

TESTIMONY OF DEVAL L. PATRICK
GOVERNOR OF MASSACHUSETTS
BEFORE THE SELECT COMMITTEE ON ENERGY
INDEPENDENCE AND GLOBAL WARMING
“The Future of LIHEAP Funding: Will Families Get the Cold
Shoulder This Winter?”
Thursday, September 25, 2008

Good afternoon, Chairman Markey and members of the Committee. Thank you for the opportunity to testify before you today.

I know that the turmoil in our financial markets is dominating your own and the public’s attention today, as well it should. It is certainly on my mind, and the minds of every governor across the land. Especially under the circumstances, I thank you for turning some of your attention today to the subject of this hearing, a crisis in the making that has the potential to become a public health threat in Massachusetts, New England and many other parts of the country.

I am talking about the crisis in home heating costs that cold weather states expect this winter. Without help, many of our most vulnerable citizens will find themselves facing heating bills they cannot pay.

And the challenge is right around the corner. Night-time temperatures are already dropping into to 40s and 30s this week in New England. Unless we prepare—including by fully funding the LIHEAP fuel assistance program—my state and other will face what some call a “slow motion Katrina.”

Let me try to “dimensionalize” the challenge: home heating oil is used by nearly 40 percent or about 963,000, Massachusetts households. According to the Department of Energy Resources’ regular statewide survey of prices (dated July 8, 2008), the average price of home heating oil in Massachusetts hit a record high of \$4.71 a gallon, after steadily rising, week by week, for over a year. Even after the

recent price moderations, prices of heating fuels have settled in at roughly \$4 a gallon – still 50% higher than last year, when the average price was \$2.70.

Should the price remain at \$4 a gallon through the coming heating season, it will take more than \$3,200 to heat an average Massachusetts household with oil this winter, up from \$1,800 just two winters ago. Many consider that estimated average to be conservative: if a family uses 1,100 gallons next winter, which is not unusual, it will cost them over \$4,000 to heat their home.

The Massachusetts LIHEAP program is expected to serve almost 144,000 households this winter. With rising energy costs and level funding, our benefits would barely cover half the roughly \$1,130 it costs to fill a tank of heating oil. At that rate, the benefit would run out by year end. So, I want to thank the House for substantially increasing the federal

funding for the LIHEAP program through the Continuing Resolution passed last night, and for doing so on a broad bipartisan basis.

The prospect of significantly higher home heating costs this coming winter was sufficiently alarming to me, and to my colleagues in the Massachusetts Legislature, to form a Winter Energy Costs Task Force. In five public hearings across the state, the Task Force heard compelling testimony about the impact high heating costs would have on our most vulnerable citizens, including low-income families with children, people with disabilities, and senior citizens.

Here are a couple of stories that came out of those hearings:

- A senior citizen from Gloucester who is living on \$790 per month to pay for his housing and medical expenses cannot afford the oil needed to heat his home. Without

an increase in funding for fuel assistance, he would only get enough help to buy 2/3 of a tank, which might not even get him to January. He is considering a reverse mortgage in order to get by this winter.

- The director of a community action program in Lynn told the story of a woman with three school age kids who just lost her job. Collecting just \$157 per week in unemployment, she doesn't even have enough to cover her rent of \$800 a month. Without additional funding, fuel assistance won't be enough to fill her oil tank even once. This CAP director said that, in 29 years of service, he's never seen so many folks asking for fuel assistance for the first time.

I want you to know that Massachusetts is doing everything we can to avoid disaster this winter. Our Department of Public Utilities has recently ordered an increase in the

discount given to low-income customers on their electric and natural gas bills, which will save them \$75 to \$300 over the coming winter. We have also expanded programs to help low-income customers pay past due bills.

We have appropriated \$10 million in state funds, in very tight fiscal times, to supplement federal fuel assistance funding this winter as well.

We are also working to expand energy efficiency services provided by the utilities this fall, to help their customers tighten and insulate their homes, as well as upgrade their heating systems, with the help of rebates and low-interest loans. These latter measures are consistent with accelerated implementation of the Green Communities Act, the comprehensive energy reform legislation I signed into law earlier this year.

In addition, we will use the proceeds of the first auction of greenhouse gas emissions allowances under the Regional Greenhouse Gas Initiative, which took place this morning, to support energy efficiency efforts. The specific targets of those investments will depend on the recommendations of the Winter Energy Costs Task Force, which will report shortly on measures we can take to help our fellow citizens stay warm, and safe, this winter.

But we still need you. I very much understand and respect the demands for resources that compete for your attention. Nevertheless, what is at stake is the real possibility that that many citizens in the colder regions of this country will be at risk of freezing to death without federal help.

So, I thank you again for the House action yesterday and I urgently ask the full Congress to fully fund the Low Income Home Energy Assistance Program at the \$5.1 billion level

now under consideration as part of the Continuing Resolution. This funding would almost double this winter's expected LIHEAP benefit in Massachusetts, providing enormous help to families across the Commonwealth.

I lastly want to acknowledge that, though essential, this funding is really just a stopgap measure. High energy costs in the Northeast are a foreseeable and continuing reality. A dedicated federal plan that includes support for state LIHEAP programs, and also for efficiency strategies and renewable energy generation and delivery, is the big task remaining ahead. We look forward to working with you on that.

Thank you.