



Unaffordable Home Energy Bills in PRC District 4

FACT: Home energy is unaffordable for thousands of households in PRC District 4.

Bills are disproportionate to family income.

In 2006, 105,518 or 26.3% of households in the counties served by PRC District 4 had unaffordable home energy bills and were eligible for the Low Income Home Energy Assistance Program (LIHEAP). Home energy bills, on average, exceeded available income by \$755. In Rio Arriba County 1,262 households with income less than \$8,300 had energy bills that took up to 49.0% of household income.

FACT: LIHEAP is an emergency statewide response, not a comprehensive solution.

Only a third of those eligible receive assistance.

35.1% of LIHEAP eligible households statewide received assistance in 2006 due to the state emergency allocation of \$25 million. In prior years 30.8% of eligible households, on average, received assistance. 30.1% of LIHEAP eligible households in PRC District 4 received assistance in 2006.

Bills remain unaffordable.

In 2006, the statewide average gap between income and energy bills for LIHEAP eligible households was \$745. In 2007 the New Mexico Human Services Department predicts that average LIHEAP assistance will be only \$119 to those who apply, which will leave a gap of over \$600.

LIHEAP will never make home energy affordable.

It would take \$150 million every year to make bills affordable statewide. LIHEAP typically is funded at about \$9.2 million each year and under the President's proposed budget funding would drop to \$7.6 million. In 2006, the total home energy shortfall in the counties served by PRC District 4 was \$79.6 million and the total LIHEAP benefit for the district was \$13.2 million.

FACT: A comprehensive solution to unaffordable home energy bills requires that utility rates and programs take household income into account.

A comprehensive solution is necessary.

Gas and electric prices are forecast to continue to rise without a corresponding increase in income. This will deepen the problem of unaffordable home energy bills, which cause people to make difficult choices between paying utility bills and paying for medicine, medical treatment, food, and rent.

A comprehensive solution is possible.

Regulators in 36 states have determined that it is in the public interest that people stay connected to gas and electric service and have found that assistance and efficiency programs that take household income into account are just and reasonable and result in more affordable bills.

A comprehensive solution is popular.

Customer surveys have shown that a substantial majority of utility customers recognize these benefits and favor programs that assist households for whom utility bills are unaffordable.

Source:

FISHER, SHEEHAN & COLTON, 2006 Home Energy Affordability Gap: New Mexico LIHEAP FACT SHEET, January 1, 2007