

IOWA GENERAL ASSEMBLY
LEGISLATIVE SERVICES AGENCY

DENNIS C. PROUTY, DIRECTOR
IOWA STATE CAPITOL
DES MOINES, IA 50319
515.281.3566
Fax: 515.281.8027
dennis.prouty@legis.state.ia.us

DIVISIONS

LEGAL SERVICES
RICHARD L. JOHNSON

•

FISCAL SERVICES
HOLLY M. LYONS

•

COMPUTER SERVICES
GLEN P. DICKINSON

•

ADMINISTRATIVE SERVICES
TIMOTHY C. FALLER

LEGAL SERVICES

Ann M. Ver Heul

Legal Counsel 1
515.281.3837
Fax: 515.281.8027
ann.ver.heul@legis.state.ia.us

MEMORANDUM

TO: Members of the Low-Income and Home Energy Assistance Program (LIHEAP) and Weatherization Program Interim Study Committee and Interested Persons

FROM: Ann M. Ver Heul, Legal Services Division, Legislative Services Agency

DATE: October 4, 2006

RE: First Meeting on October 11, 2006

This is a reminder that the Low-Income and Home Energy Assistance Program (LIHEAP) and Weatherization Program Interim Study Committee will meet next week on **Wednesday, October 11, 2006, in Room 305** of the State Capitol. The meeting will begin at 10:00 a.m. and end at approximately 3:30 p.m. I am attaching a Revised Tentative Agenda.

For those of you who are not familiar with Room 305, it is located behind the House balcony on the third floor of the Capitol. The room can be reached most easily by going to the northeast corner of the ground level of the Capitol and taking the elevator located just outside Room G23. This elevator will take you right up to the hallway where Room 305 is located.

Attachments

1. Amendment to 2006 Senate File 2084 (provided by Senator Jack Hatch).
2. "New Low-Income Energy Resources for FY 2006" (provided by Jerry McKim, Chief, Bureau of Energy Assistance, Division of Community Action Agencies, Iowa Department of Human Rights).
3. "Natural Gas Prices Continue at Higher Levels" (provided by Jerry McKim, Chief, Bureau of Energy Assistance, Division of Community Action Agencies, Iowa Department of Human Rights).
4. "Partial Summary of FY 2006 State Supplements to Federal LIHEAP Appropriations" (provided by Jerry McKim, Chief, Bureau of Energy Assistance, Division of Community Action Agencies, Iowa Department of Human Rights).

5. "Iowa Weatherization Assistance Program 2006 Fact Sheet" (provided by Jim Newton, Chief, Bureau of Weatherization, Division of Community Action Agencies, Iowa Department of Human Rights).
6. "Iowa Weatherization Program Information" (provided by Jim Newton, Chief, Bureau of Weatherization, Division of Community Action Agencies, Iowa Department of Human Rights).
7. "Why the Transfer of LIHEAP Funds to the Weatherization Program is Critical" (provided by Jim Newton, Chief, Bureau of Weatherization, Division of Community Action Agencies, Iowa Department of Human Rights).
8. "Iowa's Electric Cooperatives" (provided by Regi Goodale, Director of Regulatory Affairs, Iowa Association of Electric Cooperatives).

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) AND WEATHERIZATION PROGRAM INTERIM STUDY COMMITTEE

MEMBERSHIP

*Senator Nancy Boettger,
Temporary Co-chair
Senator Jack Hatch,
Temporary Co-chair
Senator Jeff Angelo
Senator Roger Stewart*

*Representative Ralph Watts,
Temporary Co-chair
Representative Thomas Schueller
Representative Doug Struyk
Representative Walt Tomenga
Representative John Whitaker*

Revised Tentative Agenda

Wednesday, October 11, 2006

Room 305, State Capitol

10:00 a.m. to 3:30 p.m.

- 10:00 a.m. Call to Order
Roll Call
Adoption of Rules
Election of Co-chairpersons
Opening Remarks by Co-chairpersons
- 10:15 a.m. Overview of Division, Network, LIHEAP, and Weatherization Programs by Mr. William J. Brand, Administrator, Iowa Department of Human Rights, Division of Community Action Agencies
Weatherization Program Specifics, 2006 Results, and 2007 Appropriation Outlook/Update by Mr. Jim Newton, Bureau Chief, Bureau of Weatherization
LIHEAP Program Specifics, 2006 Results, and 2007 Appropriation Outlook/Update by Mr. Jerry McKim, Bureau Chief, Bureau of Energy Assistance
- 11:15 a.m. Ms. Lana Ross, Executive Director, Iowa Community Action Association
- 11:45 a.m. Mr. Robert Krebs, Deputy Division Administrator for the Division of Financial, Health, and Work Supports, Iowa Department of Human Services
- 12:15 p.m. Luncheon Recess
- 1:15 p.m. Ms. Teresa Anderson, Manager, Credit and Remittance Operations, MidAmerican Energy Company, Iowa Utility Association
- 1:30 p.m. Mr. Bob Haug, Executive Director, Iowa Association of Municipal Utilities
- 1:45 p.m. Mr. Regi Goodale, Director of Regulatory Affairs, Iowa Association of Electric Cooperatives
- 2:00 p.m. Mr. Lynn Sheets, Petroleum Manager, Sully Cooperative Exchange, Iowa Propane Gas Association
- 2:15 p.m. Ms. Lynh Patterson, Legislative Liaison, Iowa Department of Public Health
- 2:30 p.m. Fiscal Analysis of Iowa LIHEAP and Weatherization Programs, Comparison of Other States' Programs and Legislative Proposals, and Collaborative Efforts with Other Agencies by Mr. Jerry McKim and Mr. Jim Newton
- 3:15 p.m. Review of 2006 Legislative Proposals
Discussion
- 3:30 p.m. Adjournment

SENATE FILE 2084

1 Amend Senate File 2084 as follows:
2 1. By striking everything after the enacting
3 clause and inserting the following:
4 "Section 1. NEW SECTION. 216A.104 HEALTH RISK
5 UTILITY DISCONNECTION PILOT PROGRAM.
6 1. The division shall establish a health risk
7 utility disconnection pilot program for the purpose of
8 prohibiting the disconnection of gas or electricity
9 service to a household with a resident who would
10 suffer a health risk upon such disconnection as
11 certified by a community action agency. The division
12 shall, with assistance from the Iowa department of
13 public health, establish rules which shall be uniform
14 with respect to all public utilities furnishing gas or
15 electricity for a community action agency to certify a
16 resident of a household as eligible under the health
17 risk utility disconnection pilot program. This
18 subsection applies both to regulated utilities and to
19 municipally owned utilities and unincorporated
20 villages which own their own distribution systems.
21 2. A community action agency may certify one or
22 more residents of a household under this section if
23 one or more residents of the household meet all of the
24 following requirements:
25 a. The resident of the household is either under
26 the age of six or at least sixty-five years of age.
27 b. The resident would suffer a health risk if gas
28 or electricity was disconnected from the household of
29 the resident.
30 c. The income of the household of the resident is
31 less than two hundred percent of the federal poverty
32 level as defined by the most recently revised poverty
33 income guidelines published by the United States
34 department of health and human services.
35 d. The head of the household, or other household
36 member approved by the community action agency, has
37 successfully completed an assessment and resolution
38 program provided by a community action agency pursuant
39 to subsection 4.
40 3. The community action agency may request
41 assistance from the Iowa department of public health
42 when determining whether a resident would suffer from
43 a health risk if gas or electricity was disconnected
44 from the resident's household, when establishing
45 priorities for participation, and when determining
46 whether to certify a resident of a household.
47 4. The division shall establish an assessment and
48 resolution program to be administered by each
49 community action agency to certify a resident under
50 the health risk utility disconnection pilot program.

1 A head of household, or other approved member, may
2 complete an assessment and resolution program by
3 meeting all of the following requirements:

4 a. Provide the community action agency with the
5 household's gas or electricity account and payment
6 history including any previous reasonable payment plan
7 agreements. The community action agency shall assist
8 the household in negotiating a reasonable payment plan
9 which may include a minimum payment amount under the
10 plan.

11 b. Participate in financial budgeting counseling
12 provided by a community action agency.

13 c. Participate in energy conservation education
14 provided by a community action agency.

15 d. Complete a needs assessment conducted by a
16 community action agency and comply with the
17 recommendations of the assessment.

18 e. Complete a report of any uncollectible moneys
19 of the household's gas or electric account balance
20 which shall be provided to the public utility to which
21 the balance is owed.

22 5. For the purposes of this section, "head of
23 household" means the same as defined in section 422.4,
24 subsection 7.

25 Sec. 2. Section 476.20, subsection 3, Code 2005,
26 is amended by adding the following new unnumbered
27 paragraph:

28 NEW UNNUMBERED PARAGRAPH. Notwithstanding
29 subsection 1, a public utility furnishing gas or
30 electricity shall not disconnect service to a
31 residence that is a household with a resident who
32 would suffer a health risk upon such disconnection, as
33 certified under the health risk utility disconnection
34 pilot program under section 216A.104. A public
35 utility that incurs a monetary loss from a failure to
36 pay for gas or electricity services because of the
37 continuation of such services required by this
38 paragraph may claim a tax credit under section 422.33,
39 subsection 20. Section 476.51 shall not apply to a
40 violation of this unnumbered paragraph.

41 Sec. 3. SUPPLEMENTAL APPROPRIATION -- LOW-INCOME
42 HOME ENERGY ASSISTANCE. There is appropriated from
43 the general fund of the state to the division of
44 community action agencies of the department of human
45 rights for the fiscal year beginning July 1, 2005, and
46 ending June 30, 2006, the following amount, or so much
47 thereof as is necessary, to be used for the purposes
48 designated:

49 For supplementation of the low-income home energy
50 assistance appropriation made in 2005 Iowa Acts,

1 chapter 164, section 10, to be used to help eligible
2 households meet home energy costs in accordance with
3 2005 Iowa Acts, chapter 164, section 10, subsection 4,
4 and none of the following amount shall be used for
5 administrative expenses:

6 \$ 2,000,000

7 Sec. 4. APPROPRIATION -- DEPARTMENT OF HUMAN
8 RIGHTS. There is appropriated from the general fund
9 of the state to the division of community action
10 agencies of the department of human rights for the
11 fiscal year beginning July 1, 2006, and ending June
12 30, 2007, the following amount, or so much thereof as
13 is necessary, to be used for the purposes designated:

14 For the administration and support of the health
15 risk utility disconnection pilot program created under
16 section 216A.104, including salaries, support,
17 maintenance, and miscellaneous purposes:

18 \$ 500,000

19 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
20 immediate importance, takes effect upon enactment."

21 2. Title page, by striking lines 3 and 4 and
22 inserting the following: "risk, making appropriations
23 and providing an effective date."

24 3. By renumbering as necessary.

25
26
27

28 PROPOSED COMMITTEE AMENDMENT

29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50

New Low-Income Energy Resources for FY 2006

State Funding | Program Expansions/Changes | Utility Funding
Disconnection Moratoria, Fee Waivers | Other Funding Sources

STATE FUNDING Table of State Funding

Colorado: On February 3, Governor Bill Owens signed HB-1200 authorizing \$20 million for the state's LIHEAP this year. The measure also ensures that an additional \$7 million for each of the next three years will be earmarked toward the program so the state won't have to fast-track energy assistance bills when the legislature convenes each January.

The bill also authorizes \$19 million, also paid out over a period of four years, to be used for low-income energy efficiency programs. The funding will be \$4 million this year and next, then increasing to \$5 million and \$6 million the following two years.

Connecticut: Connecticut Governor M. Jodi Rell signed legislation providing a \$200 increase in basic energy assistance benefits for people currently eligible for the program (those at or below 150 of federal poverty guidelines, or 200 percent if elderly). Households within 60 percent of state median income will also become eligible for the program and will receive a \$300 benefit. At the end of the heating season the legislature would appropriate state funds to help pay for the benefit increase if needed. After receiving supplemental federal funds in March, the state funds were not needed. The legislation also created a new \$1 million program that provides \$50 rebates for 20,000 households as subsidies for furnace tune-ups and weatherization installations and established a sales tax holiday November 25 through March 31 during which no sales tax will be charged on a wide variety of home-weatherization products, including programmable thermostats, caulking, and insulation.

District of Columbia: The District added \$2.5 million to its FY 2006 budget to supplement LIHEAP and in December, made another \$3 million available for LIHEAP given the overwhelming need for energy assistance. These funds may be used for both regular and crisis benefits.

Delaware: Gov. Minner signed SB 280, April 13, that appropriates \$2 million annually for energy assistance and weatherization.

Gov. Ruth Ann Minner and leaders of the General Assembly's Joint Finance Committee announced an agreement, Jan. 11, that will target additional funding to help lower-income Delawareans afford skyrocketing energy bills this winter. This action directs a total of \$3.2 million to state programs that offer energy and home improvement assistance through programs currently operated by the Department of Health and Social Services. Of this amount, \$2.5 million will be directed to the Delaware Energy Assistance Program which provides heating bill assistance. An additional \$500,000 will be directed to the weatherization program and \$200,000 will be allocated to provide emergency furnace replacements.

Georgia: The Georgia Public Service Commission on October 4 approved a motion to allocate \$6 million from the state's Universal Service Fund for gas customers to the Georgia Department of Human Resources,

the LIHEAP grantee, who will use the money to help low-income gas customers pay bills or deposits. Since 2000, the PSC has disbursed more than \$21 million from the Universal Service Fund to help low-income seniors and others pay their natural gas bills.

In December 2005 Governor Perdue announced more than \$10 million in state funds will go to Georgia's low income energy assistance program. Governor Perdue's amended FY06 budget recommendation includes \$4.15 million in the Department of Human Resources budget, which will be added to the \$6 million already committed by the Public Service Commission.

On March 21, 2006, the Georgia Public Service Commission approved \$8 million in additional assistance to help pay this winter's high natural gas bills. According to the Commission order, \$5.1 million will go to low-income senior citizens who are now receiving the Atlanta Gas Light Company (AGLC) senior citizen discount. Each qualified senior citizen will receive a \$150 bill credit. The Commission also approved an additional \$3 million to assist other low-income natural gas customers who don't receive the senior credit.

Idaho: On March 24, Governor Dirk Kempthorne signed an appropriations bill that included \$3.75 million for low-income energy assistance. The funds will be used to provide a 2nd benefit to households who applied for LIHEAP assistance during the 2005-2006 program year. The additional benefit will be distributed following the close of the season on March 31, 2006. This is the first time the State has provided additional funds for LIHEAP.

Illinois: Illinois Governor Rod Blagojevich on May 29 signed Senate Bill 2030, which provides \$5.2 million in state general funds to the Supplemental Low-Income Energy Assistance Fund. The new funding will enable the state to provide supplemental benefits of up to \$100 to hundreds of thousands of households that received benefits through LIHEAP this past year.

Indiana: Ten million in TANF funds for energy assistance.

The Indiana Utility Regulatory Commission approved extension of a bill payment and deposit assistance program for low-income customers of Northern Indiana Public Service Company (NIPSCO), the largest gas distribution company in the state. Called "Winter Warmth," the \$7.9 million program will be paid for through a surcharge on customers' bills and a \$1.15 million contribution from NIPSCO.

Iowa: The Iowa Legislature on May 3 appropriated \$2,850,000 from the state general fund to be used as supplemental funding for LIHEAP. The governor signed the measure.

Kentucky: Governor Ernie Fletcher on January 31 signed into law House Bill 283, which provides an additional \$10 million in state funding for LIHEAP. The bill originally set aside \$5 million from the state's Budget Reserve Trust Fund, also known as the "rainy day" fund. An amendment added an additional \$5 million and took the entire \$10 million from natural gas severance tax receipts, rather than the rainy day fund.

Maryland: Governor Robert Ehrlich announced November 8 that the state will add \$13 million to the Maryland Energy Assistance program to help low-income families with their heating bills this winter. The Governor also will increase funding by \$400,000 for Maryland's Weatherization Assistance Program.

Massachusetts: Governor Mitt Romney signed a bill on November 22 allocating \$20 million to the state's LIHEAP, allowing the program to boost its maximum benefit level. The measure also permanently raised

eligibility levels for the low-income natural gas and electric bill discounts provided by most Massachusetts utilities from 175 percent of federal poverty guidelines to 200 percent, the same as the state's LIHEAP. The law also allows low- and moderate-income residents to take a personal income tax deduction of up to \$800 for their winter heating costs, as well as a one-time \$600 tax credit for the purchase of energy-efficient products such as new windows, programmable thermostats, insulation, weather stripping, and efficient furnaces and boilers.

Michigan: On October 18, the Public Service Commission (MPSC) awarded seven organizations \$41 million in grants to help low-income utility customers with their bills. The grants, from the Low-Income and Energy Assistance Fund, were awarded to the following organizations:

- Michigan Department of Human Services (DHS) -- \$26,525,000
 - Downriver Community Conference -- \$275,000
 - Lighthouse Emergency Services -- \$200,000
- Michigan Community Action Agency Association (MCAAA) -- \$4,500,000
 - Newaygo County -- \$500,000
- The Heat and Warmth Fund (THAW) -- \$4,500,000
 - Salvation Army -- \$4,500,000

On February 21, the MPSC awarded seven organizations \$25 million in grants to help low-income utility customers with their bills. The grants come from the Low-Income and Energy Assistance Fund and were issued less than a month after the MPSC released an accelerated Request for Proposals on January 31.

Most of the money was awarded to the Michigan Department of Human Services (DHS), the LIHEAP grantee. Of the \$20 million DHS received, \$15 million will be spent under the State Emergency Relief and Energy Direct program to prevent threatened shutoff of energy services, and \$5 million for the Arrearage Payment program.

Missouri: Gov. Matt Blunt signed legislation January 19 providing \$6,079,746 in state energy aid to LIHEAP. The energy assistance is available to people earning up to 125 percent of the federal poverty level. People having trouble paying their heating bills can receive one-time grants, which vary in amount depending on the family's size, income and heating fuel source. Those whose service has been disconnected or who have received shut off notices also are eligible for as much as \$600 in emergency aid.

Montana: On October 25, the Public Service Commission ordered NorthWestern Energy, the state's largest utility, to shift its universal system benefit (USB) funds to provide low-income households a 30 percent discount on natural gas bills and a 25 percent discount on electric bills from November 1 through April 30. The discounts, currently 15 percent for gas and electric, apply to customers who qualify for LIHEAP. The USB funds are generated from a surcharge on the utility's gas and electric customers' bills. The commission's action resulted in about \$1.8 million in additional USB funds for the discount, an amount that would have gone to renewable and non-low-income conservation programs. The commission also directed NorthWestern to give \$575,000 of USB funds to Energy Share, a fuel fund that assists those who don't qualify for LIHEAP.

On December 27, Montana Governor Brian Schweitzer ordered \$2.5 million in state funds to supplement LIHEAP. The order also said if federal LIHEAP funds come in at more than the \$14.351 million that Montana anticipates, the general funds will be returned to the state treasury on a one-to-one ratio. After the addition in \$1 billion of federal funds to all states in late March, Montana received over \$19 million total for FY 2006 LIHEAP and the \$2.5 million was repaid to the state.

The state is using Montana Conservation Corps crews, whose labor is paid for by AmeriCorps, to perform weatherization measures on 500 low-income homes this year. Under a new initiative of Governor Brian Schweitzer called "Warm Homes Montana," homes that would otherwise be on a lengthy waiting list for the federal Weatherization Assistance Program will receive weatherization measures. LIHEAP funds will be used for weatherization supplies.

New Jersey: In January the New Jersey legislature passed and Acting Governor Richard Codey signed legislation providing \$4 million to the state LIHEAP office, the Department of Human Services (DHS) for energy assistance. The legislation also allocated \$2 million to New Jersey Comfort Partners, a utility-administered statewide low-income weatherization program.

Additionally, acting Governor Richard J. Codey announced the state would contribute more than \$2.5 million in FY 2006 to NJShares to families in need pay their gas and electric bills this winter season. The State Treasury's Division of Taxation forwarded \$2.52 million from a special utility trust fund dedicated for temporary heating assistance, to NJ SHARES.

New Mexico: On October 13, New Mexico Governor Bill Richardson signed into law HB 8, providing \$25.5 million for low-income home-heating relief. The Human Services Department, the state's LIHEAP grantee, will receive \$23 million for the low-income home energy assistance program and \$2.5 million will go to the Department of Finance and Administration for weatherization programs statewide.

New York: On January 29, New York Governor George Pataki signed a bill that provided \$100 million in emergency funds to the Office of Temporary and Disability Assistance, the LIHEAP grantee. The \$100 million was contingent on using all federal funds first and had to be used before April 15. After receiving \$93 million in federal supplemental LIHEAP and emergency funds, the \$100 million was returned to the state.

North Carolina: The Council of State approved a plan by Governor Mike Easley to provide \$6.5 million in state funding for low-income energy needs. About \$3.4 million is being distributed through the Department of Health and Human Services (DHHS), the LIHEAP and weatherization grantee, as part of the LIHEAP crisis intervention program. Private donors such as utilities are expected to match that amount. So far, the state's major utilities have announced contributions of about \$3.1 million, to be distributed through their fuel funds. The remaining \$3.1 million will go to the state weatherization program, administered by DHHS's Office of Economic Opportunity, to weatherize the homes of low-income residents.

Governor Mike Easley added another \$4 million in state funds January 17 to help 10,000 more families pay their home heating bills this winter. The Governor's action brings the total in a special fund financed by the state and utility companies to nearly \$14 million.

Ohio: On October 6, Governor Bob Taft issued an executive order releasing \$75 million dollars in unspent federal TANF funds for energy assistance. The funding will be administered by the LIHEAP grantee, the Ohio Department of Development, using Ohio's existing community action and nonprofit network. TANF-eligible households with incomes up to 200 percent of FPG will receive benefits and the state will raise LIHEAP eligibility to 60 percent of median income (from 150 percent FPG), which is near 200 percent FPG. An estimated 70,000 additional families will be served and benefits will be increased by an average of 10 percent.

Oklahoma: The Oklahoma LIHEAP received a special appropriation from the state general fund of \$5.4

million. This was as a result of an agreement between Governor Brad Henry and legislative leaders. To date, \$5.25 million has been spent in provision of increased benefits for each fuel type, i.e., \$80 more for natural gas, \$87 more for propane, \$34 for electricity and all other fuels.

Oregon: On November 22, Oregon Governor Ted Kulongoski and Attorney General Hardy Myers announced nearly \$15 million in grants for weatherization and energy assistance. The grants provide \$5.5 million to help pay the energy bills of low-income households through Oregon HEAT, a non-profit, and Oregon Housing and Community Services, the LIHEAP and weatherization grantee. Another \$4.5 million is being allocated to weatherize low-income dwelling units, including existing housing and new, energy-efficient housing yet to be built through programs conducted by OHCS. The grants will also provide about \$800,000 to support a statewide case management system through OHCS.

Pennsylvania: Governor Edward G. Rendell signed legislation on December 16 that provided \$19.3 million in state funds to support LIHEAP. The money comes from a 1 mill diversion from Pennsylvania's Gross Receipts Tax, a levy on businesses. He has also urged utilities to increase enrollment in their ratepayer-funded Customer Assistance Programs and called upon other large energy companies to provide funding for those in need.

Rhode Island: On December 21, in a ruling regarding dispensation of settlement funds, the Rhode Island Public Utilities Commission voted to provide \$2 million to increase an existing low-income discount provided to customers of Narragansett Electric. The \$2 million will provide an additional \$57 per year to about 35,000 low-income participants during 2006. Narragansett had attained \$16.5 million in settlement funds through a bankruptcy proceeding with a generating company. Of the remaining funds, \$8.5 million will be allotted as credits to the distribution charges paid by all ratepayers and \$6 million will be held in reserve.

Tennessee: On December 7, Governor Phil Bredesen launched Operation Warm Homes TN with a one-time state allocation of \$5 million to supplement LIHEAP and provide relief to low income, elderly and disabled households. In addition, the Governor called on churches and other faith-based organizations to contribute \$100 per congregation to a charitable fund that will be administered by the Community Foundation of Middle Tennessee.

Utah: The legislature has approved \$500,000 in state funds for the Utah LIHEAP. Governor Jon Huntsman had asked for \$1.5 million for energy assistance on his FY2007 Budget. The money will be made available to the program July 1 and will be used for crisis assistance.

Vermont: The state of Vermont has moved \$7 million to the state's LIHEAP by borrowing \$3.5 million from the state Department of Corrections and transferring \$3.5 million from the state's Weatherization Trust Fund, which has a surplus.

Virginia: On November 30, Governor Mark R. Warner announced a \$17.9 million grant from the state will supplement the Low-Income Home Energy Assistance Program (LIHEAP) with \$13.6 million for fuel assistance and \$1.3 million for crisis assistance. Another \$2.1 million from the state will provide additional assistance to the federal weatherization program.

Washington: On January 12, Governor Christine Gregoire signed a bill which allocates \$7.6 million in emergency aid to low-income families. About 14,000 income-eligible families will receive an average of \$350 towards their heating bills this winter through LIHEAP. Families can apply at community agencies for heating assistance through the Low Income Home Energy Assistance Program. The money comes from a fine paid in April by Qwest Communications to the Washington Utilities and Transportation Commission.

Wisconsin: Governor Jim Doyle announced September 29 that the state will provide an additional \$16 million for low-income bill payment assistance by shifting money from the state's Public Benefits Fund that would have gone for low-income energy efficiency. The Public Benefits Fund includes state funds from assessments on utility ratepayers; for FY 2005 it totaled \$52 million for low-income electric bill payment assistance and energy efficiency.

On March 2, Wisconsin's Governor Doyle announced that the state legislature approved \$6 million to help households with heating assistance. The legislation also extended the eligibility limit for assistance from 150 percent to 175 percent of federal poverty guidelines.

Wyoming: On March 23, 2005, Governor Dave Freudenthal signed legislation that provides \$3 million from the general fund to the department of family services for the low-income home energy assistance program. The funds are available for the remainder of FY 2006 and FY 2007. The legislation states that households with incomes that do not exceed the greater of 215 percent of federal poverty guidelines or 60 percent of state median income are eligible for the funds.

PROGRAM EXPANSIONS/CHANGES

California: Income eligibility for California Alternative Rates for Energy (CARE) and Low-Income Energy Efficiency Program (LIEE) increased from 175 to 200 percent of federal poverty guidelines. CARE customers may enroll by telephone and will not be dropped from the program for failure to recertify income eligibility. LIEE program enrollment is simplified in several ways to help speed up the provision of services this winter and utilities are authorized to accelerate the replacement of gas forced-air furnaces, leaky or broken gas water heaters, and inefficient refrigerators and light bulbs for low-income customers this winter.

Georgia: The Georgia Public Service Commission (PSC) on February 7 unanimously voted to increase the low-income senior citizen annual income eligibility standard from \$12,000 to \$14,355 to allow more senior citizens to participate in the monthly discount of up to \$14 on their Atlanta Gas Light base charge. Qualified low-income senior citizens could save as much as \$168 annually on their natural gas bills. The change in eligibility standards would make an additional 14,000 senior citizens age 65 or older eligible for this discount. This discount applies only to those senior citizens in the Atlanta Gas Light distribution area.

On December 7, the PSC announced that Georgia Power had volunteered, at the PSC's request, to increase the senior citizen annual income eligibility standard from \$12,000 to \$14,355 to allow more senior citizens to participate in that company's monthly \$14 discount. An additional 23,333 senior citizens have become eligible; about half are projected to sign up for the discount.

Indiana: Income eligibility has been increased from 125 to 150 percent of federal poverty guidelines (FPG).

Maryland: As a response to the significant increases in home heating fuels, funds are now being made available under Project Heat Up, a new, temporary program that provides limited benefits to families that are over income for EUSP and MEAP. The enrollment period is limited from January 15, 2006 through March 31, 2006 for income eligible households in the 150- 175% of poverty range.

New Jersey: The New Jersey Comfort Partners Program, a statewide low-income weatherization program, has responded to this winter's higher energy prices by increasing income eligibility from 175 percent to 200 percent of federal poverty guidelines for customers who enroll between November 1, 2005 and April 30, 2006. The program, in which the state's major electric and gas utilities participate, is funded by a societal

benefits charge that generates about \$15 million yearly. It offers direct installation of energy efficiency measures, personalized customer energy education and counseling.

Ohio: Income eligibility has been increased from 150 percent of FPG to 60 percent of state median income (SMI).

Pennsylvania: On January 23, Pennsylvania Governor Edward Rendell directed the Pennsylvania Department of Public Welfare, the LIHEAP grantee, to increase the income threshold for LIHEAP to 150 percent of the federal poverty level from 135 percent, allowing an additional 67,000 families the chance to get LIHEAP. The addition of more than \$19 million in state funding proposed by Rendell and approved by the legislature allows the program expansion, according to the Governor's office.

The state has increased its FY 2006 minimum LIHEAP benefit from \$50 to \$100.

Wisconsin: On March 2, Wisconsin's Governor Doyle announced that the state legislature approved \$6 million to help households with heating assistance. The legislation also extended the eligibility limit for assistance from 150 percent to 175 percent of federal poverty guidelines. The funds will benefit up to 40,000 families.

UTILITY FUNDING

Colorado: On October 14, Xcel Energy announced it would donate up to \$5.4 million this winter to help low-income Coloradans heat their homes. Last year, Xcel spent \$3.65 million on assistance in the state. The funds will be distributed as follows: \$2 million to Energy Outreach Colorado, which provides energy assistance through charities and nonprofit groups around the state; up to \$1 million to match other donations to Energy Outreach Colorado from businesses and individuals, and \$2.4 million to Energy Saving Partners, a low-income energy-efficiency program administered through the Governor's Office of Energy Management and Conservation, the state WAP grantee.

Florida: Florida Power & Light has contributed \$1 million to the FPL Care to Share program, which helps needy families pay their electric bills. In addition, FPL's Low Income Weatherization Program, in partnership with government and non-profit agencies, can help low-income customers reduce the cost of heating and cooling their homes. Through the program, a free home energy survey is available, and FPL will cover \$10 of the cost of installing weather stripping, caulking and door sweeps, and provide \$35 toward the cost for inspecting air conditioning units.

Georgia: Georgia Natural Gas has donated \$500,000 to assist low-income Georgians with their winter heating bills. The money has gone to the Heating Energy Assistance Team (H.E.A.T.), a statewide fuel fund, and three other Georgia nonprofit organizations that provide energy assistance. H.E.A.T., which also receives funding from other utilities and several local government entities, has contributed a total of \$1 million this fiscal year to the Georgia Department of Human Resources, the LIHEAP grantee. Qualified families apply for assistance at the community action agency that serves their county.

Illinois: On December 21, Commonwealth Edison, the electric utility serving Chicago, announced it will provide \$1 million to the City of Chicago to help low-income Chicagoans manage their winter energy bills. The donation was in response to Mayor Richard Daley's call for residents and the business community to help low-income people with their heating bills. The utility also will partner with the City in support of its Winter Preparedness Fairs, as well as continue to provide energy efficiency seminars and literature to inform

customers about energy usage and how to reduce energy bills.

Indiana: January 2 marked the start of a new program, the "Help Thy Neighbor Fund." Initiated by Governor Mitch Daniels, it has received \$1 million from the state's three largest gas utilities, NIPSCO, Citizens Gas and Vectren.

The fund assists those who are over income for LIHEAP (150 to 200 percent of federal poverty guidelines) and who have been disconnected or have received a disconnect notice from their natural gas company. Those eligible will receive a heating bill credit of up to \$200. The fund will operate from January 2 through May 31, 2006, or until the money runs out. Any remaining money will go to the state's weatherization program.

Iowa: On December 23, heating assistance programs for low-income and elderly Iowans got a \$4.2 million boost. The Iowa Utilities Board approved plans from MidAmerican Energy to distribute \$2.5 million to LIHEAP-eligible households through its I Care fund. Alliant Energy will add \$2.7 million to its Hometown Care Energy Fund.

Louisiana, Mississippi, Texas: Entergy Corporation partnered with the Foundation of the Mid South in early September to start the Power of Hope Fund for Hurricane Katrina victims, with an initial corporate donation from Entergy of \$1 million. The fund will focus on helping victims transition from shelters back into the community. After Hurricane Rita, the focus was expanded to victims of that storm. Working with the National Fuel Funds Network, Entergy is also matching contributions from other utility companies across the nation that are specifically earmarked to provide emergency utility assistance for Entergy customers who were impacted by the hurricanes.

Maryland: Constellation Energy and its regulated utility, Baltimore Gas and Electric (BGE), announced November 8 that they are making \$20 million available over the next few years to various charities and programs, including the Fuel Fund of Maryland and BGE's Community Assistance Fund, which is administered through the Baltimore Community Foundation. As part of this assistance, BGE will make a special \$2 million direct cash contribution to the Fuel Fund of Maryland for customer assistance.

Michigan: Consumers Energy of Michigan notified the Salvation Army that it will increase its utility bill assistance for the PeopleCare program by \$1 million, for a total of \$2.5 million this year. The company will also continue to solicit donations from customers and shareholders, which it expects will garner additional funds for PeopleCare. The Salvation Army administers the program in 36 Michigan communities and applies bill credits of up to \$200 to customers' bills. When funds from another source are available, caseworkers can use up to \$500 in bill credits to match those funds.

Minnesota: Xcel Energy on October 11 announced a \$1 million donation to the HeatShare program, a fuel fund administered by the Salvation Army, to help consumers pay high heating bills this winter. Xcel also will match up to \$500,000 in customer contributions to the Minnesota HeatShare program.

Missouri: As part of a rate increase settlement, the Missouri Public Service Commission on September 30 ordered Laclede Gas to contribute \$1 million annually to fund a new low-income energy assistance program to help the company's most vulnerable customers with their utility bills. Laclede will also increase funding its existing low-income weatherization program from \$300,000 to \$500,000 annually.

Kansas City Power & Light Co. (KCP&L) said it would increase its contribution to Kansas City's weatherization program to \$2.25 million over the next five years. KCP&L has been donating money to the

weatherization program since 1999 in amounts of \$125,000 to \$150,000 a year. The utility said that it is increasing that amount to \$350,000 this year and will add \$50,000 each year through 2010.

Montana, South Dakota, Nebraska: NorthWestern Energy has made available \$1 million for customers in the three states it serves (MT, SD and NE) who are struggling to pay their power bills this winter but do not qualify for LIHEAP. NorthWestern's shareholders – not ratepayers – are funding this contribution. In addition, Mike Hanson, NorthWestern president and CEO, has sent personal letters to NorthWestern's major energy suppliers encouraging them to provide additional funding for this or other emergency fuel funds. As of December 5, several suppliers had committed about \$110,000 in additional funds, Hanson said.

About 85 percent of the funds will support a one-time, \$250 credit for income-qualified customers who do not qualify for LIHEAP or state assistance and who have no other resources available to them; 10 percent of the money will be sent to emergency fuel funds that provide one-time assistance to customers facing a heating crisis and 5 percent will be set aside for low-income weatherization programs. Program registration and qualification began December 1, and ends March 31, 2006, or when funds are exhausted – whichever comes first.

NorthWestern Energy is contributed \$50,000 from its challenge grant to Montana's "Warm Hearts Warm Homes" program to help weatherize homes for low-income residents. The contribution will help the state catch up on a backlog of weatherization projects for recipients of the Low-Income Energy Assistance Program.

New Hampshire: September 1, 2005, the PUC approved a program that will provide a 50 percent reduction in the gas delivery portion of natural gas bills for eligible customers of KeySpan Energy Delivery and Northern Utilities. Customers who qualify for programs such as Fuel Assistance, EAP, TANF, WIC, Food Stamps and others are eligible for an annual savings of about \$200. The program starts November 1.

North Carolina: Duke Power, together with its customers and the Duke Energy Foundation, expects to contribute more than \$2.1 million to low-income energy needs in North Carolina through its Share the Warmth program this heating season.

Progress Energy has committed \$1 million for low-income energy needs through its foundation, the utility will expand its existing energy-assistance program (Energy Neighbor Fund), underwrite the costs to solicit new contributions and to buy advertising to raise public awareness, and will assist the state LIHEAP office with outreach and enrollment.

Oklahoma, Texas, Kansas: Two energy companies in Oklahoma have contributed funding for energy assistance. The ONEOK Foundation will donate \$1 million to assist residents in Oklahoma, Kansas and Texas with their energy bills. ONEOK's distribution companies provide gas in the three states. The funds will be available through the Salvation Army in Oklahoma and Kansas and through the Texas Department of Housing and Community Affairs, the LIHEAP grantee, in Texas.

Williams Energy said it will provide \$250,000 to help low income household in Tulsa, Oklahoma, this winter. The funds will be distributed through the Salvation Army.

Pennsylvania: The Pennsylvania Public Utility Commission (PUC) on December 1 approved proposals submitted by seven electric and natural gas companies to transfer nearly \$15 million in unspent utility consumer-education funds to help low-income families in their service territories this winter. The Commission approved proposals submitted by Allegheny Power, Metropolitan Edison Company,

Pennsylvania Electric Company, PG Energy, PPL Electric Utilities Corp., PPL Gas Utilities Corp., and T.W. Phillips Gas and Oil Company to transfer most of the funding to their Universal Service Programs such as Customer Assistance Programs (CAPs) or Low-Income Usage Reduction Programs (LIURPs).

South Carolina: On December 12, South Carolina Electric and Gas began offering one-time bill credits of \$250 to its low-income gas customers through a winter assistance fund. Priority was given to those who are disabled/handicapped or elderly, and to families with young children (ages 5 and under), or households whose energy bills are more than 20 percent of household income. In a plan approved by the state's Public Service Commission, the utility said it would spend \$3 million on the program.

Texas: Beginning November 1, TXU Energy will begin a four part customer assistance program called Energy Peace of Mind that includes up to \$25 million to replace a low-income discount program that was eliminated by the Texas legislature. This contribution will allow eligible TXU Energy and TXU SESCO customers to obtain a 10 percent discount on their 2006 electricity bills.

Virginia: Several Virginia utilities are contributing \$2.7 million to assist low-income customers. Dominion Resources: \$1 million to supplement its customer contributions to its Energy Share Program. Virginia's electric cooperatives: doubling their contribution to low income heating assistance from \$600,000 to \$1.2 million. Virginia Natural Gas: increased yearly giving from \$70,000 to \$300,000. Columbia Gas of Virginia: \$170,000, \$100,000 over four years to the state's Weatherization Program and \$70,000 to assist low income customers. Roanoke Gas: has doubled its contribution to assist low-income customers to \$20,000. Appalachian Power: will double contributions to matching customer donations to energy assistance, from \$37,500 to \$75,000. Allegheny Power: will more than double its energy assistance from \$15,000 to \$32,000.

DISCONNECTION MORATORIA, FEE WAIVERS

Alabama:

After several thousand cutoffs in recent months, Birmingham-based Alabama Gas Corp, the state's largest natural gas utility, has agreed to halt service disconnections for eligible low-income customers until April under a new program developed by the Community Action Association of Alabama. Customers must be certified through their local community action agency using LIHEAP guidelines.

Arkansas: The Arkansas Public Service Commission has amended the state's cold weather rule to ban winter natural gas disconnections of certain income-eligible households provided they make a minimum payment, about 50 percent of their bill. The amendment is effective December 1 through March 31. If households make the required payment, the remainder of their bill is deferred until April, after which they have seven months to pay off the balance. Qualified customers are those who receive benefits from LIHEAP, Food Stamps, WIC, Medicaid or Transition Employment Assistance. To qualify, customers must notify their natural-gas supplier that they are eligible and provide written proof to the utility within two weeks. If fraud, misuse or failure to make monthly payments occur, the utility can suspend the customer's service until all bills are paid in full.

California: The PUC directed utilities to waive reconnection fees and deposits for CARE customers this winter. Utilities are prohibited from shutting off service this winter to residential customers who make regular payments of at least 50 percent of their bills. The utilities may require such customers to comply with a leveled payment plan to avoid shut-off, or otherwise must provide such customers with 9-month repayment plans starting at the end of the winter.

Georgia: The PSC and the Governor's Office of Consumer Affairs, Consumers' Utility Counsel's Office have partnered to encourage utility companies to implement actions that would assist hurricane evacuees with getting electric, natural gas, and telephone service installed. Georgia Power, Savannah Electric and Power Company, and several of the electric membership corporations (Flint, Walton, Coweta-Fayette, Satilla, Central Georgia and Cobb) are waiving deposits and connection fees. Atlanta Gas Light Company will waive its \$25 connection fee to have gas service established for the next six months. Georgia Natural Gas is waiving the deposit and foregoing the credit check to evacuees seeking to establish natural gas service, SCANA Energy Regulated Division will waive its connection fee and deposit requirements for low income customers., and Atmos Energy Corporation is waiving its deposit.

Additionally, Bellsouth is providing free local and long distance service to evacuees who are housed in shelters throughout Georgia, and waiving 100 percent of the installation fees for wireline telephone service. Other phone companies are waiving all non-recurring charges associated with the installation of a single access line.

Illinois: Illinois' major utility companies – Ameren, Nicor Gas, and Peoples Energy – have agreed to a request from Governor Rod Governor Rod R. Blagojevich to waive reconnection fees and suspend deposit requirements for customers receiving LIHEAP. Commonwealth Edison will waive deposits for LIHEAP customers living in buildings heated entirely by electricity

Louisiana, Mississippi, Texas: In the wake of Hurricanes Katrina and Rita, Entergy Corporation is waiving deposits and fees for customers dislocated by the storms and relocating to other locations within Entergy's territory. It has suspended disconnections and is working out payment plans with customers who have high past due balances.

Michigan: The Michigan Public Service Commission filed and Governor Jennifer Granholm signed into law "Emergency Billing Practices For Retail Customers" on October 28. The rules are effective November 1, 2005 through March 31, 2006. Utilities are prohibited from disconnecting service to a residential customer who is 65 years of age or older or whose household income does not exceed 200 percent of the federal poverty level, provided the customer advises the utility of the circumstances and pays a monthly amount equal to 6 percent of the customer's estimated annual bill. Utilities also may not disconnect service to a customer who has entered into a settlement agreement provided that the customer makes a monthly payment of \$50 plus designated amounts. The law also extends the due date for utility bills from 17 days to 22 days from the date the bill was transmitted to the customer and places limits on deposits.

Minnesota: The Governor announced November 10 that he had reached an agreement with the state's major utility companies (Centerpoint and Xcel Energy) that guarantees that income eligible families who contact the utility will not have their heat shut off this winter. The utilities pledged to go beyond the requirements in the state's existing Cold Weather Rule, which requires utilities to provide heat from October 15 to April 15 to customers who have fallen behind on their bills as long as they meet income requirements and agree to a payment plan. The utilities said they wouldn't disconnect eligible customers even if they don't reach a front-end payment agreement. The governor said he is seeking similar assurances from other utilities.

Mississippi: Most utilities are waiving deposit and reconnect fees. Some are providing a credit on the first bill.

Missouri: The regulated utilities are waiving deposits, reconnect fees and tank settings. AmerenUE has agreed to waive all reconnection fees and suspend deposit requirements for customers receiving LIHEAP or Utilicare assistance to pay winter heating bills. The company's agreement with the governor and the PSC will

cover the period Nov. 1, 2005 to March 31, 2006.

Montana: The PSC moved forward the start of the winter shut-off moratorium from 11/1 to 10/15.

New Mexico: On October 13, New Mexico Governor Bill Richardson signed into law HB 8 providing for a moratorium on utility disconnection stating that "a utility company shall not discontinue or disconnect service to a residential customer for any billing cycle from November 15 through March 15 for nonpayment if the customer meets the qualifications for the low-income home energy assistance program. The utility company shall report the customer's need for assistance to the human services department and the department shall take immediate action to mitigate the problem."

Pennsylvania: On January 12, the Pennsylvania Public Utility Commission lowered reconnection fees of five utility companies, allowing them the flexibility to charge from \$0 to \$50 to reconnect customers during the winter months. Customers of Allegheny Power, Metropolitan Edison Co., National Fuel Gas Distribution Corp., Pennsylvania Electric Co. and Wellsboro Electric Co. will pay no more than \$50 for reconnection. In December, the Commission approved a waiver of reconnection fees for some Duquesne Light Company customers and in November it ordered Philadelphia Gas Works to stop charging higher reconnection fees than allowed by law. The actions were in part due to the impacts of 2004 legislation, the Responsible Utility Customer Protection Act, which tightened the rules regarding utility disconnections, reconnections, deposits and payment plans, and which advocates say has resulted in a record number of utility disconnections, along with unreasonable reconnection fees and deposit requirements.

Texas: The Public Utility Commission of Texas on September 9 ordered a waiver on deposits for connecting telephone and electric service throughout Texas to Hurricane Katrina victims; the order was effective through September. That order was later extended through December 2 and expanded to include Hurricane Rita victims. The Texas Railroad Commission followed suit and approved an order waiving deposits for gas service for Hurricane Katrina victims through January 25.

Separately, the cities of Austin, Denton and San Antonio adopted similar provisions for new applicants for electricity. Those utilities are city owned, and thus not subject to PUC jurisdiction.

OTHER FUNDING SOURCES

Chicago: Mayor Richard M. Daley said in early November that he has committed an additional \$5 million toward home heating assistance and weatherization for Chicagoans. The \$5 million will come from interest on the proceeds from the lease of the Chicago Skyway, which is city property, and will be on top of the more than \$1 million the city already has contributed toward home heating assistance. Since December 2004, the city has used lease proceeds to help low-income families pay their energy bills and to repair and insulate their homes. The mayor also announced the city would host 11 home-heating fairs in neighborhoods across the city to provide residents with one-stop assistance for their energy needs.

Connecticut: New Haven Mayor John DeStefano Jr. said his office, with Citizens Energy Corp. of Boston, has secured 4.8 million gallons of oil through the Venezuela-CITGO Heating Oil Program. The program will provide discounted heating oil to city residents whose eligibility is determined by low-income and heating assistance programs. About 4,000 households may be eligible for a one-time delivery of up to 200 gallons of oil at a 40 percent discount. The discount for each household amounts to about 98 cents per gallon. Homeless shelters also will be eligible to receive discounted oil.

Delaware: On February 14, Delaware joined the list of states receiving discounted heating oil through a program sponsored by Venezuelan-owned CITGO Petroleum. The oil company will work with Boston-based nonprofit Citizens Energy and Catholic Charities of Delaware to distribute 1 million gallons of heating oil to low-income residents at a 40 percent discount from the wholesale market price. Homeless shelters in the state will receive an additional 150,000 gallons of fuel free.

Indiana: The "Help Thy Neighbor Fund" started on January 2. Initiated by Governor Mitch Daniels and funded by public and private donations, it has received a \$5 million grant from the Lilly Endowment.

The fund assists those who are over income for LIHEAP (150 to 200 percent of federal poverty guidelines) and who have been disconnected or have received a disconnect notice from their natural gas company. Those eligible will receive a heating bill credit of up to \$200. The fund will operate from January 2 through May 31, 2006, or until the money runs out. Any remaining money will go to the state's weatherization program.

Maine: Venezuela has agreed to sell discounted oil to Maine that will provide about \$5.6 million to help the low income heat their homes this winter. The 48,000 households enrolled in LIHEAP will receive an additional \$100 worth of heating oil. In addition, Citgo, a Houston-based subsidiary of Venezuela's state-owned oil company, will donate 120,000 gallons of heating oil to 40 homeless shelters in Maine.

Massachusetts: A Venezuelan oil company began unloading discounted oil in Massachusetts November 23 to be distributed to low-income families in the state through two nonprofits. The Venezuelan government agreed to ship 12 million gallons of discounted home-heating oil to the state as a result of a deal arranged by Massachusetts Rep. William D. Delahunt, a local nonprofit energy corporation, and Venezuela's government.

The approximately \$9 million deal brings nine million gallons of oil to families and three million gallons to institutions that serve the poor, such as homeless shelters, said officials from Citizens Energy Corp., which helped arrange the deal and signed the contract. Participants will pay about \$276 for a 200-gallon shipment, a savings of about \$184 and enough to last about three weeks.

Citizens Energy, a nonprofit energy corporation, will distribute about three quarters of the oil through its Oil Heat Program, which has offered half-price heating oil to low-income families and the elderly for a number of years. MassEnergyConsumer Alliance, a nonprofit group that also offers discounted oil, will distribute or sell the remaining quarter to homeless shelters, food banks, and low-income housing groups.

Oklahoma: On December 7, the Oklahoma Energy Resources Board (OERB) announced it was contributing \$1 million to support the state's Weatherization Assistance Program, operated by the Department of Commerce. Beginning January 1, the Department, through local community action agencies, will start spending the money to weatherize the homes of the state's low income.

Pennsylvania: Low-income families in the Philadelphia area will receive discounted Venezuelan heating oil as the result of a deal brokered by U.S. Representative Chaka Fattah with the Venezuelan oil company, Citgo. The city of Philadelphia and surrounding counties will receive 5 million gallons of oil marked down by 40 percent. The oil, up to 200 gallons for each household, will be available to those who have exhausted their LIHEAP benefit. The nonprofit Energy Coordinating Agency will oversee distribution of oil in the Philadelphia area.

Vermont and Rhode Island: These states have joined Massachusetts and Maine by entering into agreements with the Venezuelan oil company, Citgo, to obtain discounted heating oil for low-income

families. More than 2.4 million gallons of heating oil will be sold at a 40 percent discount to participants in the Vermont LIHEAP. It is expected that about 12,000 households will benefit. Homeless shelters will receive 108,000 gallons oil at no cost. The deal was arranged by Vermont's U.S. Representative Bernard Sanders and the nonprofit Citizens Energy Corp. of Massachusetts.

In Rhode Island, 3.3 million gallons of discounted oil provided through Citgo and Citizens Energy will be distributed to low-income families, homeless shelters and community clinics. The Rhode Island Community Action Association Network, made up of community action programs throughout the state, will coordinate the delivery of oil to their low-income clients. Rhode Island's Senator Jack Reed helped arrange the deal.

Page Last Updated: August 15, 2006

Natural Gas Prices Continue at Higher Levels

I. Summary

This white paper on natural gas prices addresses the prospect of natural gas prices staying at overall higher levels, especially prices during the winter heating season. The average spot price at the Henry Hub for 2006 is forecasted to drop slightly to \$7.61 per thousand cubic feet (Mcf) from \$8.86 per Mcf in 2005, but it is anticipated to move back up to approximately \$8.13 per Mcf for 2007.¹ Additionally, the Energy Information Administration (EIA) notes concerns about potential future supply tightness and continuing pressure from high oil market prices will likely drive spot natural gas prices to just over \$10.00 per Mcf this December and January.

The Board foresees that Iowans may experience continued high natural gas prices during the upcoming winter heating season. Should the weather during the winter heating season be unseasonably cold, consumers need to be prepared for higher-than-normal heating bills.

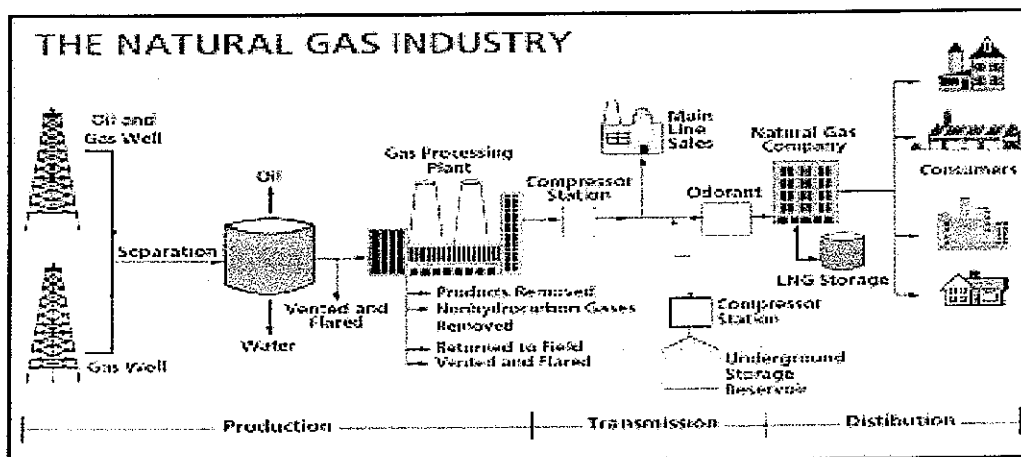
II. Introduction

The price of natural gas is affected by numerous factors such as weather, economic activity, and availability of supplies. Depending upon the strength and timing of these factors, the price of natural gas can increase or decrease dramatically.

An analysis of natural gas prices should begin with an overview of natural gas production and transmission. Natural gas is, for the most part, a domestically produced commodity. The Gulf region, Southwestern states, the Rocky Mountain area, and portions of the Appalachian Mountain area are the main production areas within the United States. An increasing portion is being imported from Canada, but most of the natural gas consumed in the United States is still produced within its borders. Once natural gas is released from production wells, it goes into a pipeline system that delivers it to customers throughout the country. Because production and transportation of natural gas are fairly constant, the short-term fluctuations in demand are dealt with by injections into and removals from storage. The storage "fields" are usually constructed from old natural gas production formations, salt caverns, or large aquifers located near distribution areas. Long-term supplies can be increased by finding new sources of supply, adding more production capacity, and if necessary, building more pipelines.

¹ Energy Information Administration, *Short-Term Energy Outlook*, July 11, 2006.

The diagram below shows an overview of the flow of natural gas from the well to the consumer.



Source: www.eia.doe.gov/kids/energyfacts/sources/non-renewable/naturalgas.html

Because natural gas storage is so critical to balancing the demand for natural gas, it is considered by many to be the most important supply-side factor in determining the price of natural gas in the near term. It serves as a hedge against price volatility in addition to its role in assuring operational integrity/deliverability of natural gas to customers. Storage levels must be adequate to cover the increased demand in the heating season, including peak day use. These necessary levels are achieved by injections into the storage fields during the non-heating season (April-October).

III. Market Forces that Impact Natural Gas Prices

Demand Factors

Like any other freely traded good or service, there are numerous market forces that determine the demand for natural gas. Demand has been divided into short-term and long-term factors that influence the demand for natural gas and ultimately the price for natural gas.

Short-Term Demand

Weather

One of the main demand factors impacting market prices is the weather. During the heating season cold weather causes demand for natural gas to increase; and warm weather has the opposite effect. If one is concerned about volatile prices, the obvious weather pattern to look for is colder than normal winter weather. If winter is colder than normal, especially if the winter is much colder in the first month or two of the heating season (e.g., the winter of 2000-2001), demand for gas will increase, perceptions of potential shortages may arise, and the price of natural gas will increase. Not so obvious is the impact that summer weather has on the demand for natural gas and storage. Many of the electric generating units used in the United States for intermediate and peaking purposes (e.g., air conditioning on warm days) use natural gas for fuel. Because of this, warmer than normal weather in the summer

means that more natural gas will be used for electrical generation purposes, and less will be available for additions to storage. According to EIA data, in 2005 Iowa used less than one percent of the total amount of natural gas delivered in the U.S for electric power consumption.

Prices of Alternative Fuels

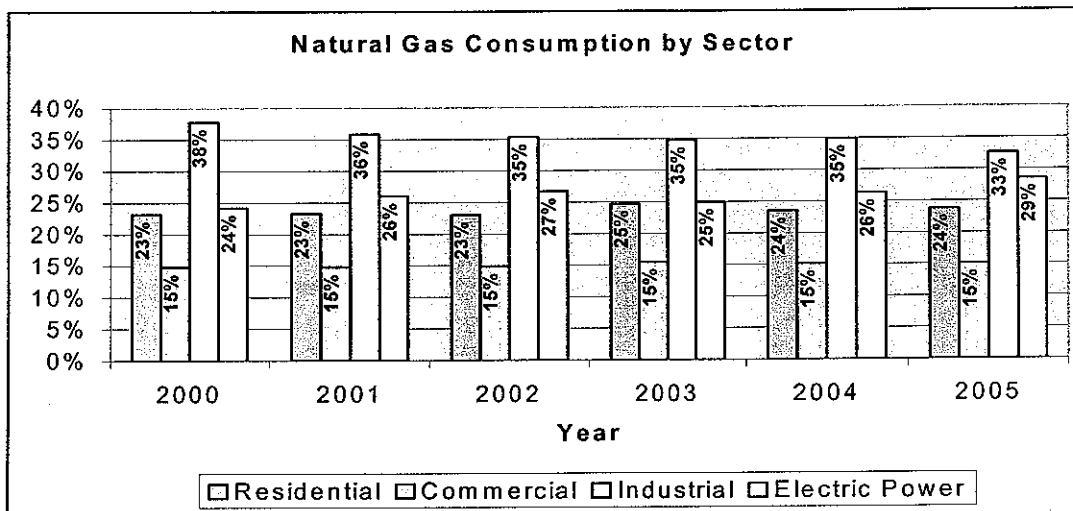
Another important factor to watch when estimating natural gas prices is the price of alternate or competing fuels. In many industrial processes, the manufacturer can either burn natural gas or some type of heating oil. For electric generation, if the price of fuel oil is high enough, generation that burns natural gas becomes more economical and will displace some of the units that burn fuel oil. This year has seen record prices for crude oil, over \$70 per barrel. The price of crude oil has been over \$40 per barrel since the fall of 2004. The increased price of crude oil and the products that are derived from it (like heating oil) could cause demand for natural gas to increase.

U.S. Economy

Overall economic activity is also a major factor that determines the demand for natural gas. If there is more economic activity, particularly industrial activity that uses natural gas as a fuel, there is increased demand for natural gas. A thriving economy provides opportunities, but it must be recognized that increased economic activity in the face of limited supplies of natural gas will cause upward pressure on prices.

Long-Term Demand

Demand for natural gas can be divided between residential, commercial, industrial, and electric power generation sectors. Below is a chart showing each sector's percentage of the total natural gas consumption from 2000 to 2005. It shows that since 2000, industrial consumption has decrease from 38 percent to 33 percent in 2005, while electric power consumption has increased from 24 percent in 2000 to 29 percent in 2005. Residential and commercial consumption have remained relatively constant at 24 percent and 15 percent, respectively.



Source: Energy Information Administration

Residential and Commercial Demand

A major long-term driver of natural gas demand in the residential sector is residential heating. According to NaturalGas.org, an increasing number of new homes are using natural gas furnaces to heat them. In 2000, 70 percent of new homes used natural gas heat compared to 47 percent in 1986.² Although houses are getting larger, increasingly efficient natural gas furnaces and other appliances temper the increase in consumption of natural gas in the residential sector. However, even with more efficient furnaces, the sheer number of homes built will continue to be a strong driver of natural gas demand.

The commercial sector includes restaurants, hotels, schools and office buildings. Their uses for natural gas are much like those of the residential sector. They use natural gas for heat, cooking and water heaters. Like the residential sector, the number and size of new commercial buildings is increasing, potentially offset by their use of more energy efficient natural gas furnaces and appliances.

Industrial Demand

In this sector, there has been a decline in the energy-intensive manufacturing industries (examples of energy-intensive industries are fertilizer, aluminum or steel manufacturing) and an increase in non energy-intensive manufacturing industries. (Energy intensity is the energy used per unit of output.) NaturalGas.org reports that this change is caused by an increase in energy efficiency of equipment and processes used in the industrial sector as well as a shift to manufacturing goods that require less energy input. The EIA's Short-Term Energy Outlook, released July 11, 2006, reported industrial demand in 2005 at 7.66 trillion cubic feet (Tcf) and predicts a modest increase to 7.76 Tcf in 2006 and to 8.13 Tcf in 2007.

² 13 U.S. Census Bureau, *Current Construction Reports—Characteristics of New Housing Series C25*, 1989 and 1999 (Washington, DC: U.S. Department of Commerce, 1990 and 2000).

Electric Generation Demand

The demand for natural gas in the electric generation sector has increased and is expected to continue to increase in the future. That increase can be attributed to several factors. Natural gas electric plants are flexible and normally require a lower capital investment than nuclear or coal-fired plants. The plants can range in size from small micro turbines to large-scale generation. Often, a natural gas fired plant has a shorter construction and lead-time than a nuclear or coal plant. Additionally, the natural gas fired plants have operational flexibility that can be used to meet short-term peak electricity demands. They can be turned on or off quickly – a feature that coal or nuclear generation plants do not have. Another factor that makes natural gas electric plants a popular choice is that they tend to produce lower emissions than coal plants. This is an important factor since stricter emission limits are being imposed by some states.

Supply Factors

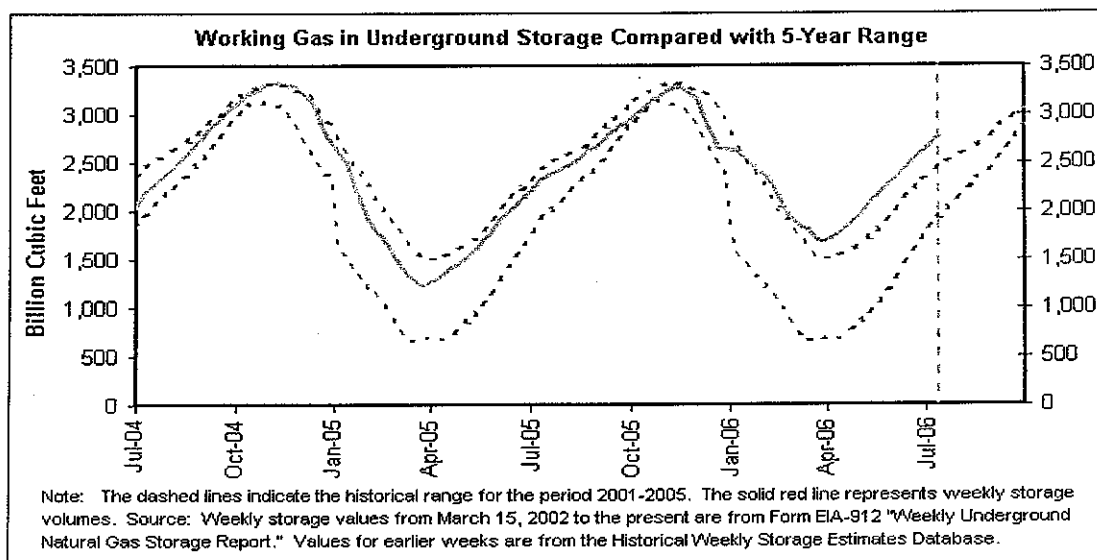
Factors such as summer weather and economic activity can add to the demand for natural gas during the time period when most of the injections into storage take place. All these factors take away from the supply of natural gas that could be used to increase storage supplies. The result can be even tighter supplies in the winter with the possibility for increased natural gas prices.

Storage Levels of Natural Gas

To accommodate the increase in demand during the winter heating season, natural gas is injected into storage from April through October and withdrawn from storage as needed during the winter months. Storage levels are tracked by the EIA and compared to a 5-year average. The storage levels for the 2006-2007 heating season are currently at record high levels and were 53 percent above the 5-year average. The week ended May 12, 2006, marks the earliest date at which natural gas volumes have surpassed 2,000 billion cubic feet (Bcf) since record keeping began in 1994.³

The chart below is a sample of the storage level data compiled by the EIA. This shows the storage levels compared to the previous two years as well as the 5-year range as of July 14, 2006.

³ Energy Information Administration, *Natural Gas Weekly Update*, May 18, 2006



Given the nearly constant production levels throughout the year, the main factors that impact the supply of natural gas tend to be the ones that impact storage levels. For example, one of the main producing areas of natural gas is the Gulf Coast region. Hurricanes can interrupt the flow of natural gas from this area. Hurricanes not only can cause immediate disruption in the flow of natural gas but may also have longer-term effects on production if the facilities sustain damage and repairs are required.

Last year, the Gulf Coast experienced two major hurricanes that significantly decreased the production and supply of natural gas. The effects of hurricanes Katrina and Rita are still being felt. The Minerals Management Service (MMS) reported that 1.3 Bcf per day of natural gas production in the Gulf of Mexico remains shut in as of May 3, 2006. This is significantly down from October 2005 when shut-ins reached about 5.6 Bcf per day.⁴ As of June 2006, a total of 784 Bcf of natural gas production from Federal offshore fields has been lost since Katrina and Rita struck, which equates to approximately 21 percent of a normal year's natural gas production from the Federal offshore fields.⁵

Forecasters are predicting that 2006 will be another active hurricane season but also predict that there will be fewer storms than last year. When and where the hurricanes land may influence natural gas storage and prices.

Prices during the Storage Season

In the past when natural gas was trading for under \$5.00 per Mcf, the price for natural gas would drop 30 to 40 cents per Mcf in the warmer months. This allowed companies to inject gas into storage and have a lower delivered price to the consumer when compared to purchasing the gas during the winter heating season. During the past two years there has been a much larger spread (sometimes as much

⁴ Ibid.

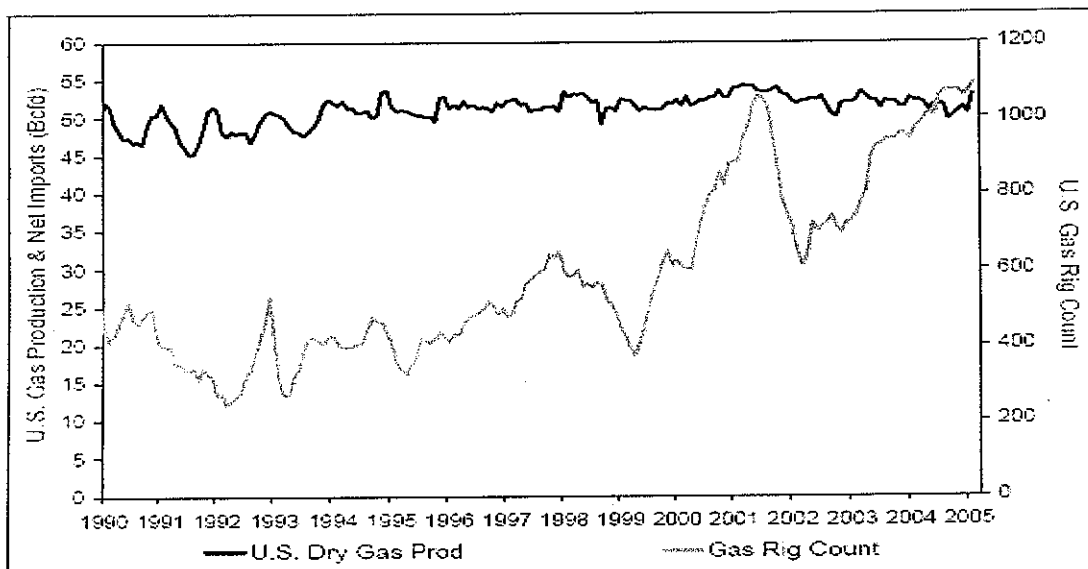
⁵ Energy Information Administration *Short-Term Energy Outlook*, June 6, 2006.

as \$4.00 per Mcf) between the storage price and the winter price. This has encouraged not only utility companies to inject gas into storage, but also traders. Traders, who could lease storage, see a potential opportunity for profit by purchasing gas during the storage season and then selling during the winter heating season.

Natural Gas Well Depletion and Lack of New Drilling Areas

Natural gas wells are depleting more quickly in traditional production areas of the United States and Canada. As they deplete, less gas flows. In order to maintain production, producers have had to drill more wells or extract gas more efficiently from existing wells. Below the diagram shows the number of U.S. gas rigs is increasing while U.S. gas production remains fairly constant.

U.S. Natural Gas Production vs. Rig Count



Source: Bloomberg.

The EIA's March 30, 2006, *Natural Gas Weekly Update* reported that an average of 1,300 natural gas drilling rigs were in production for February and March 2006, which is more than double the monthly average for April 2002.

Liquefied Natural Gas (LNG)

Interest in increasing supplies of LNG remains high, but the location of new facilities is a problem. Many communities and areas do not want these plants located nearby. Even if this problem is overcome, LNG is looked at as a way to increase long-term supply.

IV. The Role of Speculative Trading

Speculative traders buy and sell natural gas (and other commodities) to make a profit. They have played an increasingly large and influential role in the natural gas market. According to a report released by Energy Solutions, Inc., on October 29,

2004, price moves caused by speculative buying or selling are referred to as "technical" moves. Technical moves cannot usually be sustained without underlying fundamentals to support them. There is some concern, however, that as speculative activity continues to increase, it is becoming more and more difficult to explain natural gas pricing behavior.

V. The Role of Gas Hedging

Local distribution gas utilities purchase natural gas on behalf of their customers, generally on a short-term basis, at prevailing market prices. In recent years, these short-term market prices have been significantly more volatile during the heating season, compounded by cold weather variability and its effect on gas usage. Natural gas hedging activities involve the use of financial instruments to stabilize the utility's gas purchase costs and include both price and volume hedging. Price hedging reduces the risk from price fluctuations, and volume hedging reduces risk related to weather, but hedging does not necessarily yield the lowest price of natural gas to the consumer. These activities augment the utility's traditional use of gas storage contracts for reducing price and weather risk.

VI. Actions Taken by Iowa's Investor Owned Natural Gas Utilities (LDCs)

The Board maintains close contact with natural gas LDCs on issues related to customer bill volatility and overall price levels. Each of the utilities has a plan, known as a hedging plan, to manage the risk of customer bill volatility. These plans are updated annually to include the effects of projected increases or decreases in demand and include gas storage efforts, and financial hedges. The hedging plans typically cover approximately 65 to 75 percent of the projected heating season demand. The remaining quantities are purchased in the open market. Board staff has had in-person hedging plan meetings and additional telephone conversations with each of those utilities. Each utility also has a Board-approved energy efficiency plan.

The Board is generally satisfied with utility risk management activities, as exercised through their hedging plans. However, it should be noted that hedging only deals with price volatility, not with broad, long-term trends in market supply and demand factors. Hedging plans have their place because they can help deal with unexpected short-term price changes. However, factors affecting prices that are beyond utilities' control are at work in the U.S. natural gas marketplace. Neither hedging plans nor other unilateral actions by utilities should be expected to deal completely with the prices customers may face in coming winters.

The Board will continue to monitor the factors that would affect the price of natural gas this winter. The Board believes many, and hopefully most, customers are once again aware of the potential for high natural gas bills during this winter heating season.

PARTIAL SUMMARY OF FY 2006 STATE SUPPLEMENTS
TO FEDERAL LIHEAP APPROPRIATIONS

STATE	\$(Millions)	Population (millions)
CO	\$20M	4.7
D.C.	\$5.5M	0.6
DE	\$2M	0.9
GA	\$4.2M	9.1
ID	\$3.75M	1.4
IL	5.2M	12.8
IN	\$10M	6.3
IA	2.85M	3
KY	\$10M	4.2
MD	\$13M	5.6
MA	\$20M	6.4
MO	\$6.1M	5.8
NJ	\$4M	8.7
NM	\$23M	1.9
NC	\$10.5M	8.7
OH	\$75M	11.5
OK	\$5.4M	3.6
OR	\$5.5M	3.6
PA	\$19.3M	12.4
TN	\$5M	6
UT	\$5M	2.5
VT	\$7M	0.6
VI	\$14.9M	7.6

WA	\$7.6M	6.3
WI	\$6M	5.5
WY	\$3M	0.5

NOTE 1: States in which funds were returned to the legislature after receipt of supplemental federal funding (e.g., MT, NY, etc.) have been EXCLUDED from the table.

NOTE 2: Dollar amounts were drawn from a study prepared by the LIHEAP Clearinghouse, and have not been independently verified. Also, some states additionally appropriated funds for weatherization, but those amounts are EXCLUDED from this table. Note that appropriated funds were not fully expended in all states.

We wish to thank Kay Joslin of the LIHEAP Clearinghouse for permission to draw from the report, "New Low-income Energy Resources for FY 2006".

Iowa Weatherization Assistance Program 2006 Fact Sheet

Purpose

The Weatherization Assistance Program is a low-income energy efficiency program administered by the Department of Energy (DOE). Its purpose is to make the homes of low-income clients more energy efficient, thereby reducing the households' energy bills. The program also improves the health and safety of low-income homes. The energy efficiency and health and safety work is done using the most advanced technologies and testing protocols available in the housing industry. States administer the program in accordance with DOE rules and regulations.

Eligibility

A household is eligible for assistance under the Iowa Weatherization Program if the household is receiving Supplemental Security Income (SSI) or Family Investment Program (FIP) Assistance, regardless of income or, the household's annual income is at, or below 150% of the poverty level, as established by the Office of Management and Budget.

<u>Funding Fiscal Year 2006</u>		<u>Household Characteristics</u>	
Department of Energy	\$5,153,879	Elderly	34%
LIHEAP – Wx	\$5,451,478	Disabled	44%
Utilities	\$4,814,742	Young Children	20%
Total	\$15,420,099	Renters	12%

Energy Savings

The annual savings per home for homes weatherized in the 2005 contract year: \$481.

The savings-to-investment ratio is 1.8. For every \$1.00 spent on the homes, \$1.80 is saved in energy costs over the life of the measures.

Top Ten Measures: First-Year Client Bill Savings (Calendar Year 2005)

• High-Efficiency Furnace Replace	\$223	• Ceiling Insulation	\$78
• Wall Insulation	\$182	• Freezer Removal	\$68
• Standard-Efficiency Furnace Repl.	\$155	• Freezer Exchange	\$63
• Refrigerator Removal	\$98	• Foundation/Crawlspace Insulation	\$66
• Refrigerator Exchange	\$83	• Infiltration Reduction	\$52

Number of Homes Weatherized

Fiscal Year 2005: 2,139 homes

Fiscal Years 1980 – 2005: 118,997 homes

The estimated unmet need is 169,000 homes (per analysis done by Fisher, Sheehan & Colton in 1996 and adjusted for homes completed since then).

Health & Safety Measures

- Inspect all combustion appliances and repair or replace unsafe furnaces (49% of homes) and water heaters (21% of homes)
- Install carbon monoxide or smoke detectors in certain situations
- Conduct a health and safety assessment of the home and provide information on risks of lead-based paint, and mitigate moisture problems

Other Non-Energy Program Benefits

These non-energy benefits include improved client health and safety conditions, reduced air pollution (reduces carbon dioxide emissions by an average of one ton per home), and retention of affordable low-income housing.

Further Information: For further information, contact Jim Newton, Weatherization Bureau, Division of Community Action Agencies, Iowa Department of Human Rights, Lucas State Office Building, Des Moines, Iowa 50319 or via phone at 515-242-6314 or via e-mail at Jim.Newton@iowa.gov.

Iowa Weatherization Program Information

Weatherization Process

There are more people eligible for weatherization each year than the program is able to serve. Therefore, we must prioritize clients. Priority is based first on fuel consumption. Households having the most annual fuel usage are prioritized highest because their homes are most likely the least energy efficient. Households are then given priority bonus points if the occupants are elderly, disabled, or under age 6.

The DCAA contracts with 18 local agencies to administer the program statewide.

Local agency energy auditors do an energy efficiency assessment and a health and safety assessment of the home.

The auditors use a computerized energy audit, developed by the Department of Energy (DOE), to determine what energy efficiency measures are cost effective to do on each home.

The health and safety assessment consists of a safety check of all combustion appliances (including testing for carbon monoxide and proper drafting), inspection for mold and moisture problems, and checking for wiring problems.

The local agencies inspect 100 percent of the homes that are weatherized to ensure that all required work was done and done well.

State Oversight and Training

Bureau of Weatherization staff inspect 15-20 percent of the homes that are weatherized by each agency every year.

Bureau of Weatherization staff and fiscal staff monitor each agency every year.

Bureau of Weatherization staff provide formal technical training to local agency weatherization staff.

State Administrative Dollars

3.3% of the total program dollars is used for state administration.

Annual Program Evaluation

Since 1994, the DCAA and Iowa's investor-owned utilities have co-funded annual evaluations of the Iowa Weatherization Program. Because of this, Iowa is the only state that does an annual evaluation of its weatherization program.

Energy Savings

The average first year bill savings per home for homes weatherized in 2005 is \$481. We believe this is the highest savings for any state weatherization program.

2007 Funding

The 2007 Weatherization appropriation has not been determined. The House bill increases funding by \$12 million over the 2006 level and the Senate bill decreases funding by about \$42 million.

Why the transfer of LIHEAP funds to the Weatherization Program is Critical

LIHEAP funds are used on the majority of homes weatherized due to restrictions and limits on the use of Department of Energy (DOE) and Utility funds. LIHEAP funds are more flexible than the other two sources of funds. Eighty (80) percent of the 2,139 homes weatherized in 2005 had some LIHEAP funding.

Restrictions/Limits on DOE and Utility Funds

- DOE funds – Limited to an average of \$2,744 per home.
 Limited to an average of \$550 per home for health & safety.
- Utility funds - Can only be used on homes of investor-owned utility (IOU) customers.
(More than 1/3 of eligible clients are not IOU customers)
 Limits on how much can be spent on many measures.
 Cannot be used for health & safety measures.

For a client who is an IOU Customer

\$6,528 (Average cost/home – PY05)
 - 2,744 (DOE average limit per home – PY05)
 3,784
 - 2,815 (Average utility expenditure per home – PY05)
 \$ 969 (Amount that has to be covered by LIHEAP-Weatherization funds)

For a client who is not an IOU Customer

\$6,528 (Average cost/home – PY05)
 - 2,744 (DOE average limit per home – PY05)
 \$3,784 (Amount that has to be covered by LIHEAP-Weatherization funds)

Health and Safety Expenditures

\$1,001 (Average health & safety cost per home – PY05)
 - 550 (DOE average limit per home – PY05)
 \$ 451 (Amount that has to be covered by LIHEAP-Weatherization funds)

Electric cooperatives are...

- **Locally owned** by member-consumers
- **Not-for-profit** electric utilities
- **Job creators** in rural Iowa

In addition, we...

- Serve **member-consumers** in all of Iowa's 99 counties
- Serve **3.4 consumers per mile of line**
- **Invest more than \$4,600 per member** in distribution plant
- **Invest about \$8 million per year** in demand side **energy efficiency measures**
- **Provide service to 14% of the electric meters** in Iowa; *however*, our member-consumers receive less than **1% of the total Iowa LIHEAP funds** for electric services
- **Increased member-consumer contributions** in customer contribution funds by **76%**

Iowa's Electric Cooperatives

Some applicable state regulations...

- ✓ Winter Moratorium
- ✓ Health of a Resident
- ✓ Cold Weather
- ✓ 1st and 2nd Payment Agreements
- ✓ 12-Day Notice
- ✓ 24-Hour and Posting
- ✓ Service Limiters
- ✓ Disputed Bill
- ✓ LIHEAP Eligibility
- ✓ Reconnection
- ✓ Customer Deposits
- ✓ Customer Contribution Funds
- ✓ Customer Complaints
- ✓ Refusal of Service
- ✓ Safety
- ✓ Reliability
- ✓ Bill Payment Terms
- ✓ Level Payment Plans
- ✓ Meter Testing
- ✓ Bill Adjustments

Cooperative Principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation Among Cooperatives
7. Concern for Community