

THE POWER TO LIGHT UP THE WORLD *and* BUILD A BETTER ONE.

## ON THE BRINK: *The Home Energy Affordability Gap*

LOW-INCOME STUDY FOR

*Arkansas, Louisiana, Mississippi and Texas*

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Home energy is a crippling financial burden for low-income households. Households with incomes of below 50 percent of the Federal Poverty Level pay 45 percent or more of their annual income simply for their home energy bills.

Home energy unaffordability, however, is not simply the province of the very poor. Bills for households between 50 percent and 100 percent of Poverty take up 16 percent of income. Even households with incomes between 150 percent and 185 percent of the Federal Poverty Level have energy bills above the percentage of income generally considered to be affordable.

In an effort to quantify the gap between “affordable” home energy bills and “actual” home energy bills, Fisher, Sheehan & Colton (FSC) developed for Entergy a model that estimates the “home energy affordability gap” on a county-by-county basis for the entire country. FSC found that the annual “affordability gap” for 2002 reached roughly \$18.2 billion and that federal fuel assistance provided through the Low-Income Home Energy Assistance Program (LIHEAP) covered just a fraction of that gap.

Based on this county-specific data, FSC has prepared state-by-state analysis of each Entergy State. This Affordability Gap analysis will provide the following state-level information:

- Home energy burdens broken down by Poverty Level;
- Number of households broken down by Poverty Level;
- Home Energy Affordability Gap given winter 2002 heating prices (and normal weather), broken down by Poverty Level;
- Projected Home Energy Affordability Gap given estimated 2003 heating prices (and normal weather), broken down by Poverty Level;
- Low-income home energy bills, broken down by end use (heating, cooling, hot water, electricity);
- Average per-household Home Energy Affordability Gap for households below 185% of Poverty (state ranking amongst 50 states plus D.C.);
- Average total home energy burden for households below 50% of Poverty (state ranking amongst 50 states plus D.C.);
- Percentage of individuals below 100% of Poverty Level (state ranking amongst 50 states plus D.C.); and
- Combined heating/cooling affordability gap covered by federal energy assistance (state ranking amongst 50 states plus D.C.).

*On the Cover: Entergy employees assist in weatherizing a home during a Helping Hands project in Mississippi.*

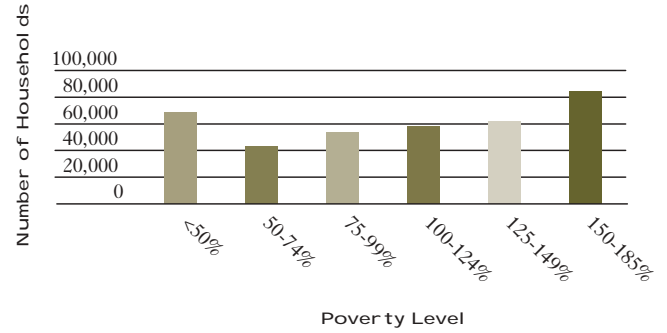
### Finding #1

Nearly 70,000 Arkansas households live with income at or below 50% of the Federal Poverty Level and thus face a home energy burden of 45% of income or more.

43,000 additional Arkansas households live with incomes between 50% and 74% of Poverty (home energy burden of 18%).

53,000 more Arkansas households live with incomes between 75% and 99% of the Federal Poverty Level (home energy burden of 13%).

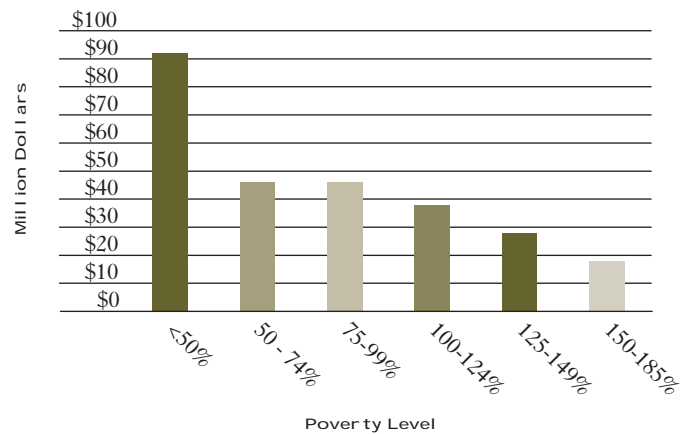
**Number of Low-Income Arkansas Households by Federal Poverty Level**



### Finding #2

Existing sources of energy assistance do not adequately address the energy affordability gap in Arkansas. Actual low-income energy bills exceeded affordable energy bills in Arkansas by nearly \$267 million at 2001/2002 winter heating fuel prices. In contrast, Arkansas received a gross allotment of federal energy assistance funds of \$11.0 million for Fiscal Year 2003. Some of those funds will be used for administrative costs, weatherization, and other non-cash assistance.

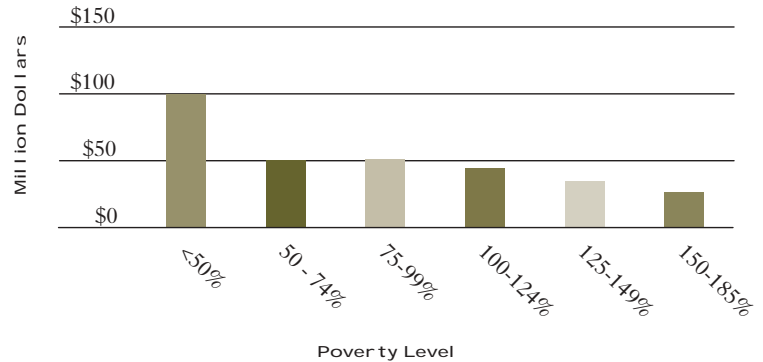
**A \$267 Million Energy Affordability Gap (2001/2002 Heating Fuel Prices)**



### Finding #3

Increases in the prices of natural gas, propane and fuel oil during the 2002/2003 winter heating season drive the unaffordability gap up to more than \$308 million. While the gap for the lowest income households (0-50% of Poverty) increases by more than 8% (from \$92 million to \$100 million), the gap for the highest income households (150-185% of Poverty) increases by nearly 55% (from \$18 million to \$27 million).

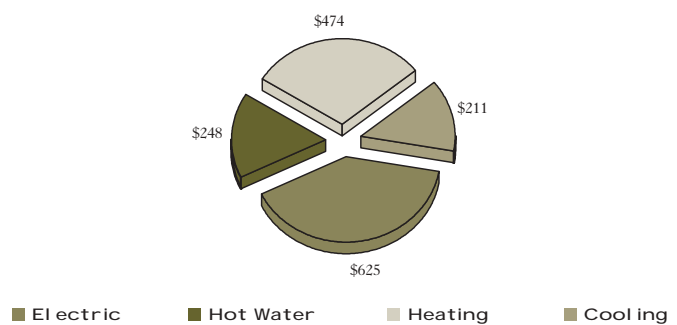
**a \$308 Million Gap at 2002/2003 Winter Heating Prices**



### Finding #4

The energy affordability gap in Arkansas is not created exclusively, or even primarily, by home heating and cooling bills. At 2001/2002 winter heating prices, while home heating bills were \$474 of a \$1,558 bill (30.4%), electric bills (other than cooling) were \$625 (40.1%). Annual cooling bills represented \$211 in expenditures (13.6% of the total bill), while hot water represented \$248 in expenditures (15.9%).

**Low-Income Energy Bills in Arkansas by End Use (2001/2002 Winter Heating Prices)**



## LOUISIANA: *Preliminary Findings*

### Finding #1

More than 155,000 Louisiana households live with income at or below 50% of the Federal Poverty Level and thus face a home energy burden of 40% of income or more.

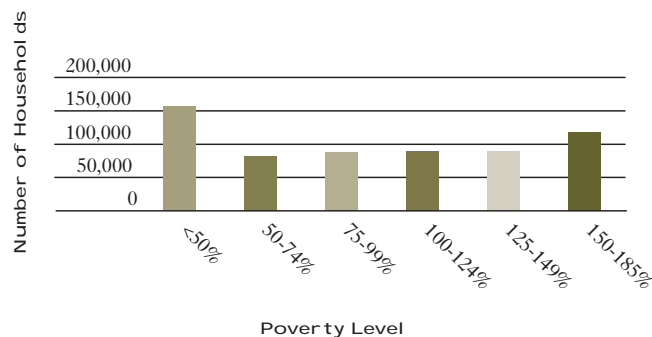
82,000 additional Louisiana households live with incomes between 50% and 74% of Poverty (home energy burden of 17%).

88,000 more Louisiana households live with incomes between 75% and 99% of the Federal Poverty Level (home energy burden of 12%).

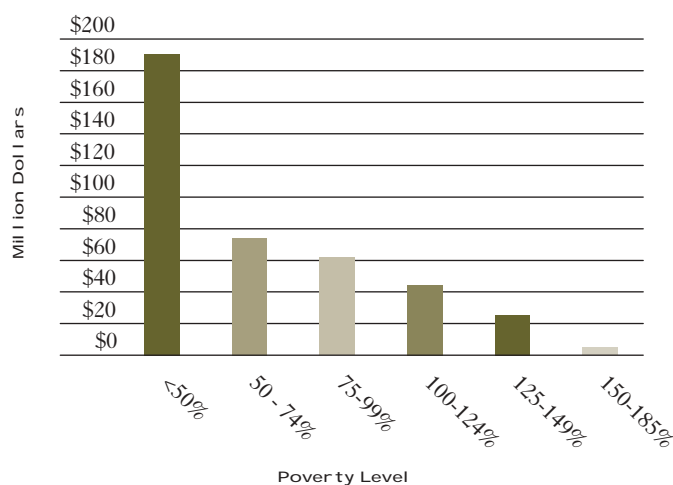
### Finding #2

Existing sources of energy assistance do not adequately address the energy affordability gap in Louisiana. Actual low-income energy bills exceeded affordable energy bills in Louisiana by nearly \$402 million at 2001/2002 winter heating fuel prices. In contrast, Louisiana received a gross allotment of federal energy assistance funds of \$14.7 million for Fiscal Year 2003. Some of those funds will be used for program administrative costs, weatherization, and other noncash assistance.

**Number of Low-Income Louisiana Households by Federal Poverty Level**



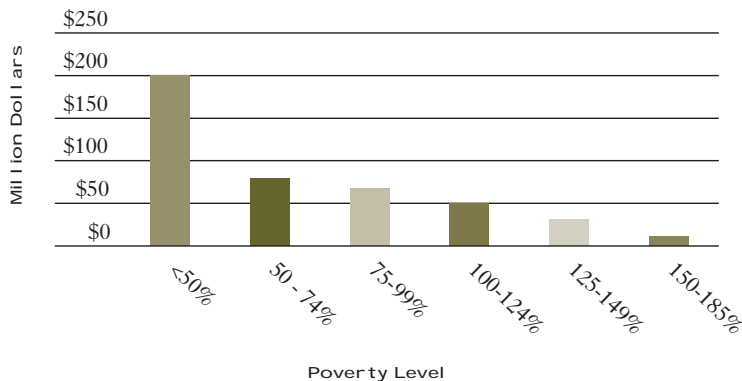
**A \$402 Million Energy Affordability Gap (2001/2002 Heating Fuel Prices)**



### Finding #3

Increases in the prices of natural gas, propane and fuel oil during the 2002/2003 winter heating season drive the unaffordability gap up to more than \$439 million. While the gap for the lowest income households (0-50% of Poverty) increases by 5% (from \$190 million to \$200 million), the gap for the highest income households (150-185% of Poverty) increases by nearly 140% (from \$4.8 million to \$11.3 million).

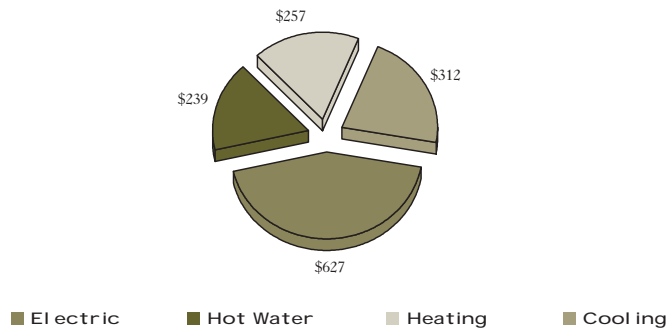
**a \$439 Million Gap at 2002/2003 Winter Heating Prices**



### Finding #4

The energy affordability gap in Louisiana is not created exclusively, or even primarily, by home heating and cooling bills. At 2001/2002 winter heating prices, while home heating bills were \$257 of a \$1,425 bill (18.0%), electric bills (other than cooling) were \$627 (44.0%). Annual cooling bills represented \$302 in expenditures (21.2% of the total bill), while hot water represented \$239 in annual expenditures (16.8%).

**Low-Income Energy Bills in Louisiana by End Use (2001/2002 Winter Heating Prices)**



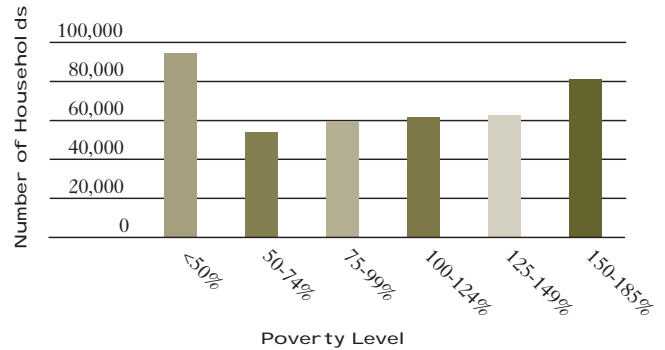
### Finding #1

More than 94,000 Mississippi households live with income at or below 50% of the Federal Poverty Level and thus face a home energy burden of 43% of income or more.

54,000 additional Mississippi households live with incomes between 50% and 74% of Poverty (home energy burden of 18%).

60,000 more Mississippi households live with incomes between 75% and 99% of the Federal Poverty Level (home energy burden of 12%).

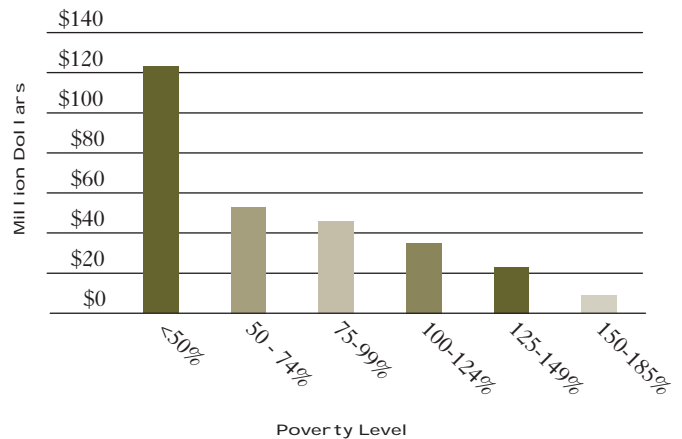
**Number of Low-Income Mississippi Households by Federal Poverty Level**



### Finding #2

Existing sources of energy assistance do not adequately address the energy affordability gap in Mississippi. Actual low-income energy bills exceeded affordable energy bills in Mississippi by nearly \$290 million at 2001/2002 winter heating fuel prices. In contrast, Mississippi received a gross allotment of federal energy assistance funds of \$12.3 million for Fiscal Year 2003. Some of those funds will be used for administrative costs, weatherization, and other noncash assistance.

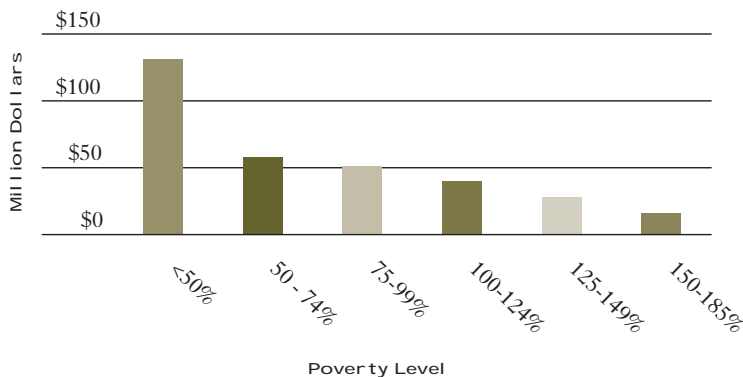
**A \$290 Million Energy Affordability Gap (2001/2002 Heating Fuel Prices)**



### Finding #3

Increases in the prices of natural gas, propane and fuel oil during the 2002/2003 winter heating season drive the unaffordability gap up to more than \$324 million. While the gap for the lowest income households (0-50% of Poverty) increases by more than 6% (from \$123 million to \$131 million), the gap for the highest income households (150-185% of Poverty) increases by more than 70% (from \$9 million to \$16 million).

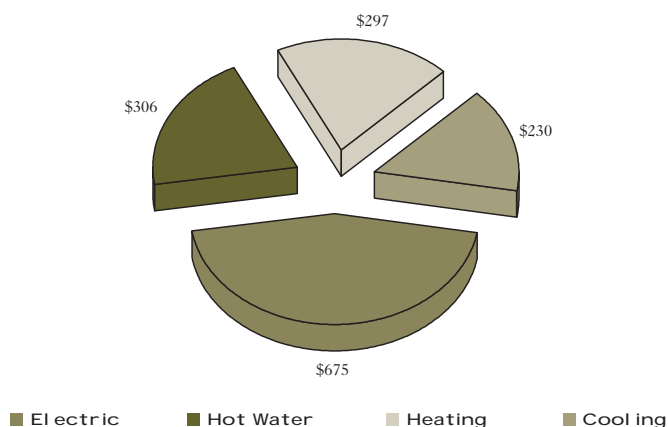
**a \$324 Million Gap at 2002/2003 Winter Heating Prices**



### Finding #4

The energy affordability gap in Mississippi is not created exclusively, or even primarily, by home heating and cooling bills. At 2001/2002 winter heating prices, while home heating bills were \$297 of a \$1,508 bill (19.7%), electric bills (other than cooling) were \$675 (44.7%). Annual cooling bills represented \$230 in expenditures (15.3% of the total bill), while hot water represented \$306 in expenditures (20.3%).

**Low-Income Energy Bills in Mississippi by End Use (2001/2002 Winter Heating Prices)**



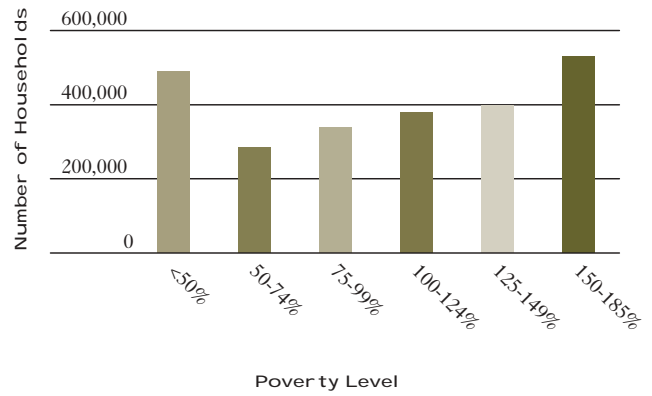
### Finding #1

Nearly 490,000 Texas households live with income at or below 50% of the Federal Poverty Level and thus face a home energy burden of 45% of income or more.

285,000 additional Texas households live with incomes between 50% and 74% of Poverty (home energy burden of 19%).

340,000 more Texas households live with incomes between 75% and 99% of the Federal Poverty Level (home energy burden of 13%).

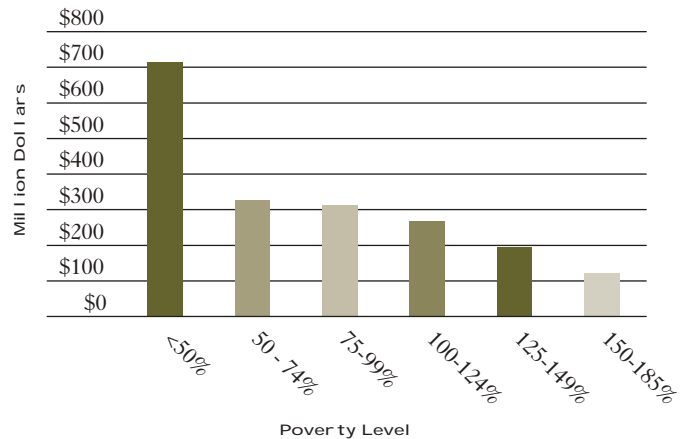
**Number of Low-Income Texas Households by Federal Poverty Level**



### Finding #2

Existing sources of energy assistance do not adequately address the energy affordability gap in Texas. Actual low-income energy bills exceeded affordable energy bills in Texas by nearly \$1.94 billion at 2001/2002 winter heating fuel prices. In contrast, Texas received a gross allotment of federal energy assistance funds of \$37.8 million for Fiscal Year 2003. Some of those funds will be used for administrative costs, weatherization, and other non-cash assistance.

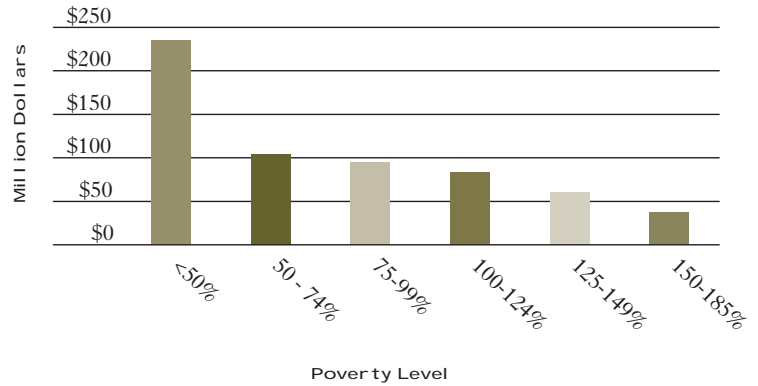
**A \$1.94 Billion Energy Affordability Gap (2001/2002 Heating Fuel Prices)**



### Finding #3

Increases in the prices of natural gas, propane and fuel oil during the 2002/2003 winter heating season drive the unaffordability gap up to more than \$2.16 billion. While the gap for the lowest income households (0-50% of Poverty) increases by more than 6% (from \$714 million to \$758 million), the gap for the highest income households (150-185% of Poverty) increases by more than 40% (from \$123 million to \$172 million).

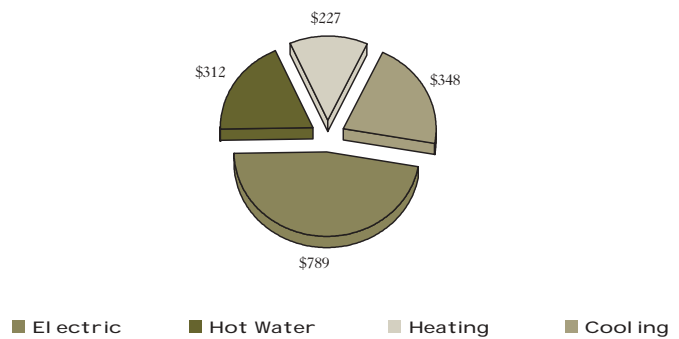
**a \$2.16 Billion Gap at 2002/2003 Winter Heating Prices**



### Finding #4

The energy affordability gap in Texas is not created exclusively, or even primarily, by home heating and cooling bills. At 2001/2002 winter heating prices, while home heating bills were \$230 of a \$1,676 bill (13.8%), electric bills (other than cooling) were \$786 (46.9%). Annual cooling bills represented \$347 in expenditures (20.7% of the total bill), while hot water represented \$311 in household expenditures (18.6%).

**Low-Income Energy Bills in Texas by End Use (2001/2002 Winter Heating Prices)**





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