

Oregon Energy Assistance Program
Report to the 74th Legislative Assembly
From Oregon Housing & Community Services
December 31, 2006

INTRODUCTION

The Oregon Energy Assistance Program (OEAP) was created by the 1999 Oregon Legislature as part of SB 1149. ORS 757.617 (2) states “The Oregon Housing & Community Services Department shall prepare a biennial report to the Legislative Assembly describing program spending and needs for low-income bill assistance.” This report meets that requirement.

WHAT IS THE PURPOSE OF OEAP?

According to ORS 757.612 (7)(d), this program was created “...for the purpose of providing low-income bill payment and crisis assistance, including programs that effectively reduce service disconnections and related costs to retail electricity consumers and electric utilities. Priority assistance shall be directed to low-income electricity consumers who are in danger of having their electricity service disconnected.” The program is specific to Oregon’s investor-owned utilities: Portland General Electric and PacifiCorp and their customers.

WHAT IS THE NEED?

Using the 2005 American Community Survey (ACS) data, Oregon Housing & Community Services (OHCS) estimates 419,000 households are eligible for energy assistance in Oregon. Of those, fewer than 20% receive services from OEAP or the federally funded Low-Income Energy Assistance Program (LIEAP), which is also administered through OHCS.

Low-income households pay a disproportionate share of their income to maintain energy services. According to a recent study (see table below) on home energy affordability, Oregon households with incomes below 50% of the federal poverty level pay over 34% of their annual income to energy bills. For households between 50% and 100% of poverty, the energy burden averages 12%, more than twice that of a non low-income household. The 2005 ACS identifies 197,800 Oregon households that fall below the federal poverty level.

Poverty Level	Home Energy Burden
Below 50%	34.4%
50-74%	13.8%
75-99%	9.9%
100-124%	7.7%
125-149%	6.3%
150-185%	5.2%

Source: *On the Brink*, Fisher, Sheehan & Colton, April 2006

Low-income households often have problems with late or missed payments, arrearages or debt, and face disconnection of utility services. Consequences of even short periods of service disconnection include failing health of seniors, depressed performance of children in school and deterioration of housing stock. More severe consequences include loss of eligibility for other support programs (e.g. eviction from subsidized housing), homelessness and death. A 2005 survey report by the National Energy Assistance Directors' Association, found that recipients of energy assistance reported the following consequences of unaffordable energy bills:

- 20% went without food for at least one day,
- 32% went without filling a prescription or taking a full dose of a prescribed medicine,
- 16% became sick because their home was too cold,
- 20% said they were not able to pay their energy bills due to medical expenses, and
- 73% reduced expenses for household necessities because they did not have enough money for their energy bills.

WHO IS SERVED BY OEAP?

Income eligibility requirements for OEAP are the same as the federally funded LIEAP program. An applicant's household income must be at or below 60% of the Oregon Median Income. As of October 1, 2006 for a household of one, this is \$19,110 per year; for a household of four it is \$36,750. There are two levels of bill assistance payments and a higher payment is issued for households that fall below 100% of the Federal Poverty Guidelines for Oregon. For a household of one, that cap is \$9,800 per year, and for a household of four, it is \$20,000.

However, these figures do not reflect well who is actually served. The average income of households served by OEAP during the program year 2006, which ended September 30, 2006, was \$11,610 per year. This average household had just over three residents, which means their per capita income was \$3,922 and well below the Federal Poverty Level. See Attachment A for tables with the federal poverty guidelines and Oregon 60% income guidelines.

In program year 2006, 22,514 households were served by OEAP. Of these, 2,570 households included senior citizens and 5,615 included a member who was disabled. The

table below describes who was served during the last two program years. This data was pulled from the OHCS OPUS reporting system created to manage agency programs.

Client Information	Program Year 2005	Program Year 2006
Households Served	22,350	22,514
Clients Served	67,261	66,532
Ave. Payment	\$319	\$321
Ave Income per Household	\$12,216	\$11,610
Per capita income	\$4,058	\$3,932
Households served below Federal Poverty Level	72%	70%

Oregonians served by OEAP (customers of PGE or PacifiCorp) come from 29 of the 36 counties in the state including:

- Benton
- Clackamas
- Clatsop
- Columbia
- Coos
- Crook
- Deschutes
- Douglas
- Gilliam
- Hood River
- Jackson
- Jefferson
- Josephine
- Klamath
- Lake
- Lane
- Lincoln
- Linn
- Marion
- Morrow
- Multnomah
- Polk
- Sherman
- Tillamook
- Umatilla
- Wallowa
- Wasco
- Washington
- Yamhill

SERVICE DELIVERY

The OEAP bill assistance program is delivered through a network of community action agencies throughout Oregon, which deliver a myriad of anti-poverty programs to low-income clients. This creates efficiency of operations plus assures that clients are able to access multiple services that are designed to help them move away from dependency while assisting them with their immediate crisis. OEAP services are available year around or until funds are exhausted.

OHCS is working with this network to develop energy education and case management services to help clients move toward self-sufficiency. This approach, which is called Energy Efficiency and Consumer Competence or E2C2, has been tested the last two years through a federal REACH grant with three agencies in five counties. This effort has now been expanded to nine agencies through use of Duke and El Paso Settlement funds secured through the Department of Justice. More agencies are considering participation. Major components of the program include:

- Household needs assessment,

- o Web-based linkage to Oregon Helps,
- o Consumer education about how to reduce energy usage and costs,
- o Energy bill assistance through OEAP and LIEAP,
- o Bill payment options (including incentives to make regular payments),
- o Weatherization services,
- o Energy saving kits, and
- o Case management that links clients to additional services with the goal of increased self-sufficiency skills

PROGRAM REVENUE AND SPENDING

The following table describes the revenue and spending for the OEAP program for program year 2005 (October 1, 2004 to September 30, 2005), and program year 2006 (October 1, 2005 to September 30, 2006).

REVENUE

OEAP program revenue is from meter charges collected from residential and retail electric consumers of investor-owned utilities in Oregon. Currently this includes Portland General Electric and PacifiCorp (Pacific Power) and is currently set at \$0.33 per month per residential meter and 0.033 cents per kWh not to exceed \$500 per site per month for retail electric consumers. ORS 757.612 (7)(b) sets the annual collections at \$10 million.

EXPENSES

OHCS Administration

OHCS receives the meter charges collected by the utilities and manages contracts and distribution of funds to the 17 partner agencies. OHCS provides contract management, monitoring for grant compliance, accounts payable/receivable, OPUS database system and management, program monitoring, training and technical support. These expenses cannot exceed 5% of the receipts. In the most recent program year (2006) OHCS operated the program on 2.0% for administration.

Partner Agency Administration

Each community action agency provides contract management, supervision of staff and accounts payable/receivable in administering OEAP. In PY 06 agency administration averaged 8.5%. Federal funds cannot be used to pay other program expenses, so agencies need funds to cover their actual costs of administering this program. Any unexpended funds are moved to client vendor payments.

Program Delivery

Agencies incur costs directly related to delivery of OEAP services to clients. These program specific expenses are paid for on a cost reimbursement basis as program delivery expenses. Common expenses include payroll for service workers, direct program management, telephones, supplies, postage and office space costs. Again, federal funds cannot be used to pay other program expenses, so agencies need funds to cover their actual costs of administering this program. The average reimbursement for program delivery costs for PY 06 was 12.4%.

Client Vendor Payments

Partner agencies make vendor payments directly to utilities on behalf of their clients. These payments reconnect a customer whose electricity has been shutoff or prevents a shutoff from occurring. In PY 06, on average, more than 77% of OEAP funds were paid for electrical service.

OEAP Funding		
Program Years 2005 & 2006		
For Report to Oregon Legislative Assembly		
	<u>PY 05</u>	<u>PY 06</u>
<u>Revenue</u>		
PGE	\$6,093,543	\$5,722,878
PacifiCorp	\$4,233,073	\$3,983,385
Interest	\$129,289	\$240,465
Total Revenue	<u>\$10,455,905</u>	<u>\$9,946,727</u>
<u>Expenditures</u>		
OHCS Admin	\$264,937	\$189,571
Agency Admin	\$784,748	\$807,079
Agency Program Delivery	\$1,207,290	\$1,171,459
Agency Client Vendor Payments	<u>\$7,129,467</u>	<u>\$7,299,556</u>
Total Expenditures	<u>\$9,386,442</u>	<u>\$9,467,665</u>
Revenues Over/Under Expenditures	<u>\$1,069,462.61</u>	<u>\$479,062.02</u>

Note: The monthly meter rate was lowered in April 2005 through action by the Public Utility Commission to balance receipts as per ORS 757.612.

CONCLUSION

The OEAP program has a major impact in helping low-income Oregonians meet basic needs, as well as achieving the goal of reducing electrical service disconnections. This is achieved through energy assistance payments and collaboration with our network partners to provide additional services to move households toward self-sufficiency. Improvements result in health and safety. The federal LIEAP program is far from able to meet the need for bill payment assistance in Oregon, so OEAP extends the reach into more households. The system for delivery of the service is effective and cost-efficient and takes advantage of existing service providers that already work locally with low-income households. It provides a model of collaboration that helps assure the multiple needs of low-income families are met by bringing together resources from the public and private sector.

Attachment A

POVERTY GUIDELINES
For Use in Federal Fiscal Year 2007
 2006 Federal Poverty Guidelines at 100% – Source HHS

Household Unit Size	Annual Income	Monthly Income
1	\$9,800.00	\$816.66
2	\$13,200.00	\$1,100.00
3	\$16,600.00	\$1,383.33
4	\$20,000.00	\$1,666.66
5	\$23,400.00	\$1,950.00
6	\$26,800.00	\$2,233.33
7	\$30,200.00	\$2,516.66
8	\$33,600.00	\$2,800.00
9	\$37,000.00	\$3,083.33
10	\$40,400.00	\$3,366.66
11	\$43,800.00	\$3,650.00
Each Additional Member	\$3,400.00	\$283.33

60% of State Median Income by Household Size
For Use in Federal Fiscal Year 2007
 Estimated State Median by Household Size – Source HHS

Household Unit Size	Annual Income	Monthly Income
1	\$19,110.00	\$1,592.50
2	\$24,990.00	\$2,082.50
3	\$30,870.00	\$2,572.50
4	\$36,750.00	\$3,062.50
5	\$42,630.00	\$3,552.50
6	\$48,510.00	\$4,042.50
7	\$49,613.00	\$4,134.41
8	\$50,715.00	\$4,226.25
9	\$51,818.00	\$4,318.16
10	\$52,920.00	\$4,410.00
11	\$54,022.00	\$4,501.83
Each Additional Member	\$1,102.50	\$91.87