

## **Juggling Basic Necessities and the Dire Consequences of Unaffordable Energy**

**May 2014**

### **Struggling Households Face Dire Choices In Order to Pay the Energy Bill**

Families with incredibly limited means often face challenges paying their energy bills. Recent national studies have documented the dire choices low-income households face when energy bills are unaffordable. Because adequate heating and cooling are tied to the habitability of the home, low-income families will go to great lengths to pay their energy bills. Low-income households faced with unaffordable energy bills cut back on necessities such as food, medicine and medical care.<sup>1</sup> The U.S. Department of Agriculture has released a study that shows that low-income households, especially those with elderly persons, experience very low food security during heating and cooling seasons when energy bills are high.<sup>2</sup> A pediatric study in Boston documented an increase in the number of extremely low weight children, age 6 to 24 months, in the three months following the coldest months, when compared to the rest of the year.<sup>3</sup> Clearly, families are going without food during the winter to pay their heating bills, and their children fail to thrive and grow. A 2007 Colorado study found that the second leading cause of homelessness for families with children is the inability to pay for home energy.<sup>4</sup>

---

<sup>1</sup> See e.g., National Energy Assistance Directors' Association, *2011 National Energy Assistance Survey* (Nov. 2011)(to pay their energy bills, 24% of LIHEAP recipients went without food, 37% went without medical or dental care, 34% did not fill or took less than the full dose of a prescribed medicine). Available at <http://www.neada.org/news/nov012011.html>.

<sup>2</sup> Mark Nord and Linda S. Kantor, *Seasonal Variation in Food Insecurity Is Associated with Heating and Cooling Costs Among Low-Income Elderly Americans*, *The Journal of Nutrition*, 136 (Nov. 2006) 2939-2944.

<sup>3</sup> Deborah A. Frank, MD et al., *Heat or Eat: The Low Income Home Energy Assistance Program and Nutritional and Health Risks Among Children Less Than 3 years of Age*, *AAP Pediatrics* v.118, no.5 (Nov. 2006) e1293-e1302. See also, Child Health Impact Working Group, *Unhealthy Consequences: Energy Costs and Child Health: A Child Health Impact Assessment Of Energy Costs And The Low Income Home Energy Assistance Program* (Boston: Nov. 2006) and the *Testimony of Dr. Frank Before the Senate Committee on Health, Education, Labor and Pensions Subcommittee on Children and Families* (March 5, 2008).

<sup>4</sup> Colorado Interagency Council on Homelessness, *Colorado Statewide Homeless Count Summer, 2006*, research conducted by University of Colorado at Denver and Health Sciences Center (Feb. 2007).

When people are unable to afford paying their home energy bills, dangerous and even fatal results occur. In the winter, families resort to using unsafe heating sources, such as space heaters, ovens, and burners, all of which are fire hazards. Space heaters pose 3 to 4 times more risk for fire and 18 to 25 times more risk for death than central heating. In 2007, space heaters accounted for 17 percent of home fires and 20 percent of home fire deaths.<sup>5</sup> In the summer, the inability to keep the home cool can be lethal, especially to seniors. According to the CDC, older adults, young children and persons with chronic medical conditions are particularly susceptible to heat-related illness and are at a high risk of heat-related death. The CDC reports that 3,442 deaths resulted from exposure to extreme heat during 1999-2003.<sup>6</sup> The CDC also notes that air-conditioning is the number one protective factor against heat-related illness and death.<sup>7</sup>

### **Low-Income and Fixed-Income Households Fall Behind on Their Utility Bills More Frequently Than Non-Low Income Households**

California utilities have recently been required to report arrearage and disconnection data on a quarterly basis and these data are helpful in providing a snapshot of households that are struggling to maintain access to essential utility service. The state also has well-established low-income utility consumer assistance programs. The California data provide a picture of low-income households' more tenuous access to utility service. In 1994, California's legislature established a low-income discount program (California Alternate Rates for Energy (CARE)) for low-income electric and natural gas customers.<sup>8</sup> The program currently provides a 20% discount on electricity and natural gas for households below 200% of poverty. The California Public Utility Commission (CPUC) established a CARE participation rate goal of 90%.<sup>9</sup> National Consumer Law Center is using the CARE data as a proxy for low-income utility consumer households.

---

<sup>5</sup> John R. Hall, Jr., *Home Fires Involving Heating Equipment* (Jan. 2010) at ix and 33. Also, 40% of home space heater fires involve devices coded as stoves.

<sup>6</sup> CDC, "Heat-Related Deaths – United States, 1999-2003" MMWR Weekly, July 28, 2006.

<sup>7</sup> CDC, "Extreme Heat: A Prevention Guide to Promote Your Personal Health and Safety" available at [http://emergency.cdc.gov/disasters/extremeheat/heat\\_guide.asp](http://emergency.cdc.gov/disasters/extremeheat/heat_guide.asp).

<sup>8</sup> SB 491 (Rosenthal, Chapter 947, Statutes 1994).

<sup>9</sup> CPUC D.08-11-031 and D.12-08-044.

*Arrearage and Disconnection Snapshot for Two California Utilities*  
**Southern California Edison Co.**  
**March 2014<sup>10</sup>**

**Pacific Gas and Electric Co.**  
**March 2014<sup>11</sup>**

<p>7% (approximately 90,000 CARE customers) requested bill payment assistance versus <b>2% of non-low-income households</b></p>	<p>6.5% (approximately 89,500 CARE customers) requested bill payment assistance versus <b>2% of non-low-income households.</b></p>
<p>14% ( approximately 187,600 CARE customers) paid less than half their bill within 30 days of the statement date versus <b>7% of non-low-income households</b></p>	<p>18.96% (approximately 259,900 CARE customers) paid less than half their bill within 30 days of the statement date versus <b>10.69% non-low-income households.</b></p>
<p>20% ( approximately 268,800 CARE customers) were 31-60 days behind on their bills versus <b>8% of non-low-income households</b></p>	<p>13% (approximately 175,960 CARE customers) were 31-60 days behind on their bills versus <b>9.3% of non-low-income households.</b></p>
<p>15% (approximately 204,400 CARE customers) were 91+ days behind on their bills versus <b>3% of non-low-income households.</b></p>	<p>11% (approximately 151,960 CARE customers) were 91+ days behind on their bills versus <b>3.1% of non-low-income households.</b></p>
<p>12% (approximately 157,800 CARE customers) received disconnection notices versus <b>6.7% of non-low-income households</b></p>	<p>7.26% (approximately 99,530 CARE customers) received disconnection notices versus <b>3.35% of non-low-income households.</b></p>
<p>.64% (approximately 8,520 CARE customers) were disconnected which is similar to the <b>non-low-income rate of .65%</b>, which may be due to the strong disconnection protection policies in California.</p>	<p>.6% (approximately 8,240 CARE customers) were disconnected which was similar to the <b>non-low-income rate of .58%</b>, which may be due to the strong disconnection protection policies in California.</p>

<sup>10</sup> Data derived from So.Cal. Ed.(U 338-E) Quarterly Data Report filed in CPUC R.10-02-005 (April 25, 2014).

<sup>11</sup> Data derived from PG&E (U39M) Quarterly Disconnect Data Report (January 2014 through March 2014) filed in CPUC R.10-02-005 (April 25, 2014).