



C A F C A

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**Testimony provided to the Energy and Technology Committee
Submitted on February 13, 2007 by James H. Gatling, President,
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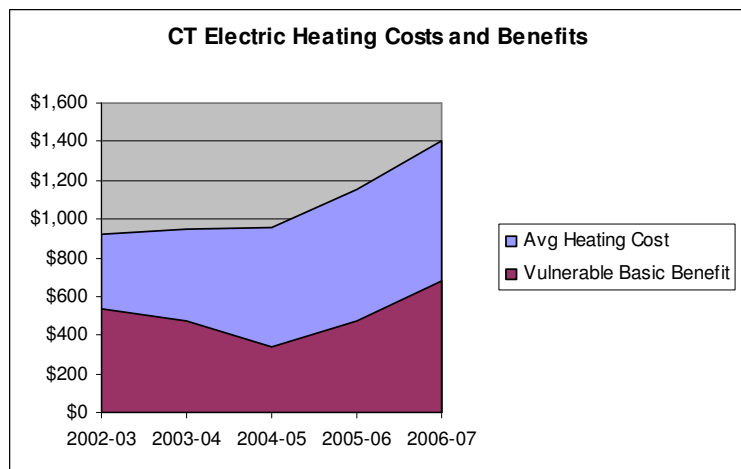
Thank you, Senator Fonfara, Representative Fontana, and members of the committee for this opportunity to provide testimony regarding the energy future of Connecticut. My name is James Gatling, and I am the President of CAFCA, the statewide coalition of CT's twelve Community Action Agencies (CAAs) who are the federally-designated network of anti-poverty agencies in Connecticut. I am also President/CEO of New Opportunities in Waterbury and Meriden, one of CAFCA's twelve member agencies who operate the Connecticut Energy Assistance Program (CEAP). Today CAFCA submits this testimony in support of HB 7098: An Act Concerning Connecticut's Energy Future, with some recommendations for how the bill can be strengthened to more effectively the energy needs of our low-income households across Connecticut.

As you know, Connecticut has seen significant increases in the cost of all of our energy over the past two years. Due to the significant increase in oil last year, demand for the CEAP program increased. The state stepped forward to provide an increase in the basic benefit and thankfully Congress provided supplemental appropriations to increase the LIHEAP grant. Unfortunately, President Bush's budget has recommended flat-funding LIHEAP at levels prior to the supplemental funding, a reduction of about 24%.

This year applications for CEAP are on a pace to match or possibly exceed last year. While oil prices have stabilized compared to last year, all other energy costs have increased the overall amount of risk that low-income households deal with in meeting their basic needs. This year we strongly recommend that Connecticut provide a state appropriation for energy assistance, make the program a year-round program, and provide a benefit to off-set the exorbitant increases in the cost of electricity.

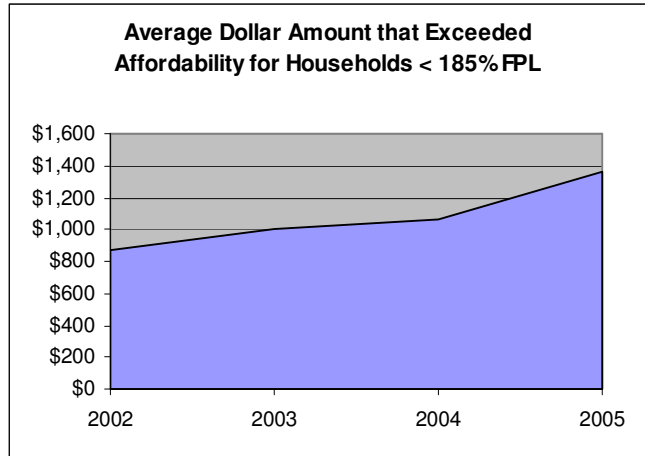
About 16 percent of energy assistance recipients heat with electricity and energy assistance benefits have not kept pace with the cost heating with electricity. Fortunately for those who heat with electricity, this has been a mild winter overall. However, all energy assistance recipients have been hit with significant increases in their overall energy costs in recent years and this is breaking their household budgets. In 2002-2003 the highest benefit covered

about 58% of the cost of heating with electricity and this year it only covers about 48%. The price of oil increased across the whole nation last year but the prices for natural gas and electricity are much higher in Connecticut than the national averages and the trend is not good.



According to the federal Energy Information Administration, October 2006 prices for natural gas in Connecticut averaged \$16.53 per thousand cubic feet, more than 29 percent higher than the national average of \$12.74. And electricity prices were about 17.27 cents per kilowatt hour, more than 63 percent higher than the national average of 10.55 cents. And electricity prices are slated to rise again.

For our low wage working families and especially for those living on fixed incomes, such as the elderly and disabled, the gap between what energy assistance provides and their actual cost of energy continues to grow at an alarming rate in Connecticut. According to the “On the Brink” report from Fisher, Sheehan and Colton, a public finance and economics firm in Massachusetts, the average amount that home energy bills exceeded what Connecticut households below 185 percent of the federal poverty level could afford was \$877 in 2002. By 2005, that had increased to \$1,365, a 55 percent increase.



On a scale of energy affordability, Connecticut has dropped from 43 out of 51 to 48 out of 51 during the same period. In 2003, energy assistance covered 32.6 percent of that gap. In 2005, energy assistance only covered 25.7 percent of the gap. What this means is simply what everyone already knows by looking at their energy bills: Connecticut has very expensive energy. What this also means is that more and more low-income households are carrying debt from their gas and electric bills and are at greater risk of shut-offs during the summer.

Energy, whether for heating or cooling, is a necessity, just like food, water, clothing, and shelter. Connecticut’s energy cost problems are complicated and related to our aging infrastructure, electric deregulation and other factors. We know that the state’s leaders will attempt to address these and other issues, but it will take time until we see results from correcting energy market failures. These exorbitant costs are being born by our low-income citizens now.

We call for our state leaders to provide assistance now so as to avoid these risks to begin with. The state should provide a year-round energy assistance program and utilize state funds to provide an electric benefit for our most vulnerable citizens before there is a crisis and before the elderly face growing debt or shut-off notices during the hot summer months. For a small amount of money, Connecticut can be proactive and protect our most vulnerable citizens from the health complications associated with heat waves.