



MINUTES

Low-Income Home Energy Assistance Program (LIHEAP) and Weatherization Program Interim Study Committee

November 29, 2006

MEMBERS PRESENT:

Senator Nancy Boettger, Co-chairperson
Senator Jack Hatch, Co-chairperson
Senator Roger Stewart

Representative Ralph Watts, Co-chairperson
Representative Thomas Schueller
Representative Doug Struyk
Representative Walt Tomenga
Representative John Whitaker

MEETING IN BRIEF

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Organizational staffing provided
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- I. Procedural Business.
- II. Iowa Propane Association.
- III. Department of Human Services (DHS).
- IV. Committee Discussion and Proposed Legislation Review.
- V. Recommendations.
- VI. Materials Filed With the Legislative Services Agency — Legal Services Division.



Low-Income Home Energy Assistance Program (LIHEAP) and Weatherization Program Interim Study Committee

I. Procedural Business.

Call to Order and Adjournment. The second and final meeting of the Low-Income Home Energy Assistance Program (LIHEAP) and Weatherization Program Interim Study Committee was called to order by Co-chairperson Jack Hatch at 9:32 a.m., Wednesday, November 29, 2006, in Room 305 of the State Capitol Building in Des Moines, Iowa. The meeting ended at 12:13 p.m.

Minutes Approved. The minutes of the previous meeting of the Committee on October 11, 2006, were unanimously approved by a voice vote.

II. Iowa Propane Association.

Propane Industry Overview. Mr. Tom Dunn, Field Account Manager, Ferrellgas, and State Safety Director for the Iowa Propane Gas Association, presented information concerning the propane industry generally, including pricing data, and explained how the association is organized. There are 238 propane gas retail outlets in Iowa that are member propane dealers. Propane gas is made up of crude oil (40 percent) and natural gas (60 percent). Iowa is the heart of the Midwestern hub and the pipeline used to deliver propane fuel to Iowa gives the state an advantage over states that transport propane by rail or truck. Mr. Dunn suggested that the association can assist the Bureau of Energy Assistance, Division of Community Action Agencies, Department of Human Rights (DHR), which administers LIHEAP, with risk management by helping the bureau to time its propane purchases better. Prices are currently flat and little variation is expected in the near future. Iowa is an agricultural propane gas customer and benefits from comparatively lower propane gas prices.

Mr. Dunn presented legislation proposed by the association to establish the Iowa Propane Education and Research Council (PERC). States surrounding Iowa have established the program. In other states, the program has brought in more money for weatherization projects and rebates. The program as presented would do the following:

- Provide for the development of propane-related programs and projects.
- Provide for an assessment on the sale of odorized propane of 1/10 of 1 cent per gallon to finance the activities of the council.
- Provide penalties for violations of the proposed legislation.

Challenges and Emergency Situations. Mr. Scott Waskow, Energy Specialist Manager, Advantage FS, also representing the association, joined Mr. Dunn in identifying particular challenges and safety concerns that arise when propane tanks that are empty or have been shut off need to be refilled. Such situations often occur as emergencies that are not within regular business hours or on scheduled delivery routes and require time-consuming safety inspections before the tank can be refilled. Better communication between community action

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agencies that deal with low-income customers and propane dealers might obviate some emergency fill requests.

Propane Discussion. The Committee discussed with Mr. Dunn and Mr. Waskow the reasons dealers may not wish to join the association, home safety and consumer awareness programs under PERC, regulatory barriers that require costly inspections, the need for better communication with community action agencies regarding emergency funding, training the association could provide community action agencies, the unfavorable position customers who rent their propane gas tanks are in when attempting to negotiate lower prices, the costs of gas cylinder reclassification, and the number of households in Iowa (15 percent) that use propane gas.

III. Department of Human Services (DHS).

Mr. Robert Krebs, Deputy Administrator, Division of Financial, Health, and Work Supports, DHS, responded to questions about DHS' collaboration with LIHEAP and intention to build on existing relationships with LIHEAP to assist low-income Iowans. He reiterated his support for the recommendations he submitted on behalf of DHS at the previous meeting.

IV. Committee Discussion and Proposed Legislation Review.

Health Risk Survey Questions. Mr. Jerry McKim, Bureau Chief, Bureau of Energy Assistance, Division of Community Action Agencies, DHR, in response to questions discussed the two questions that are being added to the National Center for Disease Control health risk survey by the Department of Public Health in collaboration with the bureau. The purpose of including the questions on the survey is to determine whether there is a correlation between the disconnection of a household's utilities and the incidence of health problems for members of that household.

Developmental Assessment Resolution Program (DARP) Bill Draft. Co-chairperson Hatch explained that the purpose of bill draft LSB 1064IC is to codify DARP, currently being implemented as a pilot project with \$500,000 in funding from LIHEAP to assist 2,500 low-income families in developing financial skills to manage their energy costs. The bill would expand DARP statewide with a \$1 million appropriation from the General Fund of the State to assist an additional 5,000 families for fiscal year 2007-2008.

DARP Overview. Ms. Lana Ross, Executive Director, Iowa Community Action Association, which administers DARP, explained the program's intent, components, and eligibility requirements; described client rights and responsibilities under the program; and responded to questions about the pilot project. She and Mr. McKim indicated that all funds appropriated for DARP will be spent to provide direct services and not on administrative expenses. In response to a question, she noted that the program's rules will require participating households to agree to make regular utility payments. DARP participants will already qualify for LIHEAP assistance, so rather than duplicating LIHEAP DARP complements LIHEAP by



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offering community action agencies a chance to spend more time with families in a developmental approach. DARP takes the extra step of helping families meet their financial needs in all aspects of life, not just utility purchases. Anticipated incentives for successful completion of the program by a client include a furnace cleaning and tune-up or an extra utility payment. DARP will be evaluated by looking at outcomes for participants in the program, such as the number of participants who are involuntarily disconnected from their utilities, are current on utility payment plans, and are current on their utility bills.

LIHEAP Funding Levels. Mr. McKim observed that Iowa received \$52 million in federal LIHEAP funds last year, and the state appropriated \$2.85 million in supplemental funds for the program. He expects that the state may only receive \$36 million for LIHEAP from the federal government this year.

Committee Discussion. Members discussed whether clients under the program will be counseled regarding the costs of smoking, the outcome when a client does not comply with the utility payment agreement, what incentives are offered to clients who participate, state reimbursement of community action agency expenses once households complete the program, the source and amount of the appropriation needed to fund the program, and benefits under other programs for which a community action agency may assist a client to apply.

V. Recommendations.

Funding Source Motion. Co-chairperson Watts moved to revise LSB 1064IC to eliminate the source of funding. Though the motion received unanimous support from the voting members of the House, it did not from the voting members of the Senate and so failed. Co-chairperson Watts also discussed a motion to require a verbal annual report on the effectiveness of the program to the General Assembly, but agreed that members of the General Assembly will have an opportunity to ask questions about the program during appropriations subcommittee meetings.

LSB 1064IC. The Committee passed a motion recommending passage of LSB 1064IC by the General Assembly, as amended by adding a new lettered paragraph requiring program participants to make uninterrupted, regular utility payments while participating in the program and adding a sunset provision to repeal the program in three years.

Iowa Propane Education and Research Act. The Committee passed a motion recommending passage of the "Iowa Propane Education and Research Act" by the General Assembly, as amended by adding a provision requiring the proposed PERC to develop programs and projects that provide assistance to people who are eligible for LIHEAP.

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VI. Materials Filed With the Legislative Services Agency — Legal Services Division.

The materials listed were distributed at or in connection with the meeting and are filed with the Legislative Services Agency. The materials may be accessed from the "Additional Information" link on the Committee's Internet page:

<http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=153>

1. From Mr. McKim, Bureau Chief, Bureau of Energy Assistance, the following:
 - Memo Re: LIHEAP Assistance/Type of Fuel Subsidized.
 - "On the Brink: 2005, The Home Energy Affordability Gap," April 2006.
2. "Petroleum Profile: Iowa," published online by the United States Department of Energy at <http://tonto.eia.doe.gov/oog/info/state/ia.html>, distributed by Ms. Ann Ver Heul, LSA, Legal Services Division.
3. Remarks on IDHR and IDPH Collaboration before the LIHEAP and Weatherization Program Interim Study Committee on Oct. 11, 2006, from Ms. Lynh Patterson, Iowa Department of Public Health.
4. From Mr. Dunn, Ferrell Gas and the Iowa Propane Gas Association, the following:
 - "The Goals of Establishing the Iowa PERC," which includes a copy of proposed legislation to establish the Iowa Propane Education and Research Act.
 - "Propane: Exceptional Energy," issued by the Iowa Propane Gas Association.
 - Code section 101.13, "Liquified Petroleum Gas Containers."
5. Request for Information by Senator Jack Hatch, Co-chairperson, memo distributed by Mr. Sam Leto, Senior Legislative Analyst, LSA, Fiscal Services Division.
6. LSB 1064IC, a bill for an Act establishing an energy assessment and resolution program for certain persons with low incomes who have or need a deferred payment agreement to address home energy utility costs and making an appropriation, proposed committee legislation from Co-chairperson Hatch.