

## **Low-Income Energy Advisory Board 2007-2008 Recommendations**

This document provides policy, operational and program improvement recommendations that address the current energy environment and its affects on low-income households. These recommendations aim to improve program effectiveness resulting in enhanced energy assistance services delivered to low-income households. Recommendations are divided into five categories: Communication and Coordination, Utility Rate Control, Connecticut Energy Assistance Program Intake Process, Conservation and Weatherization and Funding Needs and Resources. Recommendations include the following:

### **Recommendation I. Communication and Coordination**

- a. Develop an interchange system between agencies and utility companies for energy assistance transactions
- b. Develop an automated communication system between the community action agencies and deliverable fuel vendors

### **Recommendation II. Utility Rate Control**

- a. Create a Low-Income Discount Utility Rate Program for customers with incomes up to 150% of the federal poverty level

### **Recommendation III. Connecticut Energy Assistance Program Intake Process**

- a. Provide on-going state financial support to integrate an early intake application process into the CEAP

### **Recommendation IV. Conservation and Weatherization**

- a. Fund a statewide weatherization program at \$1.9 million per year for the next three years for a total of \$5.7 million
- b. Centralize procurement of weatherization materials
- c. Coordinate efforts with the Housing and Urban Development (HUD), landlord associations, property management companies, Connecticut Housing Finance Authority, Connecticut Housing and other housing entities serving low-income, elderly or disabled populations to encourage integration of weatherization and conservation measures into the approval process
- d. Develop education programs on efficient energy usage
- e. Prioritize weatherization services to the most highly burden households
- f. Leverage energy funds received by existing rental housing units by enforcing state building codes

### **Recommendation V. Funding Needs and Resources**

- a. Seek appropriate funding from the General Fund for increase energy assistance benefits and move to a year-round program.
- b. Identify sources of energy assistance funds to apply to energy bills of households with affordable below bill arrearage forgiveness payment amounts less than fifty percent (50%) of the actual bill.

## **Low-Income Energy Advisory Board 2007-2008 Recommendations**

### **Background**

The Low-Income Energy Advisory Board (LIEAB) was created by the legislature under Public Act 05-204, to advise and assist the Department of Social Services (DSS) and the Office of Policy and Management (OPM) in the planning and coordination of energy assistance programs, including weatherization programs. In addition, the Board is to advise the Department of Public Utility Control (DPUC) regarding the impact of utility rates and policies affecting low-income households. Finally, the Board is authorized to make recommendations to the General Assembly regarding energy legislation.

Each year since its inception the Board put forward recommendations to the DSS and OPM, relating to the Connecticut Energy Assistance Program (CEAP). Some of the recommendations have been incorporated into Connecticut's energy program. Additionally, the Board's recommendations to the DPUC regarding the implementation of the forgiveness arrearage programs offered by the major utility companies were implemented in 2006.

The forecast for this heating season indicates that this will be another winter of high energy prices with little relief in sight, particularly for low-income households. The cost of energy is a significant household expense for low-income residents. Low-income households pay a higher proportion of their income for home energy than middle to upper income families. Unaffordable energy cost confronting low-income families hinders their ability to achieve and maintain self-sufficiency. Clearly, this suggests that there is an enormous and acute need to find ways to assist low-income customers in dealing with record high energy bills expected this heating season. As a result the LIEAB has worked diligently to develop a set of policy, operational and program recommendations for consideration by the legislature. Recommendations that outline policy, operational and program improvements are divided into five categories: Communication and Coordination, Utility Rate Control, Connecticut Energy Assistance Program Intake Process, Conservation and Weatherization and Funding Needs and Resources. Recommendations are as follows:

#### **Recommendation1: Communication and Coordination**

- a. Develop an interchange system between agencies and utility companies for energy assistance transactions
- b. Develop an automated communication system between the community action agencies and deliverable fuel vendors

**Rationale:** Quality communication is a critical component in all aspects of delivering comprehensive energy assistance to low-income households. The development of an electronic file with essential data elements that can be exported between the agencies and utility companies will enhance the day to day management of tasks.

An automated system will improve the quality of the communication process between the community action agencies and the deliverable oil vendors. Purchasing automated equipment such as a fax machine and the use of suitable software to generate and confirm receipt of faxes will streamline the communication process.

Implementation of these changes would maximize manual resources, avoid duplication, and decrease delays in processing and delivering benefits.

### **Recommendation II: Utility Rate Control**

- a. Create a Low-Income Discount Utility Rate Program for customers with incomes up to 150% of the federal poverty level

**Rationale:** The high portion of household income going towards utility payments has had an adverse effect on low-income households. The creation of a Low-Income Discount Utility Rate Program, with more realistic utility rates, will help families lower their household utility costs. It will also eliminate delinquent balances, encourage timely payments, reduce service termination and high reconnection fees. Allocations set aside to pay down customer's high balances will provide an opportunity to break the cycle of poverty. Research indicates that other states have successfully implemented Low-Income Discount Utility Rate Programs. To that end, the LIEAB has requested funding from the DPUC to secure consultation services to research, formulate and submit recommendations to the Board on the feasibility of implementing this type of program in Connecticut.

### **Recommendation III: Connecticut Energy Assistance Program (CEAP) Intake Process**

- a. Provide on-going state financial support to integrate an early intake application component into the CEAP

**Rationale:** Starting the intake process prior to November 1 extends the period to accept applications from clients. This provides for a more even processing of applications and reduces bottlenecks in the system. The early intake process allows intake sites to accept and process utility heated household applications much earlier. As a result matching payments will be determined in enough time to allow customers to participate in the arrearage forgiveness program. Also, an early intake process serves as a caseload control mechanism which ensures that staff maintains manageable caseload levels resulting in timely issuance of benefits.

### **Recommendation IV: Conservation and Weatherization**

- a. Fund a statewide weatherization program at \$1.9 million per year for the next three years for a total of \$5.7 million
- b. Centralize procurement of weatherization materials
- c. Coordinate efforts with the Housing and Urban Development (HUD), landlord associations, property management companies, Connecticut Housing Finance Authority, Connecticut Housing and other housing entities serving low-income, elderly or disabled populations to encourage integration of weatherization and conservation measures into the approval process
- d. Develop education programs on efficient energy usage
- e. Prioritize weatherization services to the most highly burden households
- f. Leverage energy funds received by existing rental housing units by enforcing state building codes

**Rationale:** Conservation and weatherization measures alleviate the disproportionate energy burden experienced by low-income households who spend a significant portion of their total income on energy. Installation of weatherization measures in the homes of low-income residents is one solution that produces long lasting benefits for residents. It is expected that after a home is weatherized low-income families will experience a reduction on their energy bills therefore; energy assistance benefits will last for a longer period of time. This may reduce the need for crisis intervention during the winter months.

Additionally, consistent funding is essential for the weatherization programs to maintain a stable workforce and stabilize services. It also places greater focus on long-term performance expectations and allows the agencies to amortize nonrecurring start-up cost.

The conservation and weatherization recommendations will maximize the number of low-income households receiving cost-effective energy efficient improvements while ensuring the health and safety of the family.

### **Recommendation V: Funding Needs and Resources**

- a. Seek appropriate funding from the General Fund for increase energy assistance benefits and move to a year-round program.
- b. Identify sources of energy assistance funds to apply to energy bills of households with affordable below bill arrearage forgiveness payment amounts less than fifty percent (50%) of the actual bill.

**Rationale:** Current federal, state and charitable funding levels for energy assistance is insufficient to meet the energy needs of Connecticut's residents. According to the Home Energy Affordability Gap Study: Connecticut (2006), the average annual shortfall between actual and affordable home energy bills for households at or below 185% of FPL reaches over \$1,100 per household. The aggregate Home Energy Affordability Gap in Connecticut for 2006 reached nearly \$255 million statewide. Additionally, the report states that as a result of the disparity between energy bills and the resources needed to pay them, many low-income households incur unpaid bills and experience the termination of service associated with those arrears.

An increase in energy assistance benefits and providing assistance with the arrearage forgiveness payments will help residents with limited means, due to chronic poverty or temporary misfortune or illness, meet their basic energy needs.

In conclusion, within the past few years there has been a greater need for comprehensive energy policies, procedures and programs that minimize energy cost for low-income households. This can be attributed to rate increases, limited state funding, lack of growth of federal LIHEAP and related funding to keep pace with the increased demand, and an increased number of households in need of energy assistance. The proposed recommendations cited in this document are essential and necessary to effect positive change and meet the challenge of providing effective comprehensive energy assistance services to our most vulnerable residents.

