

Agenda
Low Income Energy Advisory Board

Wednesday, April 4, 2012
1:30 p.m.

Community Renewal Team
555 Windsor Street
Hartford, Connecticut

- | | | |
|------|---|-----------|
| I. | Welcome | 1:30 p.m. |
| II. | Approve Minutes of the February Meeting | 1:35 p.m. |
| III. | FFY 2012 LIHEAP Update | 1:40 p.m. |
| IV. | Weatherization Program 2013 Plan Update | 2:00 p.m. |
| V. | Operation Fuel Update | 2:10 p.m. |
| VI. | Next Steps | 2:20 p.m. |

DRAFT

Low-Income Energy Advisory Board Meeting

Wednesday, February 1, 2012

2:00 p.m. – 3:00 p.m.

Room 410
State Capitol
Hartford, CT

Members: Anne Foley-Chair, Shirley Bergert, Edith Karsky for James Gatling, Kate Quigley, Kristen Formanek, Lindsay Parke, David Thomas, Pamela Giannini, Deb Polun, Kerri Kemp, Taren O'Connor, and Patricia Wrice.

Others: Tom O'Brien, Joanne Balaschak, Brenda Watson, Caty Paton, Michael Coyle, Joy Hollister, Veronica Gomez, Frank Augeri, and Pam Trotman.

Agenda Item	Action
Welcome	The meeting was convened at 2:00 p.m.
Approve Minutes of the January 4, 2012 Meeting	David Thomas moved approval of the January 4, 2012 meeting minutes and the motion was seconded by Lindsay Parke. The motion was approved on a voice vote.
FFY 2012 LIHEAP Update	<p>The chair reviewed a letter from the Appropriations Committee in response to the administration's 2012 LIHEAP Projections/Benefits Plan. The committee agreed with the administration's allocation plan for the additional \$18 million in federal funds that the state will receive for the 2012 LIHEAP. The legislative committees also agreed to hold a public hearing to address the basic benefit disparity as requested by the board.</p> <p>DSS has notified the community agencies to proceed with implementation of the plan.</p>

DSS reported on the administration of the CEAP through January 30, 2012:

- 83,155 applications taken
- 64,215 eligible applicants
- 12,582 denied applications
- 6,358 applications pending certification
- 34,618 crisis assistance
- 9,443 Safety Net

DSS reviewed the Caseload and Eligible Caseload Comparison charts thru January 30. The caseload comparison chart showed a -18.1% change in the caseload and the Eligible Caseload comparison chart showed a -21.1% change from the same time a year ago.

As of January 30, 2012:

CEAP/CHAP Benefits

- Total amount approved for CEAP and CHAP Benefits: \$14,710,835
- Expenditures for CEAP/CHAP Benefits: \$5,490,436
- Estimated expenditures of \$14,509,934

Set Aside Funds

- Total side aside funds approved: \$51,954,008
- Expenditures: \$15,042,206
- Estimated expenditures of \$50,078,832

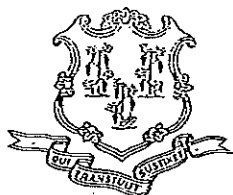
Total Estimated Approvals

- Total estimated approvals and expenditures for pending and incomplete applications: \$1,751,703 respectively.

In summary, the estimated total available funds - \$79,721,365; CEAP/CHAP Obligations - \$68,416,546 with an

	estimated balance of \$11,304,819.
Update on the PURA Consumer Service Unit	Michael Coyle introduced Frank Augeri representing PURA at today's meeting. Michael reported that PURA is continuing to work with Info-Line to develop a system by which Info-Line will be used as an initial contact to screen inquiries and make referrals to PURA and other appropriate programs and services.
Weatherization Program 2013 Plan Update	<p>Mike Coyle reported that the DOE has yet to release regular WAP funding amounts. Once the funding announcement is made, DEEP anticipates that it will make necessary filings with DOE for the 2012-2013 program year following necessary reviews and hearings.</p> <p>DSS reported that the AARA Weatherization Program has been extended to December 2012. This is a no cost extension. The program exceeded its goal of 7,500 units by weatherizing over 10,000 units. DSS is working to complete all work by September 2012 to allow adequate time to close out the program.</p>
Utility Matching Payment Program Updates	Utility Matching Payment Program Updates were not available at the time of the meeting. Due to the design of the MPP it may be more beneficial for the utility companies to report semi-annually instead of monthly. The chair will solicit feedback from the utility companies.
Operation Fuel	Operation Fuel reported on its 2011-2012 Winter Program. Grants include: 38 electric, 17 gas and 1,058 oil with 12 denied applications. A total of \$545,163 in committed and paid grants.
Proposed Statutory Changes	<p>The chair provided a summary on the proposed legislative changes to the structure of the board:</p> <ul style="list-style-type: none"> • Allow designees for all board members.

	<ul style="list-style-type: none">• Add DEEP as a non-voting member of the board and revise OPM and DSS membership status as non-voting members.• Require the board to elect a chair rather than having OPM serve as chair. <p>Members expressed concern regarding administrative support for the board once OPM is no longer chair. The chair stated that OPM no longer has the staff resources to provide administrative support to the board.</p>
Next Steps	The next meeting is scheduled for Wednesday, March 7.



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE APPROPRIATIONS, HUMAN SERVICES AND
ENERGY & TECHNOLOGY COMMITTEES

March 23, 2012

Anne Foley

Chair, Low Income Energy Advisory Board

Under Secretary, Policy and Planning Division, Office of Policy and Management

Good afternoon Senators Harp, Musto and Fonfara, Representatives Walker, Tercyak, and Nardello, and distinguished members of the Appropriations, Human Services, and Energy and Technology Committees. I am Anne Foley, Under Secretary of Policy and Planning at the Office of Policy and Management (OPM) and Chair of the Low Income Energy Advisory Board (LIEAB). As you may know, the Low Income Energy Advisory Board was created in 2005 to advise and assist OPM and the Department of Social Services (DSS) in the planning, development, implementation and coordination of energy-assistance-related programs and policies and to make recommendations to the General Assembly regarding legislation, plans, and administration of the Low Income Home Energy Assistance Program (LIHEAP) to ensure affordable access to residential energy services to low-income state residents.

I am before you today to discuss LIHEAP and the benefit levels for utility heated households versus deliverable fuel heated households. To begin, I'd like to recap the federal fiscal year 2012 (FFY12) LIHEAP allocation process.

Consistent with its statutory mandate, LIEAB forwarded recommendations to OPM and DSS in May regarding the FFY12 LIHEAP allocation. The main recommendations were to: (1) consider use of state-appropriated funds to supplement available federal funds; (2) maintain program eligibility levels; and (3) plan for level funding, but create a tiered approach to allow the program to be readily modified if available funding was less than FFY11 funding.

In September, the Governor proposed an allocation plan that assumed block grant funding for Connecticut of \$41.7 million, consistent with the only federal action taken at that time -- President Obama's proposed FFY 2012 LIHEAP block grant funding level of \$1.98 billion. The FFY 12 level was \$56.5 million less than what Connecticut received in FFY 11. If benefit levels, eligibility, and caseload growth had remained consistent, the program would have required funding of nearly \$120 million -- \$73 million more than we expected to be available (and \$40 million more than we ultimately received) and we

would have exhausted available funding in early winter. Likewise, if the program had maintained the same eligibility and structure as last year, but reduced Basic Benefits to a level commensurate with the amount we expected to receive from the federal government, the benefit would have been too low for deliverable fuel-heated households to receive a single delivery of oil.

In assessing options with regard to program structure for FFY12, the Malloy administration was mindful of two important protections that are available for the state's utility-heated households that are not available to deliverable fuel heated households. First, these households are protected by a winter moratorium on utility shut-offs; and second, they have access to a Matching Payment Program.

Therefore, in order to address the needs of the state's most vulnerable residents during the winter heating season, the Governor proposed to re-focus the program to prioritize those households whose health could be jeopardized due to lack of heat -- deliverable fuel heated households. The Governor's plan was simply to reverse the order in which benefits would be given - with crisis benefits going out first to deliverable fuel heated households only, and then, once the state had an accurate sense of the amount we would receive from the federal government, crafting the basic benefit based on that amount.

As you recall, the Governor's allocation plan was modified by the committees to reflect an anticipated funding level of \$61.6 million to include benefits for both deliverable-fuel and utility heated households. In late December, the state was notified that Connecticut would receive a total of \$79.5 million for FFY 12 --\$17.9 million more than what was assumed in the allocation plan approved by these Committees in September. As a result of this additional funding, the Governor proposed (and you approved): (1) a \$140 supplemental payment to CEAP eligible utility heated households; (2) an additional safety net benefit of \$400 to CEAP eligible deliverable fuel heated households; and (3) extending the end date for intake from March 15th to May 1st (May 15th for utility heated customers with disconnect notices), consistent with prior years.

On January 17, the Low Income Energy Advisory Board sent you a letter supporting the Governor's proposal for expenditure of the additional \$17.9 million; however the Board asked that there be a discussion regarding the disparity in energy assistance benefits between utility heated and deliverable fuel heated households.

The board remains concerned about the disparity in energy assistance benefits between utility heated and deliverable fuel heated households, particularly with regard to the potential for Connecticut's utility-heated families to build up significant debt during the winter moratorium period, only to have their electricity shut off on May 1st. In order to address this disparity, the board recommended that the state commit funds to

supplement federal funds available for energy assistance benefits in order to maintain the FFY 11 benefit levels.

With regard to benefit parity, it's important to recognize that the program historically, and for important reasons, has operated with crisis and safety net payments available only for deliverable fuel heated households. In FFY11, the average expenditure in the LIHEAP program for a utility-heated household was \$741 and the average expenditure for a deliverable fuel heated household was \$1,169. This year, once the program closes, and unallocated balances are distributed as a supplemental benefit to utility-heated households, the average reduction will be very similar across fuel types - a 32% reduction for utility heated households and a 27% reduction for deliverable fuel heated households. The Department of Social Services will provide you with more detail in their testimony coming up next.

Let me reaffirm the Malloy administration's commitment to targeting energy assistance funding to those who need it, when they need it. In order to address the needs of the state's most vulnerable population during the winter heating season, we will have to again prioritize payment of a meaningful benefit level to households who are most in danger of freezing over the cold winter months -- households heated by deliverable fuel. Looking ahead to next year, the President's FFY13 budget represents a 13% decrease in LIHEAP funding from this year, however, because of the warm winter we've experienced, we will be able to carry forward the full 10% allowed under federal law to help mitigate the impact of any reduction. As in previous years, we will have to make assumptions about federal funding levels with the best information we have available to us in September. But in any scenario, we will need to work toward developing a program that can be sustained throughout the winter heating season and which gives us the flexibility to modify benefits if the federal allocations exceed the levels assumed in September.

I appreciate the opportunity to testify today at your informational forum and look forward to working with you on these issues in the future. Thank you.

CL&P and Yankee Gas Comments

Appropriations, Energy and Human Services Committees Joint
Forum on LIHEAP Heating Sources

March 23, 2012

Sharon Eberman, Customer Experience

Lindsay Parke, Economic Development and Community Relations

CL&P and Yankee Gas Hardship Receivables

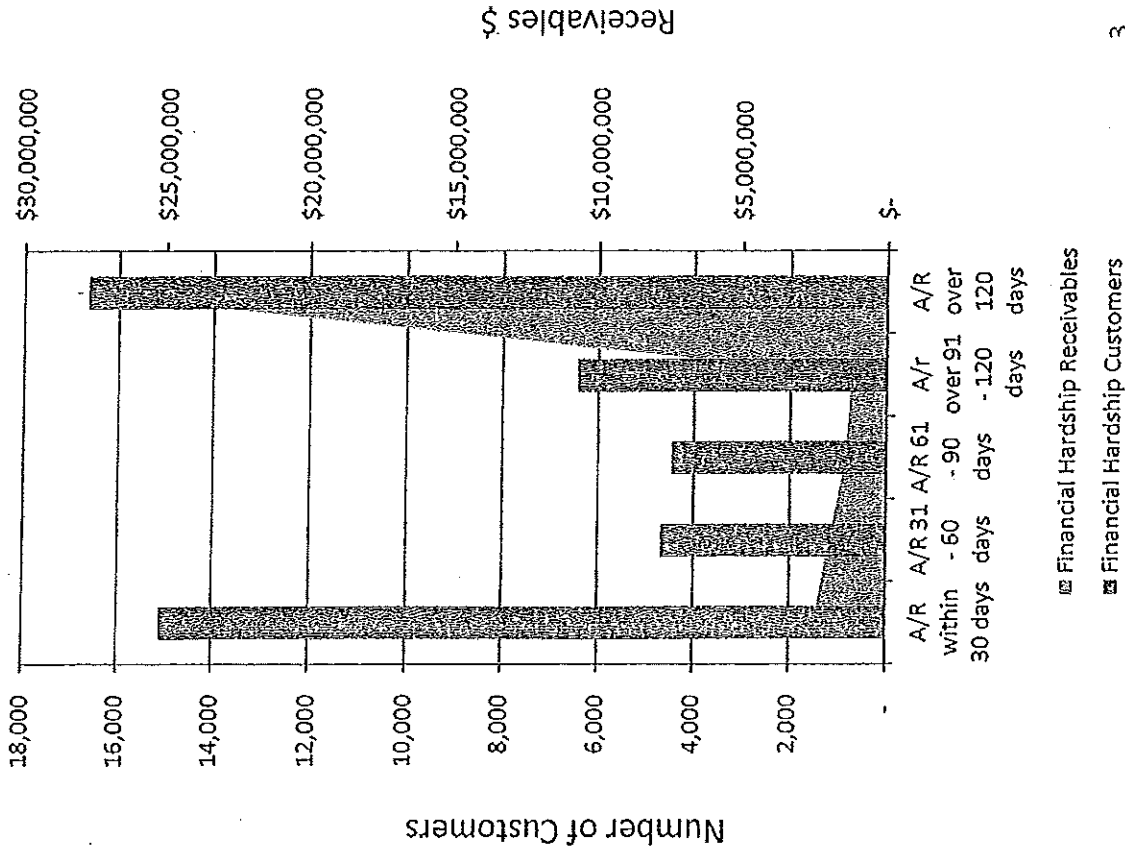
- One of the mildest winters contributed to decreased January 2012 accounts receivables
 - CL&P residential delinquent accounts are 12.5% lower than 2011 (\$55 million vs \$60 million)
 - Yankee Gas residential delinquent accounts are 31% lower than 2011 (\$9 million vs \$13 million)
- Despite this, there are still a significant number of customers who having difficulty paying their bills and are in danger of losing utility service.

	January 2011		January 2012	
	No of Accounts	Delinquent Balance (\$millions)	No of Accounts	Delinquent Balance (\$millions)
CL&P	19,985	\$ 21.0	24,000	\$ 26.5
% Increase			20%	26%
Yankee Gas	7,490	\$ 5.0	8,718	\$ 5.5
% Increase			16%	10%

CL&P Hardship Receivables

March 8, 2012

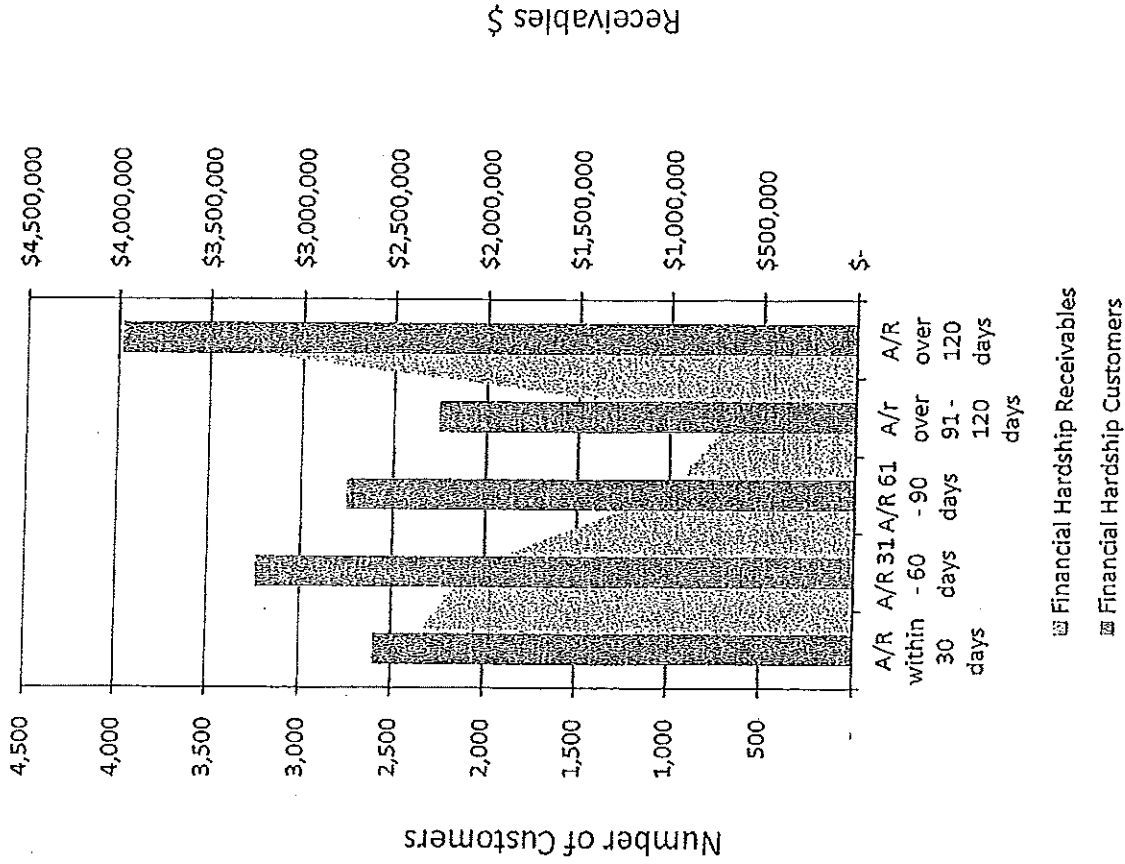
- 47,312 CL&P customers are enrolled as financial hardship.
- 15,110 hardship customers (32%) are current. This accounts for 12% of the total hardship receivables.
- 16,646 hardship customers (36%) are delinquent more than 120 days. This accounts for 65% of the hardship receivables.
- Balance of customers are within 60 to 90 days delinquent.



Yankee Gas Hardship Receivables

March 8, 2012

- 14,832 Yankee customers qualify as hardship.
- 2,601 hardship customers (18%) are current. This accounts for 24% of the total hardship receivables.
- 3,976 hardship customers (24%) are delinquent more than 120 days. This accounts for 39% of the hardship receivables.
- Balance of customers are within 60 to 90 days delinquent.



Energy Assistance Provides an Important Benefit to CL&P and Yankee Gas Customers

Fiscal Year	CT Eligibility	CL&P Customers	CL&P Customer Benefits	Yankee Gas Customers	Yankee Gas Customer Benefits
2006	60% SMI*		\$5,311,501		\$ 6,125,146
2007	60% SMI		\$6,197,004		\$ 6,336,167
2008	60% SMI	12,075	\$6,375,797	12,017	\$ 6,367,415
2009	60% SMI	14,978	\$15,233,370	15,090	\$ 15,456,744
2010	60% SMI	16,028	\$11,678,598	15,469	\$ 11,441,203
2011	60% SMI	17,260	\$12,522,000	16,380	\$12,155,000

* State Median Income

Arrearage Management Programs Leverage LIHEAP to Provide Important Benefits to our Customers

- Statute requires Matching Payment Program participants to qualify and apply for energy assistance:
 - In 2010 – 2011, CL&P's Matching Payment Program reduced customer receivables by \$5.4 million by matching participating customer payments.
 - In 2010 – 2011, Yankee Gas' Matching Payment Program reduced customer receivables by \$2.8 million by matching participating customer payments.
- Non-heating customers participating in CL&P's NUSStart program received matching payments totaling \$5.8 million:
 - NUSStart participants qualify by having applied for and being eligible to receive energy assistance funds, or providing other proof of income.
- A reduction in LIHEAP reduces the leveraging benefits to customers.

Risks of Reducing LIHEAP Benefits to Customers

- Potential loss of Utility Service:
 - Presently 25,000 CL&P and 12,000 Yankee Gas hardship customers may receive disconnection notices if delinquent balances remain unpaid.
- Utilities are a necessity of life that promote:
 - Comfortable and sanitary surroundings.
 - Safe lighting, food storage and preparation.
- Loss of utilities:
 - Leads customers to heat homes or cook in an unsafe manner.
 - Contributes to increased evictions, family instability and poor school performance.

In Conclusion

- No matter the heating or energy source, Connecticut's hardship customers rely on energy assistance programs to help them pay their energy bills.
 - Allocation of funds to constituents should be equitable and without regard to the fuel source.
- Without energy assistance customers would either do with out or divert money from other necessities (food, medicine).
- Ability to leverage LIHEAP dollars in the Matching Payment Program and NUSStart is essential to help customers meet their payment obligations and establish good payment practices.

**We need you to support fair allocation of LIHEAP
dollars to utility customers**

Presentation of Shirley Bergert¹
Before the Appropriations, Energy & Technology and Human Services Committees
Informational Forum on LIHEAP Assistance Benefits
March 23, 2012

Relevant Law: The law sets up an operational framework by which we are bound. Compliance is largely dependent on voluntary cooperation in a democracy. Federal law places restrictions on US HHS in interpreting and enforcing federal LIHEAP law. Thus, in the existing structure with energy assistance, in the first instance administration officials are charged with following the orderly structure set out by Congress and the state legislature, and the fail-safe ensuring the letter and spirit of the law are met is the committees of cognizance. This "check" in the system is the reason the Low Income Energy Advisory Board made recommendations at the fall energy assistance hearing and sought follow-up action regarding the disparity in benefits between households heated via utility service and those heated via deliverable fuels. Besides violating the law, the disparity has serious costs to the health and well-being of our poorest, most vulnerable neighbors, and represents millions of dollars of lost leveraged assistance for the poor.

- CGS § 16a-41a(a): DSS "shall submit to the joint standing committees of . . . cognizance . . . the following on the implementation of the [LIHEAP block] grant" . . . "(1) Not later than August first, annually, a Connecticut energy assistance program annual plan" . . . which includes "(E) Design of a basic grant for eligible households that does not discriminate against such households based on the type of energy used for heating;"
- 42 U.S.C. § 8621(a): US HHS makes LIHEAP grants "to States to assist low-income households, particularly those with the lowest incomes, that pay a high proportion of household income for home energy, primarily in meeting their immediate home energy needs."
- 42 U.S.C. § 8622 (2), (4) and (6) define the terms used in above, and at no point does federal law authorize a distinction based on energy source, but rather solely focuses on "heating or cooling."
- 42 U.S.C. § 8626a specifically encourages use of LIHEAP funding to leverage other resources, and provides supplemental grants based on a state's success in doing so.
- CGS § 16-262c(b)(4)(A) requires that a household apply and be eligible for Connecticut energy assistance program benefits in order to qualify for the matching payment program for utility heat customers.

Benefit Disparity Between Households Heated via Utility Service and Those Heated via Deliverable Fuel:

- Energy assistance program planning: CT has been planning annually for energy assistance programs for over 30 years. CT never knows during the summer/fall planning process how much funding it will get from the federal government. Never. This is somewhat unique in block grant planning –

¹ Connecticut Legal Services serves low income households in Connecticut, providing legal advice and assistance in civil matters, including access to affordable energy services. Shirley Bergert serves on the Low Income Energy Advisory Board, Energy Conservation Management Board, Fuel Oil Conservation Board, and the Advisory Board for the Institute for Sustainable Energy. Contact information: 860-456-1761 x. 115; sbergert@connlegalservices.org.

individual benefits must be planned without knowing total funding in advance. But we have substantial predictive history we can use. One thing we know is that, Republican or Democrat, the President's budget is always lower than what CT receives, typically significantly lower. Overly conservative planning has led to silly results we should be able to avoid, with under-expenditures that require the state to quickly pay out funds to avoid returning dollars to the federal government (LIHEAP only allows a 10% carry-over between federal fiscal years):

- Sometimes a supplemental payment has appeared as a credit on a utility bill in late summer, with no explanation. These funds could have been used to leverage resolutions to shut-offs, but that step has never been taken.
- Sometimes we quietly throw money in other directions, *e.g.*, belatedly making payment in the summer for winter heating bills for certain shelters.

Note that budgeting for planning purposes at a higher level than actual receipt of federal funds does not obligation the state to supplement the federal funds, though it may choose to do so. On recent occasion the state has committed to use state funding to supplement federal energy assistance funding should it be inadequate, and ultimately has not needed to do so because Connecticut received additional federal dollars. And initial budgeting matters, defining funding available for administration of the program and to allow utilities to plan to implement the matching payment program.

- The initial plan presented by OPM and DSS to the legislature in the fall assumed an approximate \$46M budget based on the President's draft budget and provided no benefit for utility heated households. The mechanism was to eliminate the "basic" nondiscriminatory benefit required in CT law. The effect would have been:
 - loss of any assistance to over 85,000 impoverished households who heat via utility service – over 70% of previously eligible households;
 - loss of millions of dollars of leveraged non-governmental resources for these households, particularly the matching payment program dollars provided by the utilities to help ensure bill affordability and to encourage regular payments;
 - loss of ready access to weatherization assistance; and
 - massive numbers of dangerous spring utility shut-offs with no hope of resolution because the bills will be impossible for low income households to cover.
- The committees forced modification of the original plan to include a modest basic benefit for utility heated customers, assuming a budget of approximately \$61M. Since CT has actually received \$79M for this winter, a supplemental payment was later added.
- An example of the disparity between utility and deliverable fuel benefits: assume the lowest income program category in a "vulnerable" household (includes either a child under 6 or an elderly or disabled person), the following is a comparison of benefits available to utility and deliverable fuel heated households and a comparison with benefits available last winter by energy source:

Heat Source	Energy Assistance Benefit – winter 2011-12	Energy Assistance Benefit – winter 2010-11	Comparison of benefits for winter 2011-12 from 2010-11
Utility	\$395	\$880	55% reduction
Deliverable Fuel	\$2125 (\$925 + \$1200 more if needed before 3/15)	\$2080 (\$880 + \$1200 if needed before 3/15)	2% Increase
Benefit disparity between utility and deliverable fuel heated households	Deliverable fuel households have potential of 538% of benefits available to utility heated household	Deliverable fuel households have potential of 236% of benefits available to utility heated household	

If you assume a household in the lowest income category also qualifies for and is able to make all the minimum monthly payment to the utility available in the matching payment program (\$50/month), the \$395 in assistance can leverage \$695 in matching payments from the utility and an additional \$300 if all summer monthly payments are made. "If" must be taken seriously in this context since these households have income as low as \$0 and only up to 100% of the federal poverty level - FPL (\$908/mo. for a 1 person household or \$1545 for a 3 person household), and many simply cannot make all the monthly payments at that income level. For households able to take advantage of the matching payment program, the \$395 benefit can be leveraged to a \$1390 total benefit. Even in this optimistic scenario, that total benefit is only 65% of the total benefit available to deliverable fuel households.

Public Policy Concerns:

Energy assistance planning is a key mechanism for Connecticut to utilize in addressing unaffordability gap faced by low income residents. This gap includes both utility and deliverable fuel needs. Operation Fuel commissions an annual Connecticut-specific study of the energy affordability gap faced by the poor. ("Home Energy Affordability Gap" 12/11 Roger Colton, Fisher, Sheehan & Colton, Public Finance and General Economics, Belmont, Massachusetts, available at <http://www.operationfuel.org/> under "publications"). This meticulous study documents "[t]he average annual shortfall between actual and affordable home energy bills for households at or below 185% of FPL now reaches nearly \$2,200 per household." Obviously this gap will be higher at the lowest income levels. The report details the many consequences of unaffordable energy for the poor.

As a result of this mismatch between energy bills and the resources needed to pay them, many low-income households incur unpaid bills and experience the termination of service associated with those arrears. In addition, the paid-but-unaffordable bill is a real phenomenon in Connecticut. Even when low-income households pay their bills in a full and timely manner, they often suffer significant adverse hunger, education, employment, health and housing consequences in order to make such payments.

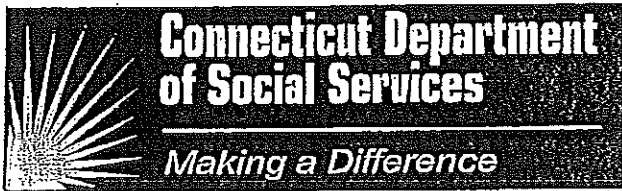
In addition, there are public safety problems including fire risks and CO poisoning from use of alternate sources such as candles and unvented stoves. A low income household fortunate enough to have a housing subsidy such as Section 8 or RAP, can lose that benefit when its utility service is shut off – and these housing subsidies are the key to household stability, affecting, among other things, educational achievement of children and avoiding periods of homelessness. And a parent facing a utility shut off may also face a custody challenge.

It is poor public policy to base a plan on avoiding a loss of winter heat – and really the plan only addressed a lack of heat up to March 15th with no assistance available later -- while failing to plan for massive spring shut-offs and their consequences.

Remediation:

For the future, OPM and DSS should be directed to meet the statutory requirements for planning an energy assistance program. Budgets should be based on reasonable estimates using historic patterns. And the legislature should require the administration to present information on any budget short-fall risks, not only in terms of the potential for the need for state expenditures, but also the risks during the winter and beyond to vulnerable state residents who depend on energy assistance to meet very basic needs.

The critical problems in this year's planning process were raised with OPM and DSS, and subsequently with the legislature's committees of cognizance by the Low Income Energy Advisory Board (LIEAB). LIEAB is statutorily charged with advising OPM, DSS, DEEP/PURA and the legislature regarding "affordable access to residential energy services to low-income state residents" (CGS § 16a-41a, 2012 Supp.). HB 5027 § 46(d) proposes removing the limited logistical support OPM now provides to LIEAB, support that is essential to allowing this board to continue operating and meet FOIA requirements. We also ask that that withdrawal of support for LIEAB be rejected.



*LIHEAP Informational Forum
Remarks before the Appropriations, Human Services
and Energy & Technology Committees
Pamela Giannini
March 23, 2012*

Good afternoon, Senators Harp, Musto and Fonfara, and Representatives Walker, Tercyak and Nardello, and members of the committees, my name is Pamela Giannini. I am the Director of the Bureau of Aging, Community and Social Work Services at the Department of Social Services. Included in this Bureau is the Low Income Home Energy Assistance Program (LIHEAP). I am here before you today to provide you with a status update of the 2011/2012 LIHEAP.

Before I begin with the program status update, I would like to briefly review where we are and how we arrived. As many of you undoubtedly recall, last September we met to review and seek approval of the 2011/2012 LIHEAP Allocation Plan. During that public hearing process the committees approved operation of the program at a \$61.6 million funding level, with the stipulation that the allocation of any additional funds would require committee approval.

On December 22, 2011, we received notification from the U.S. Department of Health and Human Services (HHS) that the FFY 2012 LIHEAP Block Grant funding level had been approved by Congress, and that Connecticut would be receiving \$79.5 million. Shortly after, a proposal was forwarded to the committees detailing the administration's recommendations for the utilization of the additional funds. The primary components included the provision of additional Safety Net Assistance benefits for CEAP eligible, deliverable fuel heated households and a \$140 Supplemental Assistance Benefit for CEAP eligible, utility heated households. That proposal was reviewed, approved and immediately implemented.

As part of the implementation process, we have met and communicated with representatives from the utility companies to determine the most efficient method for distributing this year's energy assistance benefits, both the Basic Benefits and the Supplemental Assistance Benefits. I am pleased to report that those funds are being released to the Community Action Agencies next week. Upon receipt, they will be

processing utility payments totaling \$13.3 million. These represent payments on behalf of nearly 44,000 utility heated households. This translates to an average utility expenditure of \$302 and represents a 59.3% reduction from last year's \$741 average utility expenditure.

I would also like to inform you that on March 15, 2012, we completed fuel authorizations for our deliverable fuel heated customers. We are now in the process of completing payments under that portion of the program. To date, \$31.1 million has been released to fuel vendors. Another \$2.9 million in final payments will be released shortly, completing that portion of the program. This \$34 million represents payments issued on behalf of nearly 40,000 deliverable fuel heated households. This translates to an average deliverable fuel expenditure of \$850 and represents a 27.3% reduction from last year's \$1,169 average deliverable fuel expenditure.

That was a brief review of where we are in this year's energy assistance program. I would like to remind everyone that program intake is not scheduled to end until May 15 2012, so final numbers are not yet known. During these last few weeks we are anticipating that an additional 10,000 households will apply for assistance, almost all of which will be utility heated.

Attached to this document is the 2011/2012 CEAP Status Update Report. This report provides the most current data regarding the status of program funding. In addition, it includes estimates of final caseload counts and anticipated final program expenditures.

As you can see from the report, we have a budget of \$79.7 million. Based on our latest estimates, we are anticipating an eligible caseload of nearly 100,000 households. This represents a 15% decline in the number of households served when compared to last year's record turnout. A more detailed analysis of this year's caseload indicates reductions in all categories of assistance, all income levels, all fuel sources and at all of the Community Action Agencies.

We believe that there are several factors that have contributed to this reduction. The uncertainty over administrative funding levels did not enable Community Action Agencies to fully staff the program until February. That, coupled with the one month delay in the opening of early intake caused considerable processing issues at several locations. Most of these processing issues have been successfully addressed, although many agencies are reporting that they are solidly booked with appointments for the remainder of the intake portion of the program.

While these administrative issues were certainly contributing factors in this year's caseload reduction, it would be impossible to overstate the impact of this year's record warm temperatures. Since the primary focus of the program has traditionally been to assist households from being without heat, the record warmth clearly allowed us to accomplish our mission for considerably less than one would reasonably have assumed.

Not surprisingly, the across-the-board caseload reductions have resulted in reduced benefit expenditures. As a result, we are estimating this year's final program expenditures will be approximately \$59.9 million. This leaves us with an unobligated balance of \$19.9 million. In accordance with federal regulations, we are allowed to carry-forward up to 10% of any newly allocated LIHEAP funds from one fiscal year into the next. Based on our FFY 2012 LIHEAP block grant funding level of \$79.5 million, we can carry-forward up to \$7.9 million into FFY 2013. Doing so will leave us with an unobligated balance of \$11.9 million that must either be refunded to HHS or utilized within the current FFY.

In previous years, when confronting this situation, the state has opted to allocate the funds in the form of a supplemental benefit on behalf of utility heated households. While this is certainly an option, we would prefer to wait until all applications have been accepted and processed, and all fuel bills have been covered before making any final determinations.

That said, I realize that there is interest in this potential benefit, especially as it relates to today's discussion. Based on our current caseload and expenditure estimates, we would anticipate that we would be in a position to provide a supplemental utility benefit of approximately \$200 per eligible utility heated household. As in previous years, the benefit would be issued directly to each utility heated household's utility company. The utilization of the funds in this manner would increase this year's average utility expenditure to \$502. This would represent a 32.3% reduction from last year's average utility expenditure. The 32.3% reduction in the average utility expenditure is comparable to this year's 27.3% reduction in the average deliverable fuel expenditure.

In closing, I would like to emphasize that this year's energy assistance program encountered both obstacles and good fortune. While we benefitted enormously from last winter's remarkably mild temperatures, we did face record high fuel prices, delayed program opening, administrative funding reductions and federal funding uncertainties. All of these drawbacks and potential pitfalls were addressed and overcome. We could not have done this without the support and assistance of our many partners: the Community Action Agencies, Office of Policy and Management, utility companies, fuel vendors, United Way 211, Operation Fuel, Connecticut Legal Services, Connecticut Association for Community Action, the Low Income Energy Advisory Board and the extensive network of volunteer intake sites, municipal agents and senior centers.

2011/2012
CONNECTICUT ENERGY ASSISTANCE PROGRAM
STATUS UPDATE REPORT

AVAILABLE FUNDS

LIHEAP Block Grant	\$ 79,532,717
LIHEAP Refunds	99,997
LIHEAP Carry-Forward	<u>115,379</u>
Total	<u>\$ 79,748,093</u>

ESTIMATED FINAL EXPENDITURES

Deliverable Fuel Expenditures	\$ 34,089,693
Utility Expenditures	17,197,022
Rental Assistance Expenditures	13,200
Administration Expenditures	7,953,077
Assurance 16	500,000
LIHEAP SNAP	<u>100,000</u>
Total	<u>\$ 59,852,992</u>

Estimated Balance	\$ 19,895,101
Carry-Forward Limit Into FFY 2013	<u>7,953,272</u>
Funds Available for Distribution	<u>\$ 11,941,829</u>

ESTIMATED FINAL CASELOAD

(Eligible Households)

CEAP (Deliverable)	27,225
CEAP (Utility)	45,195
CEAP (Rental Assistance)	752
CHAP (Deliverable)	12,989
CHAP (Utility)	<u>13,675</u>
Total	99,836



March 23, 2012 Public Hearing Testimony before the
Connecticut General Assembly
Appropriations, Human Services, and Energy & Technology Committees

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

Distinguished Chairpersons, Vice-Chairpersons, Ranking Members, and Members of the Appropriations, Human Services, and Energy & Technology Committees:

Thank you for holding this hearing on the Low Income Home Energy Assistance Program (LIHEAP). In our state the LIHEAP is called the Connecticut Energy Assistance Program or CEAP which is how it will be referred to throughout my presentation.

My name is Amos Smith and I am President/CEO of CAA-NH and an officer for the Connecticut Association for Community Action or CAFCA. CAFCA is the state association for Connecticut's twelve (12) Community Action Agencies—our state's federally-designated anti-poverty agencies, which serve every one of Connecticut's 169 towns and cities.

As you know, except for the unexpectedly mild winter, this has been a very difficult year for the Connecticut Energy Assistance Program. We began the 2011/12 energy season with great uncertainty as to the federal funding allocation for the program; we began the program a month later than usual, with greatly reduced benefit levels for our energy customers and greatly reduced funding for the administration of the program. So, in many ways this has been one of our most difficult years in trying to serve energy customers.

To help provide some program clarity I'd like to give you a brief snapshot of what is expected of the Community Action Network and what some of the obstacles are to the successful operation of this critical program:

- CAAs are expected to operate the CEAP as a well functioning business, with strict adherence to eligibility rules and budget allowances for customers; this is made extremely difficult when state and federal decisions regarding how the program will be run and the funding level for the program are delayed until a couple of weeks before the program officially begins.
- When the program benefit awards change every year, there is overall confusion and distress among our customers, especially since budget allowances and considerations for their heating assistance have already been counted on and planned for by thousands of CEAP clients.
- Program changes and delayed program start make it difficult to hire and train staff in a timely manner and increases the difficulty the staff faces in dealing with customer frustration when the program begins.
- Regardless of how much funding is provided through this program, CAA's must interview and process a minimum of 150,000 household applications over a 6 to 8 month timeframe during the heating season. This is a monumental task and requires adequate administrative funding which the program did not receive this year with an approximate 10% cut.

These are just some of the realities we face every day in our agencies. A result of this ongoing dynamic is the need to do more with much less. This year because of the reduced benefit levels, many of our clients were surprised and very upset. The largest difference for this year's program compared to last year's was for our Contingency Heating Assistance Program or CHAP customers: a \$400 benefit in FFY 2012 vs. \$980 in FFY 2011 – this while oil prices were 16.6% higher than last year. With such a drastic reduction, it took much longer for the energy staff to explain the changes in the program than it normally takes to process an application and certify the customer for a benefit. Our front line staffs took a lot of criticism and abuse from customers as if they were responsible for the reduced benefit. Yet, as usual, they are serving our customers with compassion and dedication.

I think most of you will agree, the energy program does not fairly address the need that really exists throughout Connecticut. With lives and jobs on the line, the Administration and the Legislature understand that there is poverty *throughout* our state – rural and urban poverty, and *suburban* poverty distributed throughout, as well. However, you might be startled to see the many new faces of energy assistance as the Great Recession and long-term unemployment have led more formerly middle-class families to require this aid.

CAFCA and our member Community Action Agencies are committed to helping the State make wise investments that can benefit these families and our state as a whole. In this spirit, we recommend the following changes to help address the Connecticut Energy Assistance Program.

- Plan for a program that would maintain last year's benefit levels (including utility and renter households) and maintain last year's (2011) funding level for administration.
- Plan for CEAP to begin program year with early intake in August and pursue other customer-friendly program efficient service delivery ideas, i.e. auto-enrollment of annual elderly clients.
- Maintain a "fuel-blind" basic benefit program, serving families in need regardless of their fuel type.
- Maintain FFY 2011 funding for the case management activities under Assurance 16; eligibility has not decreased, so we will work with just as many or more of your constituents.

With such a program planned, you will:

- Preserve more than \$60 million in benefits from non-governmental sources (i.e. the utility companies, which make utility payments more affordable).
- Avoid widespread utility shut-offs in the spring, once families are saddled with impossible utility payment debts
- Protect a proven delivery infrastructure, which includes local businesses.

Our statewide network of Community Action Agencies (CAAs) can attest to the great need in our communities where many people who have never asked for assistance before are living from one uncertain, unemployment benefit check to the next – never knowing if Congress is going to grant an extension on these benefits. Many of our customers do not even have these checks to count on. Many of our elderly on fixed incomes are seeing their retirement benefits dwindle from quarter to quarter. Data reported in the "Home Energy Affordability Gap: 2010" study reveal that Connecticut's poorest households spend more than 70% of their annual income on their home energy bills.¹

So the reality is that energy assistance is not just important, but *essential* to keeping struggling families safe and housed. The more energy assistance funding is cut and its capacity diminished, the more the State limits families' spending on other essential items such as food, health care, and

¹ Operation Fuel. "Home Energy Affordability Gap: 2010, Connecticut Legislative Districts." January 2011.

housing and drives families to use dangerous shortcuts in an attempt to live within their very limited means. There are also other potential unintended consequences such as DCF being contacted to remove children from a home if the home does not have heat and/or utilities.

At these hearings in the past, we have lauded Connecticut's Federal legislators for ensuring appropriate funding levels for the LIHEAP Block Grant. We remain grateful to those leaders, who have protected the fundamental human rights of low-income households and ask them to continue being leaders in the fight to preserve LIHEAP funding. But, I ask you today to begin planning for the worst case scenario if federal funds are again reduced.

We continue to hope—and fight—for better federal funding. However, in light of this uncertainty, we call upon the General Assembly and Governor Malloy to act upon what is certain. That home energy assistance helps older adults and persons with disabilities remain independent and avoid costlier living situations such as nursing homes. That home energy assistance helps families keep their homes rather than become homeless and use other crisis services. That home energy assistance protects children and saves lives each and every year.

As we continue fighting for federal funding, we ask that you prepare to provide state funds for administration of the program and to maintain level benefit funding if this proves necessary to protect your constituents. This past year in Connecticut we were blessed with an unseasonably mild winter, however, let me assure you, future mild winters are not guaranteed and we need your thoughtful action. Thank you.

CT Natural Gas

Hardship Aging Analysis

	HS Count	Current Amount	30-Day Amount	60-Day Amount	90-Day Amount	120-Day Amount	360-Day Amount	Total Delinquent Amount	Total AR Amount
2002 FEB	18,376	\$ 2,589,315.62	\$ 2,510,984.15	\$ 1,709,593.09	\$ 744,587.08	\$ 2,631,709.67	\$ 3,423,373.53	\$ 11,020,247.52	\$ 13,609,563.14
2003 FEB	19,456	\$ 4,337,209.72	\$ 3,926,970.88	\$ 1,986,707.23	\$ 1,407,678.50	\$ 2,915,431.72	\$ 3,234,023.22	\$ 13,470,811.55	\$ 17,808,021.27
2004 FEB	17,814	\$ 2,149,904.56	\$ 892,476.08	\$ 539,511.97	\$ 407,282.35	\$ 2,965,110.15	\$ 2,759,253.18	\$ 7,563,633.73	\$ 9,713,538.29
2005 FEB	18,288	\$ 2,516,224.43	\$ 1,864,836.21	\$ 833,560.00	\$ 532,272.31	\$ 2,999,117.78	\$ 2,534,484.27	\$ 8,764,270.57	\$ 11,380,495.00
2006 FEB	17,160	\$ 1,688,163.91	\$ 1,093,152.87	\$ 610,505.65	\$ 328,544.59	\$ 3,270,763.55	\$ 2,565,034.46	\$ 7,868,001.12	\$ 9,556,165.03
2007 FEB	15,082	\$ 4,897,390.90	\$ 714,214.30	\$ 540,663.73	\$ 318,730.88	\$ 4,111,601.66	\$ 1,655,869.20	\$ 7,341,079.77	\$ 12,288,470.67
2008 FEB	13,220	\$ 2,604,713.82	\$ 1,474,181.38	\$ 433,914.50	\$ 372,673.14	\$ 2,882,791.71	\$ 1,517,514.75	\$ 6,681,075.48	\$ 15,966,884.78

Southern CT Gas

Hardship Aging Analysis

	HS Count	Current Amount	30-Day Amount	60-Day Amount	90-Day Amount	120-Day Amount	Total Delinquent Amount	Total AR Amount
2002 FEB	22,750	\$ 3,878,718.93	\$ 3,067,330.35	\$ 2,072,524.79	\$ 1,109,725.76	\$ 10,119,349.83	\$ 16,368,930.73	\$ 20,247,649.66
2003 FEB	23,097	\$ 5,085,011.27	\$ 4,288,937.84	\$ 2,890,724.42	\$ 1,500,032.60	\$ 10,554,590.29	\$ 19,234,275.15	\$ 24,319,286.42
2004 FEB	21,984	\$ 3,082,815.94	\$ 1,344,603.29	\$ 356,932.64	\$ 417,731.05	\$ 9,647,786.07	\$ 11,767,053.05	\$ 14,849,868.99
2005 FEB	22,590	\$ 4,351,936.33	\$ 1,646,926.83	\$ 758,180.19	\$ 566,599.17	\$ 10,027,406.43	\$ 12,999,112.62	\$ 17,351,048.95
2006 FEB	21,983	\$ 2,837,201.93	\$ 1,229,593.30	\$ 735,077.82	\$ 484,529.63	\$ 14,146,309.99	\$ 16,575,510.74	\$ 19,412,712.72
2007 FEB	21,594	\$ 4,338,398.02	\$ 2,044,558.47	\$ 898,046.36	\$ 520,419.55	\$ 16,858,681.53	\$ 20,321,705.91	\$ 24,660,103.93
2008 FEB	18,835	\$ 4,010,636.31	\$ 1,718,422.59	\$ 614,358.85	\$ 596,877.60	\$ 18,139,717.76	\$ 21,069,376.80	\$ 25,080,013.11

2012 - Through Month end February

UNITED ILLUMINATING AGING HARDSHIP INFORMATION

Cal. year / month	Revenue class	Current Amount	30-Day Amount	60-Day Amount	90-Day Amount	120-Day Amount	Total Delinquent Amnt	Total AR Amount
FEB 2012	HARDSHIP\$	\$ 3,367,879.57	\$ 2,482,243.38	\$ 2,287,975.54	\$ 1,855,610.27	\$ 23,396,265.69	\$ 30,022,094.88	\$ 33,389,974.45
	HARDSHIP#	2,891	1,375	1,312	1,117	11,005	14,809	17,700
FEB 2011	HARDSHIP\$	\$ 3,368,761.02	\$ 2,636,878.11	\$ 2,528,288.76	\$ 1,723,029.29	\$ 19,943,743.51	\$ 26,831,939.77	\$ 30,201,700.79
	HARDSHIP#	1,668	1,050	1,205	944	10,101	13,300	14,968
APR 2011	HARDSHIP\$	\$ 3,467,973.00	\$ 2,651,836.19	\$ 2,756,579.12	\$ 2,458,873.59	\$ 22,357,733.95	\$ 30,225,022.85	\$ 33,712,395.85
	HARDSHIP#	3,122	1,604	1,402	1,488	11,152	15,657	18,779

Hardship Type	Matching Payment Program	Current Amount	30-Day Amount	60-Day Amount	90-Day Amount	120-Day Amount	Total Delinquent Amount	Total AR Amount
Financial	NONE	\$ 1,511,637.28	\$ 1,245,902.97	\$ 1,113,808.42	\$ 844,626.54	\$ 4,080,249.02	\$ 7,384,586.95	\$ 8,895,224.23
		1,795	907	874	753	5,571	8,091	9,886
Financial	UI'S MAPP	\$ 308,793.98	\$ 78,828.10	\$ 64,862.42	\$ 57,807.37	\$ 510,693.66	\$ 711,791.55	\$ 1,020,595.53
		250	70	63	52	562	747	997
Financial	FORGIVENESS	\$ 522,173.40	\$ 135,509.35	\$ 99,069.34	\$ 68,420.98	\$ 549,549.65	\$ 852,549.32	\$ 1,374,722.72
		439	191	175	130	712	1,209	1,648
Total Financial		\$ 2,342,604.66	\$ 1,460,040.42	\$ 1,277,740.18	\$ 1,070,854.89	\$ 5,140,492.33	\$ 8,948,927.82	\$ 11,291,632.48
Medical	NONE	\$ 925,475.36	\$ 982,529.98	\$ 980,763.58	\$ 749,049.66	\$ 17,368,215.78	\$ 20,080,568.70	\$ 20,986,034.06
		381	190	187	170	3,895	4,432	4,813
Medical	UI'S MAPP	\$ 27,426.26	\$ 11,171.62	\$ 13,572.56	\$ 15,838.49	\$ 241,390.89	\$ 281,973.56	\$ 309,399.82
		14	6	4	6	139	155	169
Medical	FORGIVENESS	\$ 72,379.29	\$ 29,501.66	\$ 35,899.22	\$ 20,067.23	\$ 645,165.69	\$ 730,634.80	\$ 803,008.09
		12	11	8	6	150	175	187
Total Medical		\$ 1,025,274.91	\$ 1,022,202.96	\$ 1,010,235.36	\$ 784,955.38	\$ 18,255,773.36	\$ 21,073,167.06	\$ 22,098,441.97
Total February 2012		\$ 3,367,879.57	\$ 2,482,243.38	\$ 2,287,975.54	\$ 1,855,610.27	\$ 23,396,265.69	\$ 30,022,094.88	\$ 33,389,974.45

Uncollectible Expense 2011	
Non-hardship	\$8,500,000
Hardship	\$11,500,000
Total	\$20,000,000

Energy Assistance 2011	
Payments	\$2,602,429
Customers	3520
Average	\$740

Pending Disconnects	
May 2011	2608
June 2011	2563
Shut	
	1294
	1128



Operation Fuel, Inc.

WE'RE ALL PART OF THE OPERATION.

One Regency Drive
Suite 200
Bloomfield, CT 06002
(860) 243-2345
(860) 726-9310
www.operationfuel.org

March 23, 2012

Good afternoon chairs and members of the Appropriations, Energy and Technology, and Human Services Committees. My name is Brenda Watson; I am director of community programs for Operation Fuel. Operation Fuel is a private statewide non-profit organization that provides emergency energy assistance to low-income working households that are not eligible or have exhausted their benefits from the state energy programs. Operation Fuel is also a member of the Governor's Low Income Energy Advisory Board.

I want to thank the Governor and the legislature for awarding us \$1.1 million to provide emergency energy assistance to Connecticut's vulnerable families and seniors. Since November 14th Operation Fuel provided \$1.3 million to 2,700 families and seniors. We have exhausted the funding allocated to Operation Fuel by the State of Connecticut.

Operation Fuel received an additional \$1million from Connecticut Light and Power. These funds will be used to help low-income families who will be facing utility shut-offs when the winter protection program ends at the beginning of May. While these funds will go a long way in assisting households at risk—they can only be used in the customer service territory covered by CL&P.

This restriction means Operation Fuel has to find additional funding to cover two of the largest cities in Connecticut—Bridgeport and New Haven. Many of our lowest income families in Connecticut live in urban areas and heat their homes with gas or electricity. This is the population that suffered major reductions in their CEAP allocations. For the most vulnerable households, benefits were reduced from \$880 to \$395. Along with the reductions in benefits, this further reduced the amount of dollars provided by the utility match program and increased the monthly payments households need to be successful in the matching payment programs.

There is no way Operation Fuel, with private funding and budgeted state assistance has the resources to make up for the loss of aid to electric and gas users.

Thank you.