

National Fuel Funds Network - Washington Action Day for LIHEAP
February 11, 2009

LIHEAP NATIONAL MESSAGE:

- Although the FY 2009 Continuing Resolution provided an historic increase, expert analysis of energy needs widely recognizes **the LIHEAP allocation will have to increase further to meet an overwhelming and growing national need for energy assistance** due to rises in energy costs, as well as the continuing deterioration in the nation's economy.
- In January 2009, a survey of LIHEAP state directors revealed that LIHEAP applications have reached record levels and are projected to increase by at least 25% over last year's levels. **15% of states had increases of at least 21%, including Maryland.** Texas and Florida are projected to increase by at least 200%, California 162%, Tennessee 60%, Arkansas 50%, Arizona and Alaska 35%, New Mexico, Oregon and Alabama 26%.
- Despite inclusion of \$1 billion in the House Recovery and Reinvestment legislation, **the need in 2010 will be at least equal to, and likely far greater than, the funds available.**

ENERGY ASSISTANCE NEEDS IN MARYLAND:

- Since September 2008, Maryland has experienced the ongoing credit crisis, the mortgage industry meltdowns accompanied by sharply increased numbers of foreclosures, increased unemployment, as well as rising energy prices. One way these economic problems are reflected is in **an unprecedented need for energy assistance, and a growing number of qualified applicants for assistance.**
- Residential customers have experienced an increase of over 80% in their average annual total electric bill since deregulation in Maryland. Electricity prices in Maryland are somewhat higher this year and are expected to rise up to 7% next year. Natural gas prices are higher this winter due to high cost of summer gas storage and colder weather.
- A Maryland Public Service Commission Report establishes the trend in arrearages and terminations among residential utility customers. **The Report highlighted the following changes over the past two years for all residential utility customers in Maryland:**

Gross arrears	Increased 43.7%
Average amount per arrearage	Increased 36%
Termination notices	Increased 22%
Terminations	Increased 23%
Reconnections	Decreased from 69% to 60% of terminations

Bottom line: General economic stress and the increase in annual energy bills is having an impact on utility bill payment activities of Maryland's residential consumers.

ADDITIONAL RELEVANT FACTS IN MARYLAND:

- The Office of Home Energy Programs (OHEP), which administers the energy assistance programs, reports that as of January 2009, OHEP has nearly reached total FY2008 application numbers. So far almost 110,000 applications have been received. Last year the program received 128,217 applications during the entire FY 2008 program year. **This is a 15.2% increase over FY 2007 applications.**
- OHEP's FY 2008 Annual Report states that \$80-\$90 million dollars is necessary to fund the FY 2010 Electric Universal Service Program (EUSP) (electricity only). OHEP cautions that this is a conservative estimate required to meet existing needs for an eligible population in MD of 345,000 households.
- Application for the Bill Assistance component of EUSP grew from approximately 93,000 in FY 07 to approximately 101,000 in FY 2008 or 7.6%. The average Bill Assistance benefit in FY 2008 was \$601.00, a substantial rise over the \$518.00 average benefit in FY 2007.
- As of January 2009, OHEP reports that funds used for Arrearage Retirement from EUSP is almost \$10 million in FY 09, compared to \$6.4 million in FY 08.
- OPC survey data indicates a significant rise in first time applicants for OHEP assistance, and in applicants whose income exceeds OHEP guidelines, but who are beset with collateral housing and foreclosure problems which create a need for energy assistance.

Legislative Request

Despite increased LIHEAP funding, the House Recovery and Reinvestment Act requesting \$6 billion for LIHEAP and amendments being offered to the Senate economic recovery legislation to add \$1 billion to LIHEAP:

- Maryland, as all other states, is experiencing significantly more need for energy assistance for utility customers.
- Program benefits are being compromised by rising energy prices and the wide-spread deteriorating national economic condition.
- At a minimum, it is imperative to maintain current levels of LIHEAP assistance, so that expansion of assistance for the large under-served population is available.

Sources:

MD Public Service Commission November 17, 2008 "Report on Residential Customer Terminations, Arrearages and Recommendations in Maryland (October 2006 - September 2008 PSC Report)"

Maryland Department of Human Resources FY 2008 Annual Report to the Md. Public Service Commission.