

September 29, 2005

The Honorable George W. Bush
President
United States of America
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

As the nation comes together to help communities and families recover from the recent Gulf Coast hurricanes, another looming emergency faces low-income families in the Northeast and across the nation. Record high and persistent prices for home heating fuels – aggravated by the disruption and lingering effects of the recent hurricanes – threaten a home heating crisis for millions of Americans this winter. Therefore, the Coalition of Northeastern Governors (CONEG) respectfully urges you to include \$1.276 billion in emergency supplemental funds for the Low-Income Home Energy Assistance Program (LIHEAP) in the upcoming supplemental appropriations request. These funds, which will help maintain the purchasing power of the LIHEAP program, are needed immediately – not only for victims of the hurricanes, but to ensure that low-income families and senior citizens can afford to heat their homes this winter.

We appreciate the actions taken by the Administration to minimize energy supply disruptions as a result of Hurricane Katrina. However, hurricane damage has only added to what were already record high energy prices, and has set the stage for one of the nation's most expensive winter heating seasons. The Energy Information Administration (EIA) forecasts that households heating with home heating oil are expected to see a 31percent increase in costs this winter over last winter – marking a second winter of double digit price increases. Heating costs for the average family using heating oil this upcoming winter are projected to hit \$1,666 – an increase of \$403 over last year's prices and \$714 over the winter heating season of 2003-2004. For families using natural gas, prices are projected to hit \$1,568 – an increase of \$611 over last year's prices and \$643 over 2003-2004.

The steady rise in energy prices over the past year has diminished the purchasing power of LIHEAP program funds at the very time that the need for heating assistance to low-income families is most urgently needed. For example, at current funding levels, a low-income household in some Northeast states would exhaust its entire benefit on just one delivery of heating oil. LIHEAP programs across the Northeast states are receiving increased requests from low-income households with significant arrears. Some households are already experiencing a utility service shut-off, and others will exhaust their regular and crisis LIHEAP benefits just paying down their arrears enough to get their utility service reconnected. They then face an entire winter heating season of even higher energy costs as they struggle to balance the basic needs of home heating, transportation fuels, housing, food and medicine.

As Congress continues to consider the FY2006 appropriations for the LIHEAP program, the combination of recent energy prices spikes and projected price increases at the start of the winter season means that additional dollars are needed immediately to assist these most vulnerable households. Faced with diminished purchasing power of LIHEAP funds, states face the prospect of serving even fewer eligible households, reducing benefits, or curtailing the duration of the program even before the heating season gets underway.

An additional \$1.276 billion in emergency supplemental funding for the Low Income Home Energy Assistance Program – released to the states in a timely manner – is the minimum needed to maintain the purchasing power of LIHEAP funds. Emergency funds are urgently needed to ensure this valuable program can assist the nation’s most vulnerable low-income citizens to afford the basic need of home energy. The CONEG Governors thank you for your attention to this request and stand ready to provide you with any additional information on the importance of this vital program to the Northeast and the nation.

Sincerely,

/o.s./

John E. Baldacci
CONEG Chair
Governor of Maine

/o.s./

Donald L. Carcieri
Vice-Chair
Governor of Rhode Island