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## Fuel Costs Strain Home Heating Program

By John J. Fialka

WASHINGTON – State managers of the \$2 billion federal program that helps poor people pay their heating bills say that price increases following hurricanes Katrina and Rita could mean some homes will run out of fuel this winter.

The Low Income Home Energy Assistance Program has helped consumers pay about half of the average \$600 heating bill in recent years. But this winter will be different. The Department of Energy estimates that the cost of heating an average home with oil will rise to \$1,666 and to \$1,568 for natural gas, but the federal money budgeted for the program remains the same.

“We’re looking at a situation we’ve never really faced before,” says Mark Wolfe, executive director of the National Energy Assistance Directors’ Association, state agencies that funnel the federal money to people who meet state criteria for fuel help.

The problem will be most acute in Northern states, where running out of fuel poses health risks, particularly in the elderly, and could damage homes if water pipes freeze and then break. “This year, we’ve got a very good chance of running out,” says Jo-Ann Choate, who manages the program for Maine’s Housing Authority.

Her state’s program has already received a host of new applications, but its buying power has shrunk. Last year, the program paid \$480 for each household it assisted, covering the cost of 275 gallons of heating oil. This year, \$480 will buy only 172 gallons. She figures that in a normal winter, “That will go in the first three or four weeks.”

If there is a funding shortfall, Maine plans to focus the money it has on the elderly, disabled and families with small children. It is studying how to move others to heated shelters. “We’ll need to get people who know how to drain the

pipes if people are moved out of their homes,” Ms. Choate says. “They’ll have to be volunteers, though, because we’ll have no money to pay them.”

In Wisconsin, Susan Brown, director of the state’s energy-assistance program, says the program “will pay less of a given heating bill.” The number of clients – 70% of whom use natural gas – has traditionally grown by 2% a year. This year, she worries that number could increase by as much as 30%. “If that’s the case,” she warns, “we will simply have to shut the program down.”

According to the Department of Health and Human Services, which provides the money to states, heating bill increases are felt more acutely by the poor. In 2002, for example, the average household spent 5.9% of its income on heating compared with 12.6% spent by low-income households.

Additional help may be on the way as Congress and the Bush administration weigh proposals to increase funding. Senate Democrats led by Sen. John Kerry of Massachusetts are trying to add \$3.1 billion to the program by attaching the money to a Defense Department spending bill.

“It is unthinkable that this administration would fail to have the emergency funds available to help families who need it the most,” Sen. Kerry said in a statement, suggesting that Democrats will have a powerful issue for next year’s elections if there is a shortfall of heating funds this winter.

A spokesman for the HHS, which added some emergency funds to the program during last year’s heating season, said an increase in funding this year would be for Congress to decide. Paul Schofield, a spokesman for the House Appropriations Committee, said that “we’ve always tried to keep this program funded,” but added that, so far, it hasn’t received

any proposal to add money from the Bush administration.

“We’ve had a very mild winter in the last five or six years. If we get a real Montana winter this year, that’s what’s really got us spooked,” says Jim Nolan, the heating program’s director in Montana. Last year his program served 21,000 households, but about 85,000 are potentially eligible this year. With rising energy costs, he says, “we could reach a tipping point and drive the number of applicants much higher.”

His department is lobbying for more assistance money from state electricity and gas utilities, which have a “public purpose fund” that earmarks 25% for energy assistance for the poor. This year, Mr. Nolan wants 70% of the money, which would take funding away from renewable-energy projects, such as solar and wind power.

Mr. Wolfe, who represents the state directors in Washington, says that without substantially more help from the federal government, the states and utilities will have to use a “triage” system to get families through the winter. In some states that will mean shifting more money to homes that use heating oil because oil distributors customarily won’t deliver unless they are paid in advance, Mr. Wolfe says.

That means less money for utilities that

supply natural gas. Those companies, on the other hand, are reluctant to cut off homes in the dead of winter. “They’ll get paid later,” says Mr. Wolfe, who said legislatures in several states including Massachusetts, New York and some in the Midwest are pondering ways to supplement the federal funding.

The effects of a federal program stretched thin will be uneven, since some utilities have a much higher percentage of low income customers than others. About three-fourths of the nation’s home heating-oil customers are in New England.

In Montana, a state law forbids natural-gas companies from shutting off fuel to customers in the winter. But users of propane, a gas commonly used in rural areas, aren’t protected.

Chemical companies and manufacturers that produce products using natural gas often have “interruptible contracts,” which means that if supplies run short, utilities will cut them off and send the gas to homeowners.

If there are frequent interruptions this winter, “it’s going to wash its way through the entire economy,” predicts Charles Van Vlack, vice president of the American Chemistry Council, which represents 130 companies. “Just saying industrial customers are going to drop off of the (supply) system is a poor outcome. It’s going to knock out jobs.”