

LIHEAP: A Federal Program that is Vital to Low-Income Texans

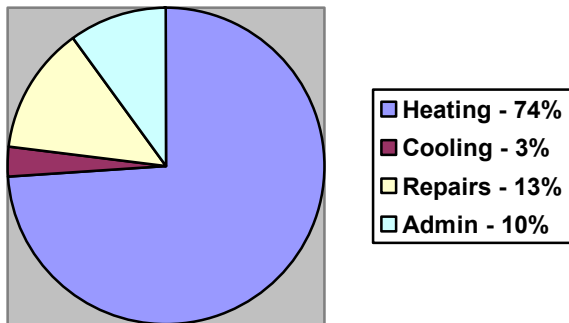
What is LIHEAP?

The federal Low Income Home Energy Assistance Program (LIHEAP) was established during the energy crises of the 1980s to help low-income and elderly people pay winter heating and summer cooling bills.

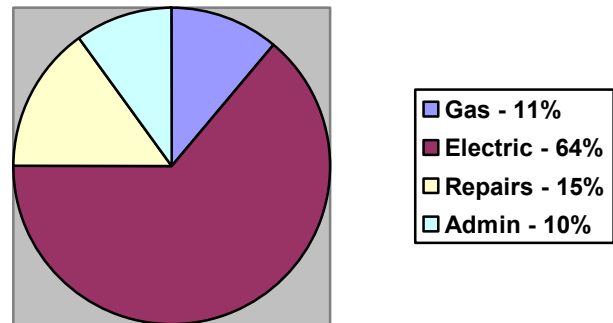
How are LIHEAP funds used?

LIHEAP funds assist impoverished households with utility bills and energy related home repairs.

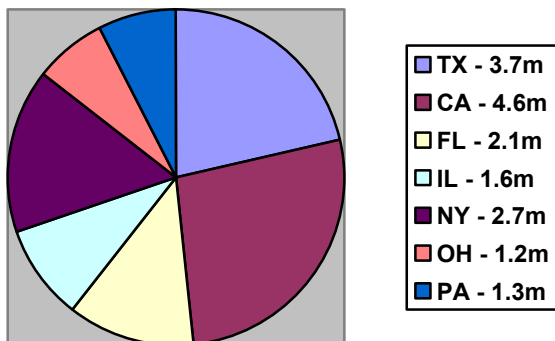
National LIHEAP Fund Use



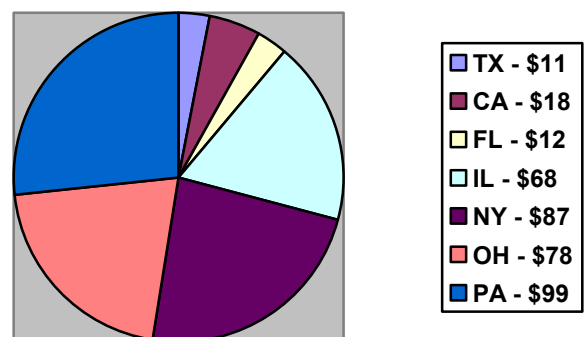
Texas LIHEAP Fund Use



Poverty Population in High Population States



LIHEAP Allocation per Citizen in Poverty



How does historic LIHEAP appropriation and allocation affect Texans?

The portion of the funding allocation formula that treats warmer weather states like Texas more fairly does not apply when the annual LIHEAP allocation is below \$2 billion. This is a concern for southern states like Texas where summer heat is life-threatening. According to the Southern States Energy Board (a federally sanctioned interstate compact that includes Texas), heat resulted in significantly more deaths than extreme cold between 1998 and 2000.

What can be done to help poor Texans with their energy cost burden?

- Texas is penalized when the annual program appropriation is at or below the \$1.975 billion formula threshold. Increased funding for the program would benefit Texans, since the more favorable allocation formula kicks in above the \$1.975 billion threshold.
- \$1.975 billion of the annual appropriation is allocated to states under a formula that favors cold weather states. Texas receives approximately 2.3% of the appropriation under the old formula, and 6.6% of the appropriation when it exceeds \$1.975 billion.
- The FY 2006 funding for the regular program is \$1.98 billion and \$181 million in emergency contingency.

Solution: Increase regular program appropriation by \$1-2 billion, and leave emergency contingency at approximately \$200 million.

How can increased LIHEAP funding help Texans?

- It's a matter of fairness. Texas has about 10% of America's low-income families and has historically received less than 2.5% of the LIHEAP appropriation, or \$11 per low-income person – the lowest of any state. By comparison, Pennsylvania has one-third the low-income population of Texas, but receives 7% of the LIHEAP appropriation, or nearly \$100 per person.
- Many more needy and elderly Texans could be helped if the federal LIHEAP appropriation was increased or the unfair funding allocation methodology was changed. Of the 3.7 million low-income Texans, only 160,000 received LIHEAP help in 2003, or just 4.5%.
- LIHEAP only helps the poorest of the poor. Over 75% of Texas households receiving LIHEAP assistance in 2003 were below federal poverty guidelines, even though the program is designed to help households with incomes up to 125%.
- LIHEAP helps equalize the energy cost burden of low-income citizens. While the average family spends 4% of its budget on home energy, those with incomes below 125% of the poverty guideline spend about 12%. Elderly Supplemental Security Income (SSI) and Social Security recipients, spend as much as 20% of their incomes on home energy. Households with dependent children receiving public assistance spend 45% of their income on heating and cooling.

Contacts: Kim Campbell
 TXU Energy
 214-875-8359

 Kelli Rod
 TXU Energy
 214-875-8103

TXU Energy (REP Certificate No. 10004) is not the same company as TXU Electric Delivery and is not regulated by the Public Utility Commission of Texas, and you do not have to buy TXU Energy's products to continue to receive quality regulated services from TXU Electric Delivery.