

The Missouri Energy Task Force: An Overview of LIHEAP



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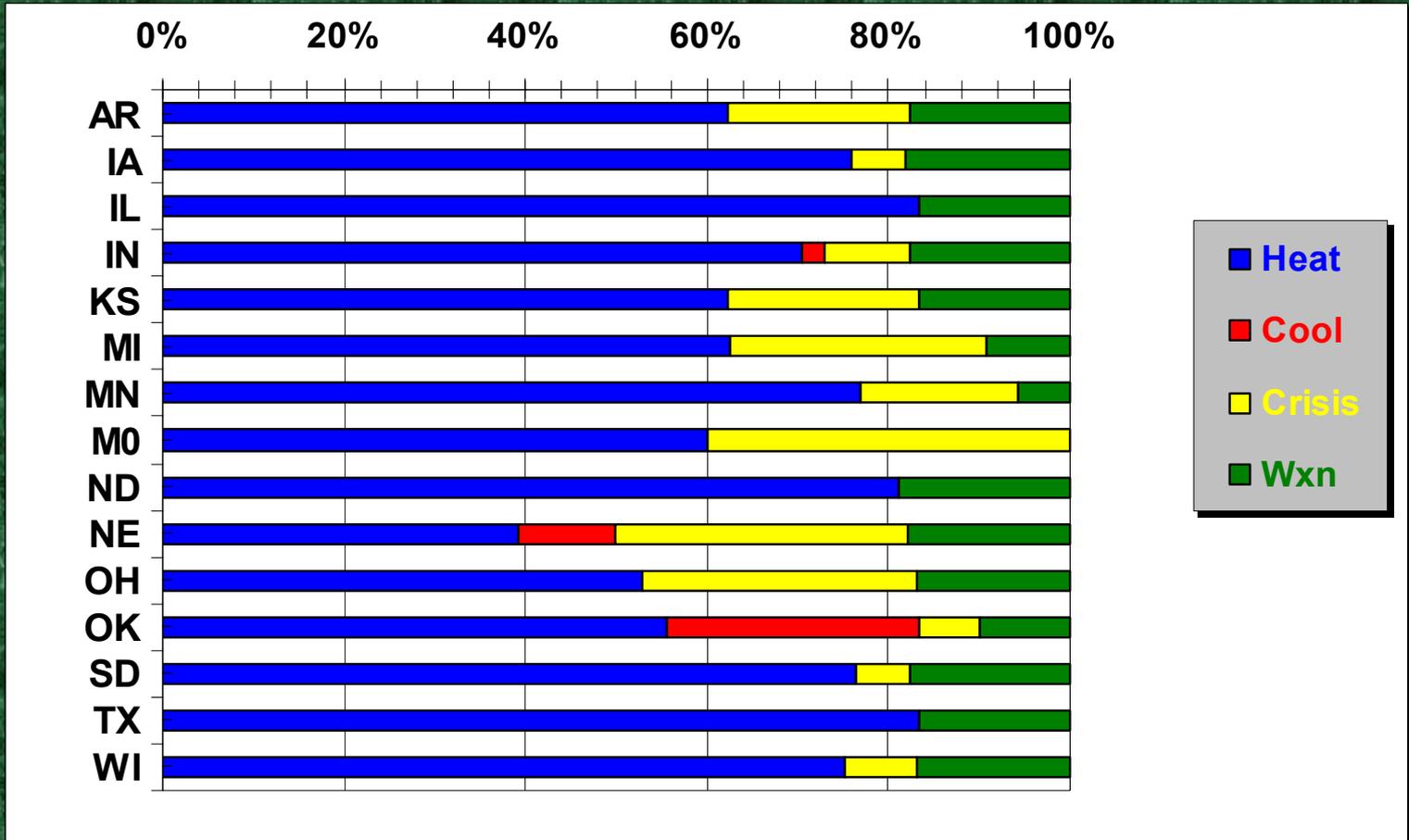
LIHEAP

- **LIHEAP stands for Low Income Home Energy Assistance Program.**
- **Provided by the Federal government for heating and cooling energy needs.**
- **Depending on state location, more funds may be distributed during winter or summer.**
- **Each individual state receives a different level of funding.**
- **LIHEAP provides assistance for natural and propane gas, electric, heating oil, and wood cost.**
- **It is dispersed to both regulated and non-regulated entities.**

LIHEAP Programs

- There are two (2) different LIHEAP programs available in Missouri:
 - Energy Assistance (EA) which is to assist consumers with making energy bill payments that they cannot afford.
 - Energy Crisis Intervention Program (ECIP) which provides additional funds for preventing disconnection of utility service or provides funds for restoring discontinued energy service.
- Customers can receive EA and ECIP assistance in the same year.

How DO Neighboring States Apportion LIHEAP Dollars?

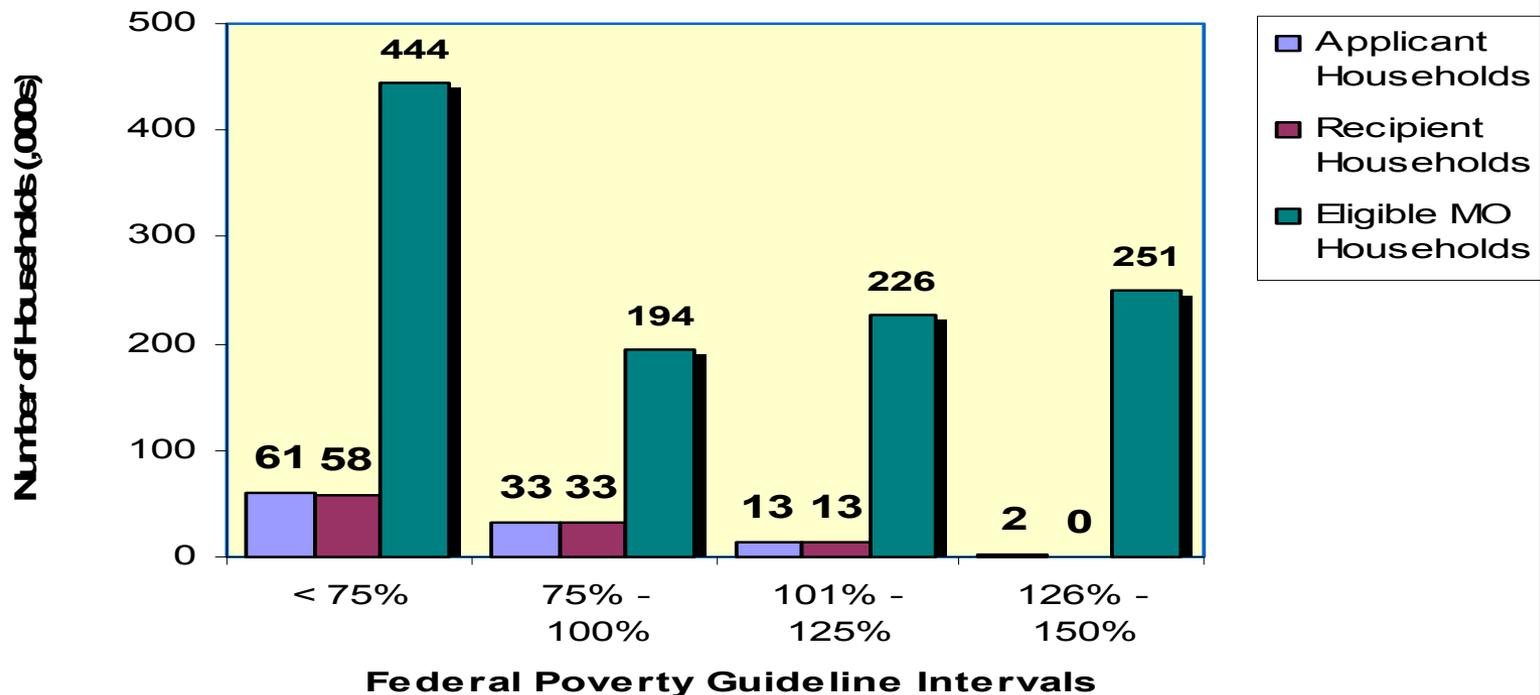


LIHEAP Eligibility

- Department of Social Services (DSS) administers LIHEAP funds.
- DSS contracts with nineteen (19) Community Action Agencies (CAA) to qualify individuals and help authorize LIHEAP payments.
- To qualify, applicants must be below 150% of the FPL.

How Many MO Citizens Receive LIHEAP?

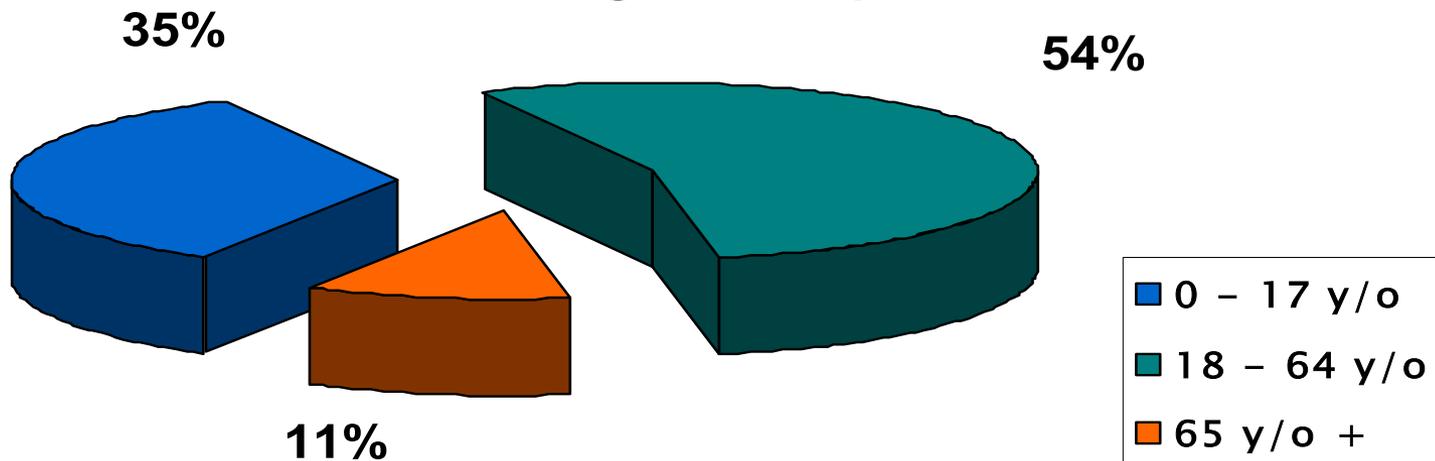
2004 Energy Assistance in Missouri: Applicant, Recipient, and Eligible Households



Who Are Missouri's Low-Income Citizens?

Age Distribution

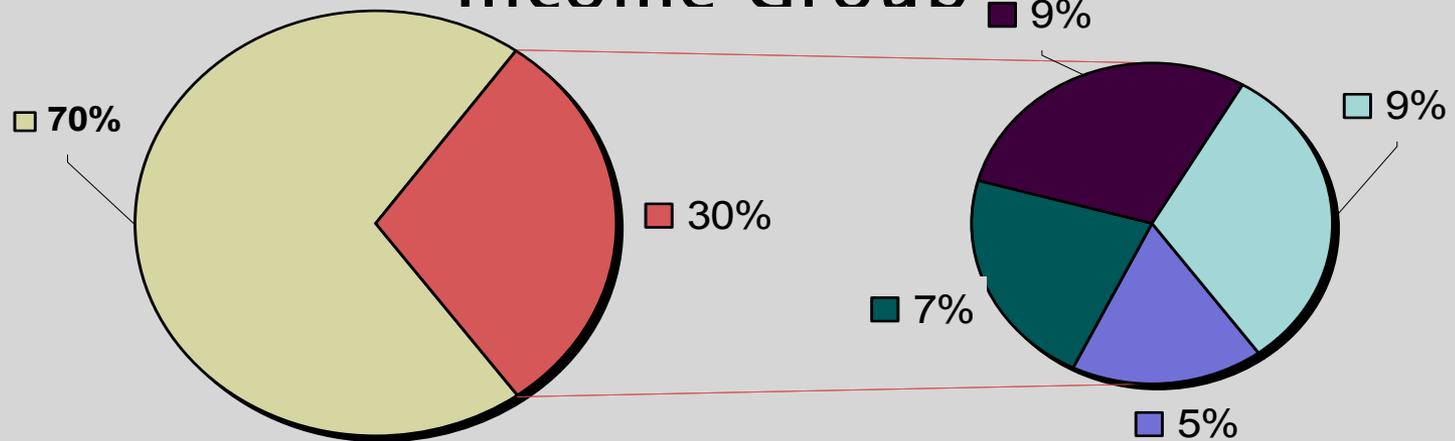
Percentage of Missouri Low-Income Residents with income < 101% FPL by Age Group



Who Are Missouri's Low-Income Citizens?

Income Distribution

Percent of Missourians in Each Income Group



Federal Poverty Level of Group

- < 50%
- 51-100%
- 101-150%
- 150-200%
- 200% & Above

LIHEAP Funding

- FY 2006, Missouri received \$61,724,762 in LIHEAP funding.
 - Approx. \$43 million was Missouri's base LIHEAP grant.
 - Approx. \$18 million was allocated in two additional LIHEAP allocations.

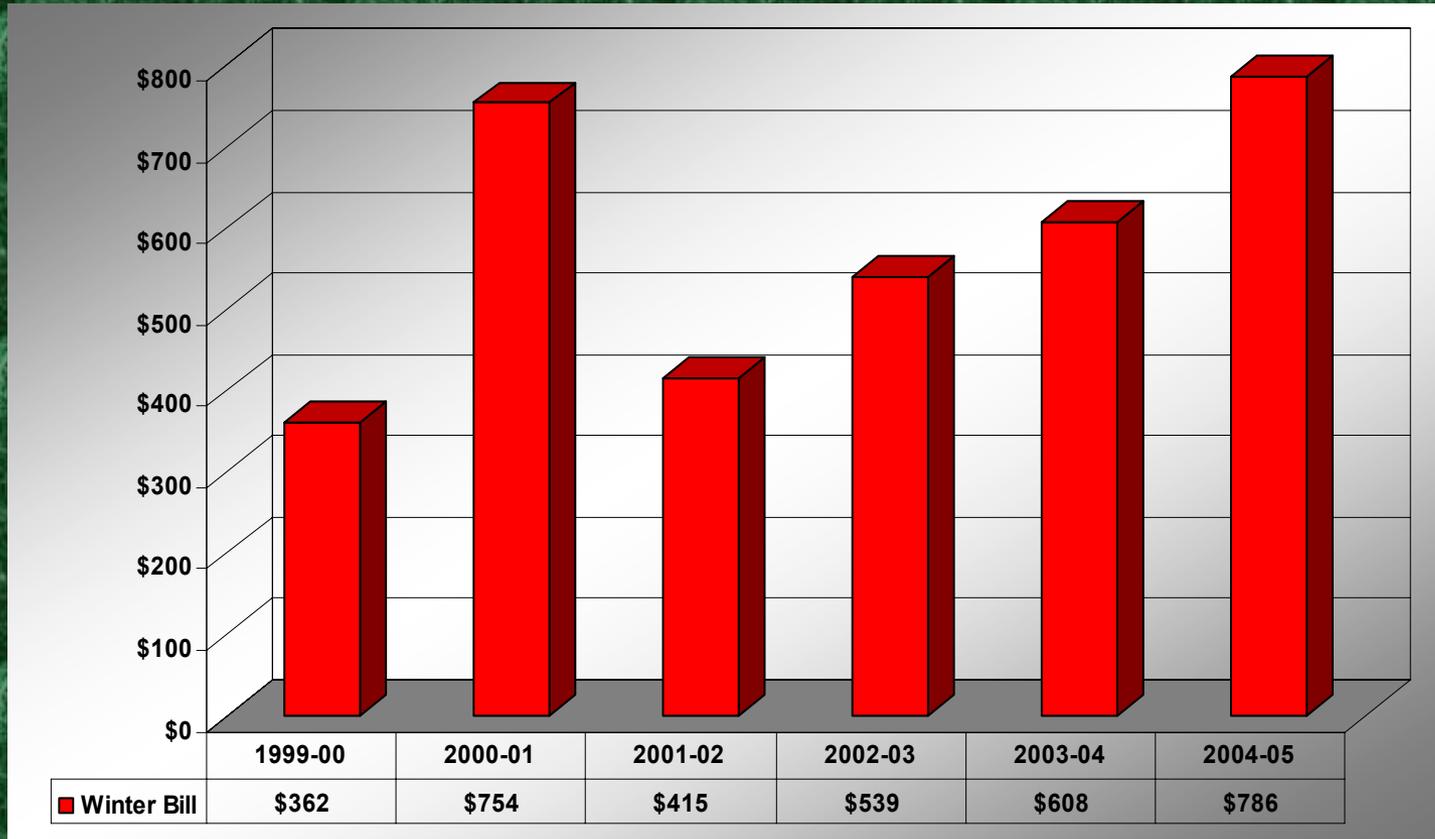
LIHEAP Demand

- The St. Louis Metropolitan Area saw an approximate 20% increase in households applying for LIHEAP energy assistance for the FIRST time in 2006.
- The Kansas City Metropolitan Area saw an approximate 32% increase in households applying for LIHEAP energy assistance for the FIRST time in 2006.
- Absent timely distribution of LIHEAP funds, Missouri customers will be left with even higher arrearages heading into the next heating season.

Why the Surge in LIHEAP Demand?

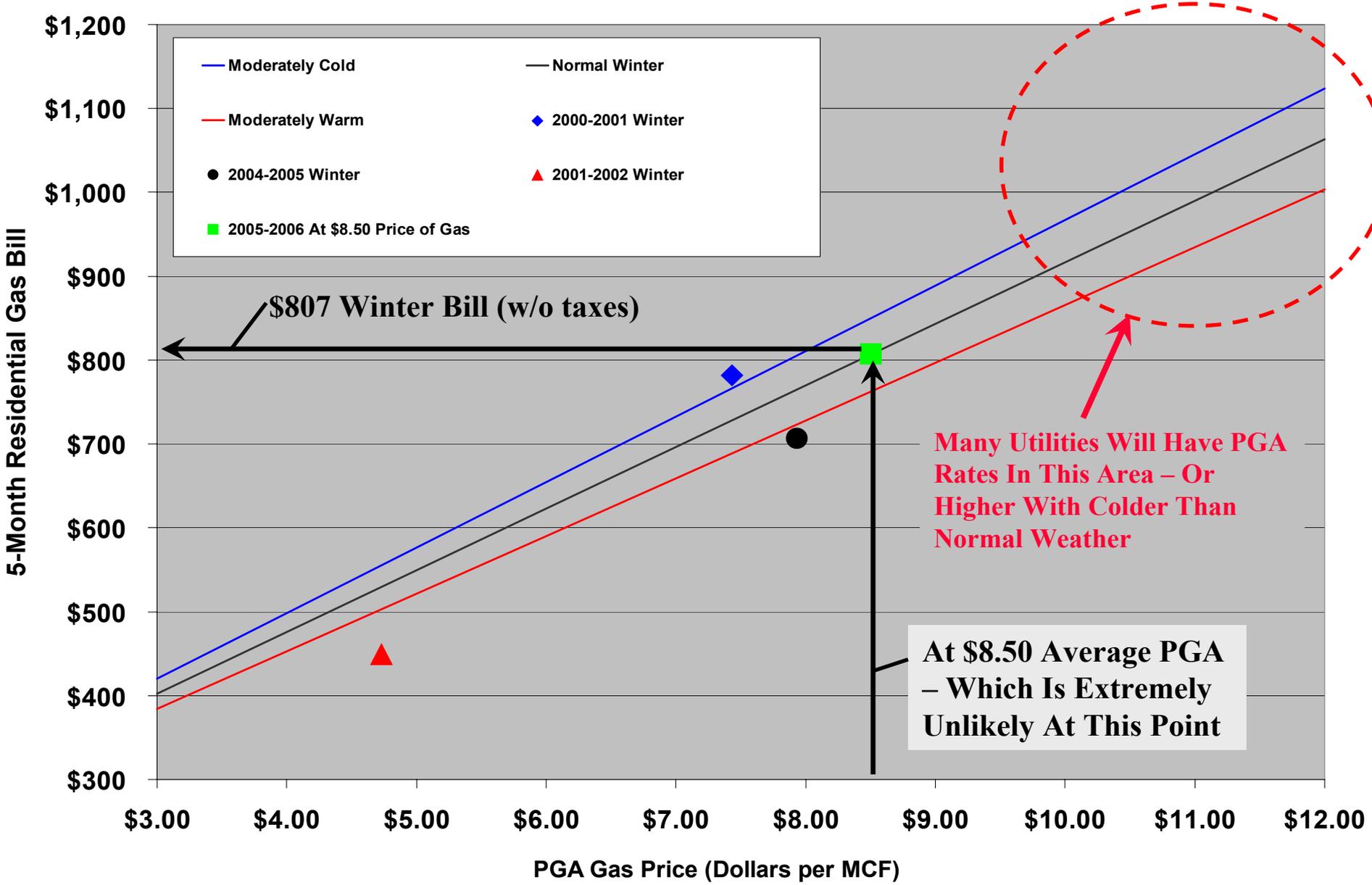
- Natural gas prices have skyrocketed over the last five years.
- Missouri's regulated natural gas companies purchase the natural gas on the market for their customers; the customer reimburses the company for the cost of the gas after it is delivered.
- Missouri's regulated natural gas companies do not profit on higher natural gas prices; their profit is derived from transportation fees of natural gas.

What Kind of Trend Are We Seeing in MO's Residential Natural Gas Bills?



Laclede Gas Company – 5 month Residential winter bill before taxes

Missouri Investor-Owned Natural Gas Public Utilities State Average Total Winter Bill vs. Natural Gas Rates



Natural Gas – Historical Market Monthly Closings @ NYMEX:



Effect on Consumers

- Statewide (MO) - 5 Month Winter Natural Gas Bill (before taxes):
 - Winter 04-05: **\$662** w/ average PGA = \$0.7915/MMBtu
 - Winter 05-06: **\$818** w/ average PGA = \$1.0461/MMBtu

Effect on Natural Gas Companies

- Data from the two largest gas companies show:
 - Approximately 31% increase last year in accounts 30 days overdue based on average past due accounts from last five years.
 - Approximately 27% increase last year in accounts 60 days overdue based on average past due accounts from last five years.

Gas Company Efforts

- Gas Companies have tried to help with the higher gas costs.
 - Waived reconnection fees and security deposits for low-income customer's at the Governor's request.
 - Made contributions in excess of their budgeted amounts to Community Action Agencies.
 - Lobbied for increased LIHEAP funding for the state.
 - Have tried to hedge natural gas purchases to reduce consumer exposure to natural gas market volatility.

Conclusions

- Natural gas costs will continue to be volatile in nature.
- Those on fixed incomes and low-incomes will have difficulty paying gas bills.
- Increased funding for LIHEAP will help prevent those that are unable to pay increased natural gas bills warm and healthy during the winter.

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