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HD More Households Falling Behind In Heating Bills

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LP As families struggle with a combination of high heating costs and a shaky **economy**, utilities say more customer accounts are falling delinquent.

Sierra Pacific Resources, which owns two utilities that serve Nevada, said it has seen a 50% increase in accounts that are more than 30-days late compared with a year ago. Chief Executive Michael Yackira said it shouldn't be surprising, since "we lead the nation in home foreclosures." The problem is especially pronounced in Las Vegas, where a housing boom has turned into a bust, with more than 20,000 homes on the market now. Mr. Yackira said his firm is trying to work out special payment plans with cash-strapped customers.

TD In New York, Consolidated Edison said it has experienced a 12% increase in delinquencies, with 140,000 households falling behind during the past three months.

"We think part of it has to do with subprime mortgages," said ConEd spokesman Michael Clendenin. He added that people with rising mortgage costs sometimes put off paying **utility** bills because they know that under the laws of New York and many Eastern and Midwestern states, their power can't be shut off for nonpayment during winter months.

NSTAR, the **electric utility** that serves Boston, said it's seen a 6% increase in delinquencies this winter over last.

In southern Michigan, it's not just housing woes that are hurting people. "The other thing that's having an effect is the high unemployment rate," said Gary Erickson, president of Michigan **Gas** Utilities, noting late payments are up slightly. In December, the Michigan unemployment rate was 7.6%, up 0.4% from a year earlier. The U.S. unemployment rate was 4.9% in December.

Overall, the American **Gas** Association said a poll of its **gas-utility** members showed an increase in the number of accounts past due, though it furnished no statistics.

Particularly hard hit are the 12% of U.S. households with homes heated with propane or heating oil. Many of those customers are spending twice as much to stay warm this winter as those who heat with natural **gas** or electricity. And since they're served by small companies and not regulated utilities, these homeowners don't have cut-off protections in the winter months.

According to the U.S. Energy Information Administration, the average cost of delivered residential propane **gas** was \$2.56 a gallon for the week ended Feb. 4, up 28% from a year earlier. Residential heating oil cost \$3.31 a gallon, excluding taxes, up 37% from a year earlier. Prices for electricity and natural **gas** mostly have been about flat or logged single-digit increases this year over last.

Last spring, a sample of utilities in 11 states holding one-quarter of the U.S. population found that 1.2 million households were disconnected after the winter moratorium ended. On average, families owed utilities \$850 each and the total of unpaid bills exceeded \$1 billion, according to the National Energy Assistance Directors' Association, an organization of state energy program managers.

"We're back at the point of crisis again this winter," said Mark Wolfe, executive director of the organization in Washington, D.C.

In Nevada, the moratorium on disconnections applies to the summer, not winter, so disconnections have been increasing this season as a consequence of nonpayment. For all of 2007, disconnections jumped 35% from 2006.

Currently, six million households get heating assistance under the federal Low Income Home Energy Assistance Program, or Liheap. Congress considered adding \$1 billion to the existing \$2.57 billion funding level as part of the Senate version of the economic-stimulus package approved this month. Utilities lobbied hard for the extra money, but the measure was stripped out in the face of opposition from many Republicans.

The average family receiving heating assistance will get around \$359 from the federal government this winter. Some states add more money. How far that money stretches depends on the fuel used. The average household using heating oil is expected to spend \$2,019 this winter, compared with \$1,691 for propane-**gas** heat, \$884 for natural-**gas** heat and \$832 for **electric** heat, according to the Energy Information Administration.

Qualification for the federal program is based on income. In Philadelphia, for example, **utility** PECO, a unit of Exelon Corp., is sending out letters this month to 100,000 households that are delinquent, notifying them that they may qualify for assistance. To qualify, a single-person household must have gross monthly income of \$1,276 or less, and a family of four must make \$2,581 or less.

The Bush administration's budget for fiscal 2009 proposes to cut Liheap basic funding 22% to \$2 billion from this year's \$2.57 billion. In fiscal 2007, the Liheap program received \$2.18 billion, a sharp drop from fiscal 2006, when it got \$3.16 billion, a federal response to hurricanes Rita and Katrina that disrupted Gulf Coast natural **gas** production and caused price spikes.

Fuel Facts

Primary ways U.S. households are heated, according to the U.S. Energy Information Administration:

- 58% with natural **gas**
- 30% with electricity
- 7% with heating oil
- 5% with propane

Burning Bills

The average cost of heating a home in the wintertime varies, depending on the fuel source. Here's the breakdown, according to the U.S. Energy Information Administration.

- \$2,019 for homes that use heating oil
- \$1,691 for propane-**gas** heat
- \$884 for natural-**gas** heat
- \$832 for **electric** heat

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