



Oregon

Theodore R. Kulongoski, Governor



Housing and Community Services

North Mall Office Building
725 Summer Street NE, Suite B
Salem, OR 97301-1266
(503) 986-2000

FAX (503) 986-2020
TTY (503) 986-2100



www.ohcs.oregon.gov

January 2, 2009

Mr. Danny Santos
Office of the Governor
900 Court Street
Salem, Oregon 97301-4047

Re: Energy Assistance Information for Program Year 2009

Dear Mr. Santos,

The Department of Oregon Housing and Community Services administers both federal and state energy assistance grant funding. This includes the federal Low Income Home Energy Assistance Program (LIHEAP), as well as the ratepayer funded Oregon Energy Assistance Program (OEAP) established through SB 1149. OHCS also works actively with partners in the energy field to coordinate energy assistance resources throughout our state, and to ensure that low income needs are represented across relevant energy policy initiatives.

As per your request, below is some basic information regarding energy assistance trends for the 2009 program year.

Has energy assistance demand increased given the economy and the weather?

Yes. Although price increases are not as dramatic as initially forecasted, rising costs continue to increase rates for home energy. For example, on January 1st, Portland General Electric increased their electric rates by 5.6%--or approximately \$62.52 per year for the average residential customer. Such increases disproportionately impact low income consumers--many who live in older, less energy efficient housing stock. In 2007, the poorest Oregonians paid over 44% of their household budgets toward home energy costs.

The impact of rising home energy costs is evident in the number of applications processed for energy assistance. Within the first quarter of program year 2008--36,505 households applied for energy assistance through the LIHEAP and OEAP programs. Within this same time period for 2009, the number of applicants has risen to 45,818—an increase of over 25%.

Rising home energy costs are exacerbated by high unemployment rates. In the first quarter of program year 2008, 934 households who applied for energy assistance were receiving unemployment income. However, within this same time period for 2009, the number of households receiving unemployment benefits rose to 2,320—an increase of over 148%.

Reports from Community Action Agencies, as well as many utilities, indicate that call volumes for assistance are overwhelming—with many providers increasing personnel and enhancing phone technologies to meet rising need.

How is the funding level versus the need?

To qualify for Low Income Energy Assistance programs in Oregon, households must be at or below 60% of state median income--about \$36,000 for a family of four, per year. In 2008, 429,005 households were eligible to receive energy assistance through our programs. Combined, the LIHEAP and OEAP programs served 83,615 households, or just under 20% of income eligible Oregonians

Beginning in 2008, the Oregon Legislature approved an increase for OEAP, boosting funding from \$10 to \$15 million per year. This past October, Congress authorized the fully allowable LIHEAP Allocation for \$5.1 Billion, increasing Oregon's allocation from \$27 million in 2008 to nearly \$52 million in 2009. Even with these increases, both the LIHEAP and OEAP programs will be able to serve less than one-half of income eligible households across Oregon.

Oregon providers have also seen an increase in the number of households facing emergency situations. These circumstances require additional resources, including expedited service provision and higher benefit levels necessary to resolve immediate crises. For example, in the first quarter of PY 2008, 5,736 of applicant households had utility shutoff notices or were already disconnected. Within this same time period for 2009, the number of households rose to 8916—an increase of over 55%.

The public health and safety impacts of disconnection are well established. Up to 25% of families who lose their primary source of heating use unsafe methods to keep themselves warm--risking burns, carbon monoxide poisoning, and house fires. A short term lack of hot water, refrigeration and cooking capacity can result in lost wages for adults and missed school for children. Families without power, even temporarily, often face housing insecurity and eviction.

Community Action Agencies from across our state additionally report a spike in the number of households presenting large arrearages, as many low income families only pay the portion of the bill they can afford in order to meet other basic needs (rent, food, medicine). When a household becomes disconnected, many utilities want customers to pay their bill in total, including past debt, to re-establish home energy services. Oregon intake workers report families walking in with arrearages as high as \$1800, on top of their most current utility billing.

What is the strategy for these programs if the economy continues to worsen in 2009 headed into winter next year?

At the Federal level, legislators and advocates are encouraging increases in both energy assistance and weatherization funding. This would allow states to not only serve more households, but also address resource intensive issues such as disconnections and rising arrearages.

Within Oregon, our network is already taking steps to redesign energy assistance programs to better meet the long-term energy needs of low income households. At a

basic level, we are adjusting our statewide benefit matrices to address the unique dynamics of varied energy sources, housing stock and consumption. We have also encouraged local agencies to design programs which encourage a long term approach to household energy independence--more effectively balancing crisis management, improved payment behavior and conservation through energy education.

OHCS actively facilitates meetings between utilities, providers, state agencies, and the public to foster creative ideas for program coordination. Such collaboration reduces administrative costs and allows staff to leverage the breadth of resources necessary to provide more meaningful household assistance. One example includes a potential partnership with the Department of Human Services, which would effectively leverage LIHEAP resources to increase food stamp benefits for Oregon households.

The Department of Oregon Housing and Community Services is aware of the need for innovation and flexibility within a rapidly transforming energy landscape. Through their willingness to hear and try new ideas, our network partners have made Oregon a model for designing adaptive, comprehensive low-income energy assistance programs.

Please do not hesitate to contact me if you have any questions, or would like to talk further about low-income energy issues within Oregon. I can be reached at 503-986-2094 or melissa.torgerson@state.or.us.

Sincerely,

Melissa Torgerson
Oregon LIHEAP Director