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Testimony¹ of Shirley Bergert²

**Before the Appropriations, Human Services And Energy And Technology
Committees**

October 1, 2012, 2 pm, LOB 2E

2012-13 Low Income Energy Assistance Program Block Grant Allocation Plan

¹ Electronic testimony submitted via email at appropriationtestimo@cga.ct.gov; 50 copies provided at sign-up for testifying.

² CT Legal Services represents low income state residents in civil legal matters. 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.



Recommended actions:

1. Recalculate benefits assuming a more realistic estimation of program participation, to ensure more equitable benefits for households regardless of heat source.

OPM and DSS can set more reasonable benefit levels by:

- *reducing the estimate of the number of households likely to participate to those actually participating last winter: 100,416 (59% utility heated; 40% deliverable fuel heated; 1% received the renter benefit); and*
- *using the budget of \$88.2M in the proposal (\$8.7M more than last winter) to calculate funding available to increase benefits to utility heated households.*

2. Begin providing benefits on November 1, the long-standing date the program has opened, to ensure adequate heat for vulnerable households.

Benefits are artificially low and should be raised to more appropriate levels. OPM’s planning for expenditure of the state’s Low Income Home Energy Assistance Program (LIHEAP) grant seeks to artificially ensure under-expenditure of these federal funds in the upcoming winter by making unrealistically high estimates of program participation and providing low household benefits to utility heated households. Federal law allows the state to carry over up to 10% of their LIHEAP funding for the fiscal year. That these funds can be carried over does not make it good policy to plan to maximize carry-over, particularly in depressed economic times when many poor cannot afford basic heating bills.

- OPM’s proposal anticipates participation by 118,000 households this winter, a 17.5% increase over last winter’s actual participation of 100,416 households. There is no basis for estimating that program participation will jump by this amount.
- Most deliverable fuel heated households have access to significantly more energy assistance than utility heated households under OPM’s proposal. While so-called “basic benefits” for utility heated and deliverable fuel heated households are identical in the proposal, deliverable fuel heated households are also eligible for “crisis” and “safety net” benefits, resulting in access to far greater levels of energy assistance for these households. The following chart indicates the potential LIHEAP benefit available depending on whether the household heats with utility service (left side) or a deliverable fuel (right side), showing the considerable benefit disparity depending on heat source. Only deliverable fuel heated households with income above 150% FPL and without a member who is disabled, elderly or a young child, have benefits that closely approximate those available to a utility heated household.

Income (as % of FPL or SMI) ³	UTILITY heated household potential benefit		DELIVERABLE FUEL heated household potential benefit	
	Vulnerable*	Non-vulnerable	Vulnerable*	Non-vulnerable
0%-100% FPL	\$ 575	\$ 525	\$ 2,175	\$ 1,725
101%-125% FPL	\$ 500	\$ 450	\$ 2,100	\$ 1,650
126%-150% FPL	\$ 425	\$ 375	\$ 2,025	\$ 1,575
150%-200% FPL	\$ 350	\$ 300	\$ 1,925	\$ 400
201% FPL - 60% SMI	\$ 300		\$ 400	

³ To put these percentages in context, these are the monthly gross income ranges for a household of three: 0% – 100% FPL: \$0 to \$1591; 101% - 125% FPL: \$1592 - \$1989; 126% - 150% FPL: \$1990 - \$2386; 151% - 200% FPL: \$2387 - \$3182; 201% FPL – 60% SMI: \$3183 - \$4283.

*Household includes member who is disabled, 60+ or under 6 years of age.

Implications of setting unnecessarily low utility heated household benefits at the beginning of the heating season: Particularly in light of current economic conditions and the risks to the poor of inadequate support for energy assistance, the program should provide appropriate utility heated household benefits at the beginning of the heating season. Historically the state has provided additional benefits to utility heated households late in the heating season or during the summer when its artificially low benefit levels have meant Connecticut would have to return funding to the federal government if not expended. While an interesting budgeting gimmick, it is not appropriate as a planning tool for meeting the needs of intended program beneficiaries because of the potential negative impact on access to and success in the matching payment program mandated by Conn. Gen. Stat. § 16-262c(b).

- Benefit levels at the beginning of the heating season are used by the utility companies to set customer payments in the matching payment program.⁴ If customer payments are set too high, some households will be unable to afford them and will receive no match, and therefore have increased vulnerability to a dangerous spring or summer utility shut off with an untenable debt.⁵
- CL&P, YG, CNG, SCG and UI will reduce customer payments if customers know to ask when they cannot afford the payments required by the utility company. However, even if a customer seeks a reduced payment, it may not be calculated in time to allow for successful participation in the matching payment program. Community Action Agencies (CAAs) handle most of the calculations for reduced utility payments at the time they process a household's energy assistance application. CAAs prioritize energy assistance applications for deliverable fuel heated households (federal law requires these households receive immediate assistance if out of fuel). Regardless of when they sought to apply for energy assistance, utility heated households often do not have their application and reduced payment calculation dealt with in time to successfully participate in the matching payment program.

The program opening date should be restored to November 1st from the proposed November 15th date. November 1 is the historic opening date for payment of fuel deliveries, utilized until last winter, and it ensures adequate heat is available to vulnerable households relying on deliverable fuel heat (approximately 40% of beneficiary households). The average low November temperature in the state is 32.6° F.⁶ Connecticut typically has 2" of snow in November, and obviously can have more.⁷ The heightened risk of hypothermia among the elderly, disabled and young children (accounting for almost 67% of beneficiary households) is obvious. Funds are available for a November 1 opening date if more realistic numbers of estimated program participants are utilized in planning.

⁴ The formula for determining customer payments in the matching payment program:

$$\begin{aligned} & \text{Estimated annual utility bill} \\ - & \text{ Anticipated energy assistance} \\ = & \text{ Customer's real annual bill} \\ /12 & = \text{customer's monthly bill + amount added toward arrearage} \end{aligned}$$

⁵ See "HOME ENERGY AFFORDABILITY GAP: 2011" prepared by Roger Colton for Operation Fuel (<http://www.operationfuel.org/wp-content/uploads/Connecticut-2011-HEAG-Final.pdf>), noting "The 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."

⁶ <http://connecticut.statelibrary.usa.com/answers-to-my-questions/what-are-the-average-monthly-temperatures-in-connecticut?/>

⁷ <http://www.ct.gov/dep/cwp/view.asp?a=2688&q=322366#November>