standards in the states where they have been developed can be found at:

[www.sixstrategies.org/includes/productlistinclude.cfm?strProductType=resource&searchType=type&strType=self-sufficiency%20standard](http://www.sixstrategies.org/includes/productlistinclude.cfm?strProductType=resource&searchType=type&strType=self-sufficiency%20standard)



## LIVABLE WAGE

The National Priorities Project has calculated a livable wage for each state. This organization provides a data base, based on its *Working Hard and Earning Less* report that contains state-specific calculations for a livable wage for a four person family. The data set then presents, again for each state, information on the 20 fastest growing jobs in each state, the annual growth rate for each job, and the annual wages for those jobs relative to the livable wage standard. The data set further documents what proportion of the fastest growing jobs pay a livable wage. The *Working Hard and Earning Less* data can be accessed on-line at: [www.natprior.org/grassrootsfactbook/jobgrowth/jobgrowth.html](http://www.natprior.org/grassrootsfactbook/jobgrowth/jobgrowth.html).

An illustration of the data generated by the National Priorities Project is presented below from Pennsylvania

A LIVABLE WAGE FOR PENNSYLVANIA	
Food	\$6,398
Transportation	\$2,921
Housing	\$6,900
Day Care	\$2,697
Health Care	\$3,818
Clothing / Personal	2\$,962
Telephone	\$777
Taxes	\$7,596
Total	\$34,069
SOURCE: National Priorities Project, <i>Working Hard, Earning Less: The Story of Job Growth in Pennsylvania</i> (1999).	

Fastest Growing Jobs in Pennsylvania						
		Occupation	Wage	% of Livable Wage	Annual Growth	Growth Rank
Below Livable Wage	Half Livable Wage	Waiters and waitresses	\$11,086	33%	1,600	3
		Cashiers	\$11,794	35%	1,559	4
		Child care workers	\$12,542	37%	1,055	10
		Salespersons, retail	\$12,958	38%	1,427	5
		Personal and home care aides	\$13,686	40%	741	18
		Teachers aides and education assistants	\$14,373	42%	1,145	7
		Home health aides	\$15,496	45%	1,086	9
	Residential Counselors	\$16,099	47%	768	17	
	Receptionists and information clerks	\$17,098	50%	905	11	
	Nursing aides and orderlies	\$17,763	52%	1,345	6	
	Secretaries, except legal and medical	\$21,445	63%	714	20	
	Supervisors, marketing and sales	\$24,731	73%	827	15	
	Licensed practical nurses	\$26,021	76%	732	19	
	Social workers	\$26,208	77%	859	13	
Clerical supervisors	\$29,598	87%	836	14		
Above Livable Wage	Registered nurses	\$37,960	111%	2,227	1	
	Teachers, preschool and kindergarten	\$41,950	123%	827	16	
	Systems analyst	\$42,515	125%	1,673	2	
	Teachers, secondary schools	\$44,268	130%	868	12	
	General managers and top executives	\$48,818	143%	1,123	8	

SOURCE: National Priorities Project, *Working Hard, Earning Less: The Story of Job Growth in Pennsylvania* (1999).

**Question No. 19**

How do I find out what specific towns or counties in my state are served by specific utilities?

The service territories of local distribution natural gas and electric utilities can generally be obtained on maps available through a state public utility commission. For a broad notion of where a utility's service territory lie, these maps are generally adequate. What the maps do *not* provide, however, is a list of specific communities and/or counties such that demographic information available through the Census (or elsewhere) can be matched up with utilities and analyzed.

While not necessarily true in every case, in *virtually* every case, a utility will publish a list of counties and/or towns included in its service territory as one of the first tariff pages in its electric or natural gas tariff sheets. Be aware that combination utilities tend not to have identical service territories for their natural gas and electric businesses. Both sets of tariff sheets thus need to be consulted. Be aware, as well, that merely because a utility is certificated to provide service in a particular town or county does not mean that there are actual customers in those areas. Most utilities can provide, upon request, the number of customers it serves broken down by the geographic areas listed in its tariff sheets.

Tariff sheets are generally available on-line through each utility's Web page. They are often accessible through each state's public utility commission Web page. Each state public utility commission Web page can be accessed through the National Association of Regulatory Utility Commissioners (NARUC), at the following address: [www.naruc.org](http://www.naruc.org). Click on the appropriate button for state commissions and choose the state in which you have an interest.

**Question No. 20**

How do I find what fuel oil and/or LPG dealers serve what specific geographic areas in my state?

Information is not readily available for what fuel oil and/or propane dealers serve specific areas in any given state. The U.S. Census Bureau's *Economic Census* will provide information, on a county-by-county basis, of the *number* of vendors for bulk fuels. The Economic Census, however, does not identify specific vendors. Indeed, where there are so few vendors that to report data would, in effect, report data for specific vendors, the Economic Census will withhold data.

The best source for data on what vendors serve what specific geographic areas remains the local telephone yellow pages.

Data can be obtained on wholesale prices for petroleum products. These rack prices can then be compared to local retail prices obtained through price surveys, as well as statewide prices obtained through the U.S. Department of Energy's weekly winter fuel oil and petroleum price reports, to obtain an idea of the margins which local dealers are receiving throughout the winter heating season.

The best information available on a rack-by-rack basis is from the Oil Price Information Service. While OPIS charges for this information, it appears to be comprehensive both geographically and from a time series basis. Information on OPIS information can be obtained on-line at: [www.opisnet.com/index2.htm](http://www.opisnet.com/index2.htm).

A report on weekly retail fuel oil and propane prices by individual states during the winter heating season can be obtained on-line at: [www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/winter\\_fuels\\_report/wfr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/winter_fuels_report/wfr.html). A current edition, as well as historical editions, of this report are available on-line.

**Question No. 21**

Where do I find out what states have done with respect to system benefits charge programs in their state?

The National Center for Appropriate Technology (NCAT) LIHEAP Clearinghouse, operated under contract with the federal LIHEAP office, maintains and regularly updates a narrative on what states have done with respect to low-income issues within the context of electric restructuring. The NCAT description can be accessed at

[www.ncat.org/liheap/dereg/0401utup.htm](http://www.ncat.org/liheap/dereg/0401utup.htm)

In addition, NCAT provides a table setting forth links to sites with low-income system benefits programs (both rate assistance and energy efficiency). The table summarizes each state's low-income language. The table can be accessed at [www.ncat.org/liheap/tables/resleg.htm](http://www.ncat.org/liheap/tables/resleg.htm).



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## Linking LIHEAP with Ratepayer-Funded Programs

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To determine program integration, it is necessary to identify those points where program linkages can occur with the existing energy assistance and/or weatherization program. A linkage occurs when there is an overlap between programs. For example, a system benefits charge program uses the same eligibility criteria, or uses the same local organizations to do outreach and intake. To identify those points of overlap, those linkages, tables are set forth below for ten states (Illinois, Maine, Maryland, Massachusetts, New Hampshire, Ohio, Oregon, Pennsylvania, Texas, Wisconsin).

The points of overlap tracked in the tables below were developed in a LIHEAP symposium attended by various state program directors, technical consultants, and other administrators of low-income energy assistance programs. The final report from that symposium is set forth in Appendix B below.

### READING THE TABLES

In general there is no right or wrong approach to linkages and integration. Clearly, however, a state with lots of no's or yes's in their respective table indicates a consistency of approach.

A close up of Ohio, for example, reveals that it has 18 yes's and 9 nos. It has consistent linkage on oversight, delivery and administration. That may be because the Ohio LIHEAP and weatherization programs are under the same department administratively. This has transferred through to the public benefits administration. Interestingly, the Ohio Department of Development (DOD), which operates LIHEAP in Ohio, was represented in the pre-restructuring legislative debate, which helped get the LIHEAP/WAP administering agency named the administrator of the public benefits fund as well.

By contrast, Pennsylvania has virtually no linkages on the funding, oversight, delivery or administration front. Historically, utilities have operated low-income programs in Pennsylvania with oversight by the state PUC. The departments that handle LIHEAP and weatherization are separate and community action agencies are not involved in LIHEAP administration, although some are involved in weatherization administration. In an order implementing the state's universal service programs, the PUC said that that utilities themselves should continue to administer their programs, while relying on community-based organizations to the extent practicable for actual program delivery.

#### **THE DATA IN THE TABLES**

The data in the attached tables was obtained through interviews with LIHEAP administrators as well as a review of the operating documents of programs funded through system benefit charge revenues. Program linkages (or lack of linkages) were examined in each of the following program areas:

- **Funding**: Funding examines the direct dollars of benefit applied to customer accounts. A LIHEAP cash or crisis benefit is a direct dollar of benefit. A dollar of rate discount is a direct dollar of benefit.
- **Oversight**: Oversight has four different components: (1) oversight of day-to-day program operation; (2) periodic program monitoring on such things as participation levels, expenditures, and turn-over; (3) program impact and process evaluation; and (4) fiscal auditing.
- **Administration**: Program administration involves program design and implementation.
- **Outreach**: Program outreach involves the provision of program information to potential participants and the solicitation of program participation.
- **Delivery**: Program delivery involves the actual interface between the low-income customer and the program. Program delivery can involve program intake, energy efficiency audits, conservation education, budget counseling, and the like.

Linkages can occur in one or more of the above program areas. Linkages in one area do not necessarily imply that there are linkages in other program areas (let alone in all areas).

**Due to their voluminous nature, the tables are not included in this report. They may be accessed at the LIHEAP Clearinghouse: [www.ncat.org/liheap](http://www.ncat.org/liheap)**



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## **APPENDIX A:**

### **NCAT DESCRIPTION OF PUBLIC PURPOSE PROGRAMS**

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#### **STATE-BY-STATE OVERVIEW OF LOW-INCOME RESTRUCTURING LEGISLATION AND IMPLEMENTATION**

Compiled by the LIHEAP Clearinghouse

Restructuring activity at the state level has been limited in 2000 and 2001. Michigan is the latest state to pass comprehensive utility restructuring legislation, and it was the only state to pass such legislation in 2000.

During 2001, no state passed restructuring legislation; however a number of them, such as Arkansas, Nevada and West Virginia passed legislation to substantially curtail restructuring's implementation or to put it on hold.

As of October 2001, according to the Energy Information Administration (EIA), 23 states and the District of Columbia have enacted comprehensive restructuring legislation. One state, New York, has allowed restructuring to proceed through regulatory commission order. Georgia has natural gas restructuring, but has had little activity on the electric side.

The states with comprehensive electric (and in some cases gas) restructuring legislation are now: Arizona, Arkansas, California, Connecticut, Delaware, District of Columbia, Georgia, Illinois, Maine, Maryland, Massachusetts, Michigan, Montana, Nevada, New Hampshire, New Jersey, New Mexico, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Texas, Virginia, and West Virginia.

Three states, Vermont, Wisconsin, and Minnesota, opted not to pass restructuring legislation, but did establish mechanisms for funding of low-income energy programs in the event that restructuring eventually could occur.

Among the remaining states, most have active legislative and/or regulatory processes underway to study restructuring and propose implementing legislation. According to the EIA, Alabama, Georgia, Hawaii, Idaho, Kansas, Nebraska, South Dakota, and Tennessee have undertaken little electric restructuring activity to date.

The LIHEAP Clearinghouse continues to focus on how programs that help low-income customers afford their electric bills will fare as a result of the restructuring process. The trend is toward funding them through universal systems benefits charges, also known as public benefits charges, to be assessed by local power distribution entities, which will remain regulated.

Some states that approved restructuring legislation have called for the continuation and expansion of existing low-income rate assistance and conservation programs, e.g., California, Massachusetts, Ohio and Montana. Others, such as Illinois, New Hampshire and Texas, funded low-income energy programs for the first time as part of the restructuring process.

How the low-income programs will be administered has been decided in some states, and remains to be seen in others, as discussed below. The National Center for Appropriate Technology's LIHEAP Clearinghouse makes available a state-by-state narrative of low-income system benefits charge programs. The information presented in this summary is compiled from previous issues of the LIHEAP Networker and additional research by the Clearinghouse. The NCAT summary also provides state-specific World Wide Web links to each state program funded through a system benefits charge. State-specific information about each low-income program can be obtained through these links.

**The LIHEAP Clearinghouse summary of state system benefits charge programs, along with state Web links for each state having implemented such a program, can be accessed at:**

**[www.ncat.org/liheap/dereg/0401utup.htm](http://www.ncat.org/liheap/dereg/0401utup.htm)**

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**APPENDIX B:  
INTEGRATION OF LIHEAP WITH ENERGY  
ASSISTANCE PROGRAMS CREATED THROUGH  
ELECTRIC AND/OR NATURAL GAS RESTRUCTURING:  
A Report from the September 1999 ACF/HHS Symposium**

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## EXECUTIVE SUMMARY

Nearly 20 states that have adopted electric and/or natural gas restructuring legislation (or regulatory decisions) have also adopted new mechanisms to support low-income energy assistance programs. These new state initiatives present opportunities for both cooperation and conflict with the U. S. Department of Health and Human Services' Low-Income Home Energy Assistance Program (LIHEAP) and the U.S. Department of Energy's Weatherization Assistance Program (WAP).

As a result of these new programs, the LIHEAP Committee on Managing for Results convened a symposium to consider how to maximize the opportunities for cooperation and minimize the potential for conflict between LIHEAP and the new state low-income energy assistance programs. That symposium, and this resulting paper, is designed to help respond to federal statute, as articulated in the federal Government Performance and Results Act (GPRA), that coordination among federal programs with related responsibilities is essential to efficiently and effectively meet national concerns. Uncoordinated program efforts can waste scarce funds, confuse and frustrate program customers, and limit the overall effectiveness of the federal effort.

The intent of this paper is to begin to provide a road map for what LIHEAP offices can do to promote program integration where appropriate. The discussion, amongst other things, identifies the following action steps that LIHEAP programs can take:

1. Identify existing program linkages and assess whether these current linkages provide opportunities for program integration with a new energy assistance program created by electric and/or natural gas restructuring legislation.
2. Identify and articulate the natural synergies that are inherent in LIHEAP, low-income energy assistance programs created through electric/natural gas restructuring statutes, and U.S. Department of Energy weatherization assistance.
3. Identify potential program conflicts that are possible in the absence of program linkages and specify the conflict resolution mechanisms that arise from program linkages.
4. Identify the potential increase in the delivery of direct dollars of benefits resulting from program linkages. The LIHEAP office should articulate the specific sources of dollars access to which would open up as a result of program linkages.
5. Identify the program components where linkage might occur. Program linkages can occur in any of the following program areas: funding; oversight; administration; outreach; or program delivery. LIHEAP offices should further identify what aspects of program operation might benefit from linkage even in the absence of complete integration.

6. Identify the existing administrative capacities of alternative program structures. The administrative capacity should consider the program processes involving intake, outreach, and delivery of program benefits.
7. Identify all risks to the LIHEAP program that would not exist in the absence of program linkages.
8. Identify all barriers that would impede program linkages. As a general rule, the more difficult the barrier, the higher the administrative cost to overcome the barrier.
9. Document the desired outcomes of existing and proposed programs. "Outcomes" measure program results (e.g., reduced service disconnections, reduced heat-or-eat decisions). They are to be distinguished from (1) activities, which measure the things that programs "do" (dollars delivered, households served); and (2) outputs, which measure the things that programs produce (reductions in home energy burden, reductions in energy consumption).
10. Assess the compatibility of program goals of programs for which program linkages are a possibility. Various programs present the issue of reconciling potentially conflicting program goals. If the desired outcomes of integrated programs are at variance, the LIHEAP office should specify a conflict resolution process. In addition, complete program integration is not necessary if program goals are not completely compatible. In those circumstances, programs can operate with *some* level of linkage to achieve mutually sought-after objectives.

Once the above steps are completed, a LIHEAP office has developed the framework for a plan showing whether, why, to what extent, and how existing LIHEAP and DOE weatherization programs can be linked with a new energy assistance program created by electric and/or natural gas restructuring legislation.

## **Integration of LIHEAP with Energy Assistance Programs Created through Electric and/or Natural Gas Restructuring**

Nearly 20 states that have adopted electric and/or natural gas restructuring legislation (or regulatory decisions) have also adopted new mechanisms to support low-income energy assistance programs. These programs include rate assistance, discount programs, and weatherization assistance.<sup>1\</sup> These new state initiatives present opportunities for both cooperation and conflict with the U. S. Department of Health and Human Services' Low-Income Home Energy Assistance Program (LIHEAP)<sup>2\</sup> and the U.S. Department of Energy's Weatherization Assistance Program (WAP). They also present a unique opportunity to measure the performance of LIHEAP with regard to its ability to integrate with other low-income energy assistance programs.

### **Symposium**

As a result of these new programs, the LIHEAP Committee on Managing for Results<sup>3\</sup> convened a symposium on September 14, 1999<sup>4\</sup> to consider how to maximize the opportunities for cooperation and minimize the potential for conflict between LIHEAP and the new state low-income energy assistance programs. The goal of the symposium was to consider the benefits and challenges arising from an increased integration of existing LIHEAP structures and processes with the new low-income energy assistance programs. Where integration was found to be appropriate, the symposium was charged with considering how to increase the effectiveness of such integration.

Assurance Four of the federal LIHEAP statute requires LIHEAP grantees each year to integrate LIHEAP with other state and federal programs where appropriate. The statute provides that the chief executive officer of each state shall certify that the state agrees to "coordinate its activities. . .with similar related programs administered by the Federal Government and such State, particularly low-income energy-related programs . . . ." (LIHEAP Statute, Section 2605(4)).

Consistent with this mandate, the LIHEAP Committee on Managing for Results determined that the extent of integration was an appropriate subject of performance

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<sup>1\</sup> These programs may be called wires charge programs, public benefit programs, system benefit charge programs, universal service programs. For purposes of this paper, these terms are all considered to refer to the same generic types of programs.

<sup>2\</sup> The Office of Community Services (OCS) within the Department of Health and Human Services' Administration for Children and Families (ACF) administers LIHEAP at the federal level.

<sup>3\</sup> OCS established the LIHEAP Committee on Managing for Results in October 1997 as a joint partnership between the states, local agencies, OCS, and other program stakeholders. OCS awarded the National Energy Assistance Directors' Association funding to support the work of the Committee.

<sup>4\</sup> The symposium participants are listed in Appendix 1.

measurement under the federal Government Performance and Results Act (GPRA) of 1993.<sup>15</sup> Having agencies coordinate efforts with related strategic or performance goals is a specific purpose behind GPRA.<sup>16</sup> GPRA encourages the identification of, and coordination among, "cross-cutting programs." The U.S. General Accounting Office has said that "the focus of an agency's performance plan should be on the agency's performance goals and how it intends to achieve them. However, these performance goals should reflect the crosscutting nature of programs when applicable."<sup>17</sup> GAO has stated:

. . . although federal programs have been designed for different purposes or targeted for different population groups, coordination among federal programs with related responsibilities is essential to efficiently and effectively meet national concerns. Uncoordinated program efforts can waste scarce funds, confuse and frustrate program customers, and limit the overall effectiveness of the federal effort. A focus on results, as envisioned by the Results Act, implies that federal programs contributing to the same or similar results should be closely coordinated to ensure that goals are consistent and that, where appropriate, program efforts are mutually reinforcing. This suggests that federal agencies should look beyond their organizational boundaries and coordinate with other agencies to ensure that their efforts are aligned.<sup>18</sup>

GAO has noted further that:

We have suggested that agencies' efforts under the Results Act provide a potentially effective vehicle for ensuring that crosscutting program goals are consistent; strategies are mutually reinforcing; and, as appropriate, progress is assessed through the use of common performance measures.<sup>19</sup>

## Purpose of Paper

The purpose of this paper is to summarize the major issues identified at the symposium. The symposium first identified a list of issues that are implicated by the potential to

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<sup>15</sup> For a good general discussion of GPRA, see, *Executive Guide: Effectively Implementing the Government Performance and Results Act*, Comptroller General of the United States, U.S. General Accounting Office, GAO/GGD-96-118 (June 1996).

<sup>16</sup> U.S. General Accounting Office (1998). *The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans*, at 30, Superintendent of Documents: Washington D.C.

<sup>17</sup> *An Evaluator's Guide*, *supra*, at 30.

<sup>18</sup> U.S. General Accounting Office (1997). *Managing for Results: The Statutory Framework for Improving Federal Management and Effectiveness*, at 4 - 5, Superintendent of Documents: Washington D.C.

<sup>19</sup> U.S. General Accounting Office (1998). *Managing for Results: An Agenda to Improve the Usefulness of Agencies' Annual Performance Plans*, at 12 - 13, Superintendent of Documents: Washington D.C.

integrate LIHEAP with new energy assistance programs created through electric and/or natural gas restructuring legislation. Because of time limitations, the group narrowed the list of issues to be discussed in the one-day session to four. This paper has taken the day-long discussion and summarized it in three steps:

- È formulating a "statement of the issue";
- È deducing certain "propositions"; and
- È supporting those propositions with empirical observations.

This paper presents a compendium of views, observations and opinions. It is not intended to represent a consensus opinion of the assembled group. It does not represent the position or viewpoint of any particular institution or agency. Persons who attended the symposium were asked *not* to limit their discussion to their institution's position and were assured that no statement or opinion would be attributed to their respective institution.

While the symposium was convened for a one-day session, it is expected that future sessions will be scheduled. In this sense, the discussions that occurred should be viewed as a work-in-progress, to be updated, refined and completed as additional experiences warrant. As experience expands the lessons learned respecting the integration of LIHEAP with new energy assistance programs funded through electric and/or natural gas restructuring legislation, the Advisory Committee intends to prepare a workbook with specific recommendations and actions to help guide state decisionmakers.

The tables included in Appendix 2 are intended to summarize in tabular form the discussions at the symposium. The format of these tables was produced and circulated before the symposium as one tool to help focus and guide the discussion. Some parts of the table were explicitly filled in during the symposium. Other parts of the tables have been filled based in upon an after-the-fact review of the day-long discussion. Each table is limited to one topic discussed at the symposium. The tables then present specific observations that were raised during the day long discussions.

As experience expands the lessons learned respecting the integration of LIHEAP with new energy assistance programs funded through electric and natural gas restructuring legislation, the Advisory Committee intends to prepare a workbook with specific recommendations and actions to help guide state decisionmakers.

The statements in this paper are accurate as of the date of the symposium. However, several programs cited below are still in the planning stages and have not yet been implemented. The states of New Hampshire, Illinois, Maryland, and Ohio have yet to place their programs into actual operation. As a result, changes may occur between the program operation as currently intended and the program operation as actually implemented.

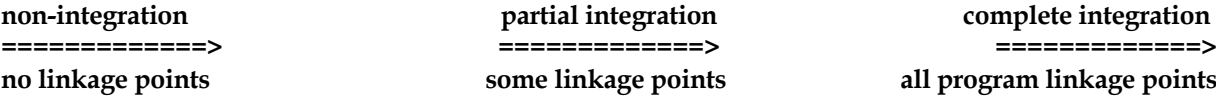


Issue #1: What is meant by "integration"?

**Statement of the Issue:** Since "integration" is one of those phrases that frequently gets bandied about without ever being defined, different persons can talk about program integration while meaning significantly different things. As a result, conversations risk yielding the false appearance of an agreement on program designs or principles because different meanings were unknowingly being ascribed to the same terms. Because "integration" can take on considerably different meanings in any discussion of how programs operate together, program planners, administrators and evaluators can prevent potential misunderstandings by carefully articulating precisely what is incorporated into any requirement that programs be "integrated."

Program "integration" is a conclusion, not a statement of fact. The first step in determining the level of integration involves identifying points of program overlap. This is a yes/no question (overlaps either do or do not exist). The second step involves assessing whether the overlap involves a program linkage.<sup>10\</sup> A policymaker can measure the number and extent of program linkages and, based upon those measurements, conclude whether programs are "integrated" or not. The greater the number of linkages, the greater the extent of program integration.

"Integration" involves a continuum of linkages. At one end of the continuum is a complete lack of any program linkage in any facet of the program (i.e., no program integration). At the other end of the continuum, the programs have complete linkage in every aspect (i.e., complete program integration). All types of permutations and shades of gray can exist in the middle. For example, program coordination falls on this continuum of linkages. So, too, does the continuum encompass the circumstance where two or more programs are jointly delivered by the same community-based organization, even if the programs have no other formal or informal relationship. The continuum ranges from complete integration to non-integration. Partial integration falls in the middle.



<sup>10\</sup> Not all overlaps represent a linkage. Overlaps can simply be duplication.

The three points identified on the continuum above do not represent the entire range of potential integration. The middle point (partial integration) can have multiple levels depending on the actual number of points of program linkage.

**Proposition #1**

Rather than attempting to generically define the phrase "program integration," it is best to identify the specific points of program linkage. Based on a review of those specific overlaps, a continuum of integration can range from non-integration (no points of linkage occur) to a complete integration (no points exist where linkage is absent).

**Observation #1:** To determine program integration, it is necessary to identify those points where program linkages can occur with the existing energy assistance program. Program linkages can occur in any of the following program areas:

- È Funding: Funding examines the direct dollars of benefit applied to customer accounts. A LIHEAP cash or crisis benefit is a direct dollar of benefit. A dollar of rate discount is a direct dollar of benefit.
- È Oversight: "Oversight" has four different components: (1) oversight of day-to-day program operation; (2) periodic program monitoring on such things as participation levels, expenditures, and turn-over; (3) program impact and process evaluation; and (4) fiscal auditing.
- È Administration: Program administration involves program design and implementation.
- È Outreach: Program outreach involves the provision of program information to potential participants and the solicitation of program participation.
- È Delivery: Program delivery involves the actual interface between the low-income customer and the program. Program delivery can involve program intake, energy efficiency audits, conservation education, budget counseling, and the like.

Linkages can occur in one or more of the above program areas. Linkages in one area do not necessarily imply that there are linkages in other program areas (let alone in all areas).

**Observation #2:** There is a need to recognize that program integration is not a yes/no proposition. Along a continuum, there will be shades of gray. Programs can range from non-integration (meaning that no points of linkage exist) to complete integration (meaning

that every part of the existing LIHEAP program is linked to every part of the new energy assistance program), as seen in the examples below:

- È **Funding:** Various degrees of linkage exist between existing LIHEAP program funding and funding established by new low-income energy assistance programs. The Illinois, New Hampshire and Pennsylvania models illustrative a range of potential linkages.
- o The Illinois model involves multiple linkages. This model involves the state LIHEAP/WAP office receiving low-income fuel assistance funding generated by the electric restructuring statute and distributing those new funds through the existing LIHEAP and weatherization networks. The new energy assistance dollars are used as a supplemental source of funding for existing programs. They allow the existing programs to reach more participants and to provide greater assistance to existing participants.
  - o The New Hampshire model involves almost no linkage between the existing LIHEAP funding and the new energy assistance funds provided through the state's electric restructuring statute. In this model, the amount of benefit a customer receives from the state's Electric Assistance Program is completely independent of the amount of benefit a customer receives from LIHEAP.
  - o The Pennsylvania model involves a middle ground. In this model, the Pennsylvania Public Utility Commission encourages utilities to complete LIHEAP applications for LIHEAP-eligible customers enrolling in the state's Customer Assistance Programs (CAPs). The LIHEAP benefits are used to offset the difference between the standard residential bill and the discounted low-income bill. The amount of bill discount not offset by the LIHEAP benefit is charged to ratepayers as a cost of the CAP program.
- È **Oversight:** Oversight of the new low-income energy assistance programs created by electric and natural gas restructuring statutes can rest with the state LIHEAP office, rest with state regulators, or be shared between various agencies. The New Hampshire and Maryland models are illustrative.
- o New Hampshire has a "split" model for oversight. Under this model, while the state LIHEAP office operates the program, periodic monitoring and evaluation reports are required to be submitted to various state agencies (including the state public utility commission). The state utility commission performs all fiscal auditing.

- o Maryland is similar though not identical. Under this model, the state utility commission "establishes" the universal service program, while the state LIHEAP office designs and operates it.

È **Administration/Delivery:** Administration of new low-income energy assistance programs can rest with the existing LIHEAP agency or rest with state regulators. In addition, program administration can also experience some types of linkages whether or not those linkages are formalized in any fashion. Pennsylvania, New Hampshire and Maryland are illustrative.

- o Pennsylvania's LIHEAP agency has little involvement with the low-income energy assistance programs created pursuant to that state's electric and natural gas restructuring statutes. LIHEAP operates completely independent of the state's universal service programs. However, the same non-profit agencies that deliver WAP tend to deliver the utility universal service programs as well. This linkage in line personnel creates considerable program coordination, even though no formal program "integration" exists.
- o Similarly, the same networks that are used to deliver LIHEAP in New Hampshire and Maryland will also be used to deliver the new low-income energy assistance benefits funded by the states' respective electric restructuring statutes.

Issue #2: Which network should be used in the design, intake, outreach and delivery of low-income energy assistance programs?

**Statement of the Issue:** Programs delivering low-income energy assistance can take one of three forms: (1) a stand-alone, utility-based, program that is designed and operated on a utility-by-utility basis; (2) a statewide program that is administered by a state's utility regulatory commission; and (3) a statewide program that is administered by the state LIHEAP agency. The type of program that exists frequently dictates which network is used in the process of intake, outreach and delivery of program benefits.

**Proposition #2**

In general, LIHEAP offices have experience administering programs such as energy assistance programs. In contrast, Public Service Commissions have experience with regulation, not program administration. For many states, the office that administers LIHEAP will be the appropriate organization to administer energy assistance programs created by restructuring legislation. However, the model which is appropriate for any individual state will depend on the goals of the program and the capacity of various social service organizations in that state.

**Observation #1:** In establishing a low-income energy assistance program through electric and/or natural gas restructuring legislation, there is a need to determine the extent to which, if at all, the new program should link with the existing LIHEAP program. Different states can illustrate the different degrees of linkage that might exist:

- È The Ohio model, under which LIHEAP/weatherization administration (both state and local) is mandated, deserves consideration by other states. Joint administration of LIHEAP and the energy assistance program provides an ability to plan how to best serve the population as a whole. In addition, LIHEAP administration provides a greater potential for involvement and "buy-in" from related social service agencies, such as those delivering Weatherization assistance (WAP), Temporary Aid to Needy Families (TANF) (formerly AFDC) and housing programs through the U.S. Department of Housing and Urban Development (HUD). LIHEAP agencies generally can bring to the table a broader range of experience with utilities, the demographics of the poor, energy characteristics of poor, and how to define "need" (than do utility companies or state utility regulators). Finally, since most utilities do not have information on the incomes of their customers, LIHEAP offices have been found to have an ability to reach more low-income households than utilities.<sup>11</sup>

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<sup>11</sup> In contrast, some utility-based low-income energy assistance programs have eligibility criteria that extend beyond the eligibility criteria used for LIHEAP. Massachusetts and Pennsylvania both allow consumers whose income would be too high to qualify for LIHEAP to participate in their respective low-income energy assistance programs.

Moreover, the way in which a state LIHEAP program conducts outreach, as well as the agencies through which it delivers benefits, have an important impact on who applies for and receives LIHEAP benefits. One concern with using the LIHEAP office as an integration agent is that, in some states, the LIHEAP office may not currently reach the "whole" population of households who should receive benefits under the new low-income energy assistance programs funded through natural gas and/or electric restructuring programs. In the event of integration, LIHEAP offices will be challenged to ensure that they serve the broadest population and do not leave out important population segments.

**Observation #2:** There is a need to determine the programs linkages which *currently* exist and determine whether those current linkages provide opportunities for program integration with a new energy assistance program created by electric and/or natural gas restructuring legislation.

- È Ohio and Illinois both have joint delivery of LIHEAP and weatherization in the pre-restructuring world. This joint delivery eases a transition to the joint delivery of energy efficiency and rate affordability assistance provided through the low-income energy assistance generated by the new electric restructuring statutes.

**Observation #3:** There is a need to determine the impact that a program linkage might have on the delivery of financial assistance to the low-income population. The joint delivery of program benefits can result in an increase in benefits being delivered to low-income households.

- È Joint program delivery in Illinois and Ohio has found that households have access to more sources of funds to address specific needs. Specific needs can often be served through specialized programs. Matching those needs with the appropriate specialized program can free up general energy assistance dollars to be spread further. In addition, the duplication of effort (e.g., income verification) is minimized resulting in a more efficient and cost-effective program delivery.

**Observation #4:** There is a need to determine the most effective way to build on the natural synergies that are inherent in LIHEAP, low income energy assistance programs created through electric/natural gas restructuring statutes, and U.S. Department of Energy weatherization assistance. Ideally, to the extent that the administrative capacity exists to do so, all three programs would be administered through one office.

**Observation #5:** There is a need to determine whether establishing program linkages creates any *risk* to the LIHEAP program that would not exist in the absence of the linkage. Formal integration of energy assistance programs with LIHEAP may pose some new risks.

- È The state agency that administers LIHEAP in many states may frequently be viewed as a state welfare agency, thus contributing to the view that a public benefits charge is simply a "tax" to support "welfare" rather than a specific energy program funded by the energy industry. The LIHEAP office in other states may be in the "community development" or "housing" state agency. In some states, LIHEAP staff is responsible for several other programs, and may already be spread too thin. In some states, LIHEAP is not a priority because of its small program size relative to other larger human services programs.

È In addition, creating statewide funding for a statewide program may pose more of a threat to federal dollars, as LIHEAP opponents in Congress argue that "the state is taking care of the problem." A statewide program may be more susceptible to powerful external forces (such as the utility industry) that can work in multiple forums (legislature, PUC) to achieve their goals. Programs that are funded with ratepayer and LIHEAP funds may draw more negative industry attention than simply programs operating with federal dollars.

**Observation #6:** There is a need to consider whether there are *some* aspects of program operation that might benefit from linkage even in the absence of complete integration.

È Pennsylvania's stand-alone programs, for example, were initiated over 15 years ago on a utility-by-utility basis through commission mandate (for low-income energy efficiency) and commission policy (for low-income rate assistance). The commission sets broad guidelines and requirements for the low-income programs and each utility designs and administers its programs within those guidelines. There is little coordination between utility rate programs and the LIHEAP program. Nonetheless, some utilities link with state agencies in order to get automatic income verification for utility program enrollment.

**Observation #7:** There is a need to determine what program conflicts are possible in the absence of program linkages.

È A failure to integrate program administration may lead to program conflicts having no mechanism for resolution. One example is a conflict between LIHEAP "crisis" funding and the "arrearage forgiveness" provisions of universal service programs. An impasse could develop if the LIHEAP office refuses to pay for arrearages subject to arrearage forgiveness and an energy assistance program refuses to provide arrearage forgiveness in the absence of some financial contribution from the LIHEAP crisis program. In the absence of program linkages (i.e., "integration" of program administration), there may be no mechanism to resolve the conflict.

È Program conflicts, however, do not exist simply between utility-based programs and LIHEAP. In a number of states, the LIHEAP and Weatherization programs are under the jurisdiction of separate state agencies. In these circumstances, providing rate affordability assistance and energy efficiency assistance is not within the jurisdiction of a single agency.

**Observation #8:** There is a need to assess *all* programs that might link with new low-income energy assistance programs created by an electric and/or natural gas restructuring

statute. For example, program integration issues present themselves between energy efficiency,<sup>\12\</sup> rate affordability,<sup>\13\</sup> and LIHEAP. Differences include:

- È Energy efficiency, rate discounts and cash fuel assistance do not seek identical outcomes. Rate discounts and cash fuel assistance provided through LIHEAP address the immediate affordability needs of a consumer. In contrast, energy efficiency measures address long-term energy affordability.
- È Energy efficiency investments deliver bill reductions that occur each year even without additional investment. In contrast, rate discounts and cash assistance must be provided anew each year.
- È It is easier to ramp up a rate affordability program in response to increased funding than it is to ramp up weatherization programs. Weatherization requires an infrastructure that is more extensive than that required by rate assistance or cash fuel assistance.
- È Energy efficiency investments cannot assure a consumer of affordable energy bills. Even the most efficient energy consumption can yield unaffordable bills for consumers whose income is very low. In contrast, rate discounts and cash fuel assistance can be targeted to assuring affordability for even the lowest income consumers.

Issue #3: Do all customers get the same benefits through one program or can/should programs mix and match benefits?

**Statement of the Issue:** No one-size-fits-all program exists for low-income households because there is no one-sized low-income household. The needs of low-income households are diverse. Integrated programs can be designed so that the package of services as a whole reaches beyond the restrictions of each individual program standing alone. Indeed, one broad approach to program design deems that the rules of one low-income program

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<sup>\12\</sup> Energy efficiency consists of efforts to reduce a consumer's home heating energy consumption as well as a consumer's non-heating consumption.

<sup>\13\</sup> Rate affordability assistance might involve rate discounts, arrearage forgiveness programs, rate designs, and the like.



will not prohibit participants of another low-income program from obtaining benefits unless specifically disallowed by program statute.

Despite the potential benefits of program integration, multiple barriers impede reaching this ideal. One major barrier is the risk of diverting public dollars away from public goals in order to meet private sector goals. In addition, intensive tailored services are often more expensive to deliver, thus posing hard decisions as to who gets what.

### **Proposition #3**

A mix/match approach of program benefits is ideal, with some optimum mix of standardization for households that do not appear to need intensive services, while other households, particularly those with high burdens and high consumption, should have services tailored to their needs.

**Observation #1:** There is a need for program administrators to determine whether they seek efficiency in outcomes or efficiency in delivery. Standardized programs strive for efficiency in delivery while customized programs strive for efficiency in outcomes. Efficiency in delivery refers to the ease of providing the same benefit to each program participant. Efficiency in result refers to the ability to tailor particular benefits to particular needs such that households receive neither "too little" nor "too much." Standardized and customized programs exist on a continuum. On one end of the continuum is a program that provides identical benefits to every program participant. On the other end of the continuum is a program that provides benefits that are individually tailored to each program participant. The extent to which a state customizes program benefits to different circumstances may well depend on the administrative cost of providing that customization.

**Observation #2:** There is a need to identify and evaluate those circumstances and factors that may impede a customized program delivery. A variety of barriers exist to mixing programs to customize the delivery of program benefits. Mixing programs can raise issues about eligibility. Problems are compounded by conflicting rules and priorities of funding sources. Other problems include the lack of a uniform definition of income, a lack of consistency in how to account for other subsidies and deductible expenses, and a lack of consistency over what is an affordable percentage of income for a low-income household to pay for energy. The seemingly simple question "when is a person disabled" receives different answers from different programs (or from the same program in different states). Additional barriers include the inability to collect necessary data (e.g., home energy data), the need to distinguish between primary and secondary fuels, and the need to distinguish households that pay for heating in rent. As a general rule, the more difficult the barrier, the higher the administrative cost to overcome the barrier.

#### **Proposition #4**

Program benefits should be designed so that the package of services as a whole reaches beyond the restrictions of each individual program standing alone. A weatherization program that will "walk away" from a home that is in too great of a state of disrepair, for example, might operate well in conjunction with a housing rehabilitation program.

**Observation #1:** There is a need to assess the constraints imposed by various funding sources. For example, potential restrictions frequently are presented on mixing or matching federal and private dollars. In particular, federal administrative funds cannot be used to administer private programs, so other resources must be available.

**Observation #2:** One program need not treat the *entire* problem addressed by another program in order to be effectively integrated. For example, weatherization programs often must "walk away" from a dilapidated house as being in too poor of a condition to weatherize. That weatherization program could operate in cooperation with a housing rehabilitation program to resolve the problem. However, the weatherization program could, in the alternative, also work in cooperation with an electric energy efficiency program. An electric program could still replace an energy inefficient refrigerator in a home that is too dilapidated to be weatherized.

Issue #4: How can programs be integrated when/if they have different priorities?

**Statement of the Issue:** Integrating different programs raises the issue of how to reconcile different program goals and priorities. The prototypical difference involves the difference between the goal of a utility program to reduce utility payment problems and the goal of a social service program to address energy unaffordability (whether or not manifested by utility payment troubles).

Three types of conflicts have frequently arisen in considerations of the integration of public benefit energy assistance programs. One of the primary conflicts involves the goal of utility cost-containment (e.g., reduced utility collection efforts) contrasted to the goal of providing financial assistance. Not all conflict, however, involves simply the "public vs. private" goals. In the low-income arena, there is frequently a conflict between providing cash energy assistance (thus promoting the goal of bill affordability) as contrasted to the

provision of energy efficiency assistance (thus promoting the goal of energy savings, which may incorporate environmental goals in addition to or instead of affordability). In addition, even when program goals focus on "energy unaffordability," one program could seek to address unaffordability manifested by nonpayment while another addresses unaffordability manifested in other ways (e.g., the payment of utility bills rather than the purchase of medicine or food).

Programs can be integrated when and to the extent that they are compatible. Complete integration is not necessary if they are not completely compatible. In those circumstances, programs can operate with *some* level of linkage to achieve mutually sought-after objectives.

**Proposition #5**

Programs should maintain a focus on program outcomes rather than on program outputs or activities. Activities measure the things that programs "do" (dollars delivered, households served). Outputs measure the things that programs produce (reductions in home energy burden, reductions in energy consumption). Outcomes measure program results (e.g., reduced service disconnections, reduced heat-or-eat decisions).

**Observation #1:** A clear articulation of desired program outcomes is an important aspect of program integration. Programs are less likely to have substantial differences in desired outcomes than they are in desired program outputs.

**Observation #2:** There is a need to identify program outcomes as an initial step in program evaluation. Articulating a program's desired (or expected) outcomes is important to assessing whether the program is reaching the population it is intended to reach. Targeting "payment troubled" customers and "elderly" households can, for example, be at odds given the good payment practices of older persons.

**Proposition #6**

Programs should document the results that they have generated and the expanded capability to serve that has been generated by program integration. This documentation includes specifically identifying, monitoring and recording the expanded capability and results.

**Observation #1:** There is a need to assess program operation in light of program outcomes. Articulating a program's desired (or expected) outcomes is important to

assessing program performance. If the desired outcomes of integrated programs are at variance, specific attention must be directed to resolution of the conflict.

**Proposition #7**

Programs should identify common goals and integrate to the extent possible to achieve those common goals. Where one program has a priority or mandate that is inconsistent with the other program(s), a special mechanism may be needed to meet that need.

**Observation #1:** There is a need to assess the compatibility of programs for which integration is a possibility. Various programs present the issue of reconciling potentially conflicting program goals. Some programs (such as LIHEAP) are directed to heating (and cooling) affordability problems, while others include baseload electric consumption within their program's purview. Some programs are directed toward preventing shutoffs (or other loss of service due to nonpayment), which may conflict with programs that address unaffordability whether or not connected with loss of service. Some programs are directed generally toward "low-income" customers, while others are directed specifically toward a population with a demonstrated inability-to-pay.

**CONCLUSION**

The information and perspectives summarized in this paper are intended to provide a starting point for dialogue on the issue of integrating the existing LIHEAP program with new low-income energy assistance programs created by electric and/or natural gas restructuring statutes. The symposium summarized in this paper merely scratches the surface of the issues involved with integration. As noted above, the end point of further discussions will be a workbook that will guide state decisionmakers in designing an integrated energy assistance system for low income households.

The LIHEAP Committee on Managing for Results welcomes reactions to this paper. Interested parties are encouraged to provide input to the Committee on the issues discussed in this paper or on other issues relating to program integration. Interested persons can provide input by contacting any one or more of the Committee's technical consultants listed in Appendix 3.

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