

# Rutland Herald

This is a printer friendly version of an article from [www.rutlandherald.com](http://www.rutlandherald.com)  
To print this article open the file menu and choose Print.

[Back](#)

---

Article published Oct 23, 2011

## Fuel prices, aid funding worry low-income advocates

By [Bruce Edwards](#)

STAFF WRITER

With people starting to turn up their thermostats, prices for home heating oil and other fuels are already well above last year's levels. It's making low-income advocates nervous as the state is looking at a significant reduction in federal fuel assistance.

Home heating oil prices have shot up 33 percent over the last year to an October average of \$3.68 a gallon in Vermont, while propane is up 14 percent to \$3 a gallon and kerosene is up 29 percent to \$4 a gallon, according to the monthly fuel price report from the state Department of Public Service.

Filling up the family car isn't getting any cheaper either, with the price of regular gas this month averaging \$3.59 a gallon, a spike of nearly 31 percent from a year ago.

For Vermonters having trouble paying their fuel bills, the state is facing the prospect of having its Low Income Home Energy Assistance Program funding slashed 27 percent this winter, said Richard Moffi, the state's fuel assistance program chief. Moffi said the state is in line to receive \$18.7 million to \$20 million in LIHEAP funds, depending on the final bill that comes out of the Congress.

Last year, the state received a LIHEAP block grant of \$25.7 million, plus additional money later in the heating season.

What also worries low-income advocates is that drastic cuts in LIHEAP funding are likely to coincide with increased demand and higher winter fuel prices.

"Last year, Vermont helped 26,500 families pay a portion of their winter heating bill," Moffi said. "We project that number to go to around 27,800."

The average LIHEAP benefit for a Vermont family last winter was \$866. This year the benefit is expected to be between \$690 and \$750, Moffi said.

He said the other crucial piece of the puzzle is the cost of fuel, which the U.S. Energy Information Administration is projecting will approach \$4 a gallon.

"So, Vermonters are looking at paying a lot more this winter based on oil, propane and kerosene prices," Moffi said.

Sen. Bernard Sanders, I-Vt., who helped lead a successful fight three years ago that doubled LIHEAP funding nationwide, said he's working to ensure that aid for this winter is at least level funded at \$5.1 billion — a significant difference from both the Senate and House proposals, which are in the neighborhood of \$3.5 billion. The Obama administration proposed cutting LIHEAP funding in half.

Sanders said that with Vermont and much of the rest of the nation still in the throes of a recession, and with a record number of Americans in poverty, it's imperative that LIHEAP funding isn't cut.

"So you have a combination of poverty increasing, people hurting, with oil prices soaring, clearly we have got to make sure LIHEAP is adequately funded," said Sanders.

Sanders said he made his case recently to Jack Lew, the Obama administration's top budget official.

Rep. Peter Welch, D-Vt., sent a letter to the Department of Health and Human Services seeking an immediate release of as much LIHEAP money as possible under the current stopgap spending bill, which expires Nov. 18.

The U.S. Energy Information Administration forecasts that home heating oil prices will increase 8 percent during the winter (October through March) and propane will increase 7 percent, while natural gas users should expect a 3 percent increase.

"The average expenditures for households that heat with oil are forecast to be higher than in any previous winter," the energy administration warns.

It is projecting that heating oil will average \$3.71 a gallon this winter, 33 cents more a gallon than last winter.

While only 6 percent of U.S. homes heat with oil, in the Northeast that figure jumps to 80 percent.

Liz Schlegel, director of community outreach at Central Vermont Community Action Council, said there is a real concern for the well-being of Vermonters who have less money to pay their fuel bills.

She said the steady increase in the cost of living combined with stagnant wages for many means "the working poor are getting squeezed and the elderly, who are on fixed incomes, are getting squeezed."

Schlegel said her agency, one of five community action agencies in the state, is also experiencing increased demand at its food shelf and for other services.

"We're going to see more Vermonters needing help, and that's before the flood," she said, referring to Tropical Storm Irene.

The state's community action agencies provide emergency fuel assistance after an individual or family exhausts their state fuel assistance allocation. Last winter, Central Vermont Community Action Council provided \$1.15 million in emergency fuel aid to 2,290 households. Emergency fuel assistance comes from several sources, including donations made by the state's two largest power companies, Central Vermont Public Service Corp. and Green Mountain Power Corp.

Schlegel said her agency is receiving 20 requests a day for fuel assistance.

Michael Kundrath of the state Department of Public Service said the best way to save on fuel is to reduce consumption.

"One way to do that, the main way, would be energy-efficiency measures in the home," said Kundrath, the department's energy policy and program analyst.

Matt Cota of the Vermont Fuel Dealers Association said a couple of factors are at play: the economy and the strength of the dollar.

If the economy heads into a double-dip recession, he said, that will reduce demand and result in lower prices. The other factor is the Federal Reserve's monetary policy.

"When the dollar goes up, the price of crude oil goes down," said Cota, the association's executive director. "When the value of the dollar goes down, the price of crude oil goes up because oil is priced in dollars and oil is a worldwide commodity."

Not to be forgotten, Cota said, is the role speculators continue to play in artificially driving up the price of energy products.

In a move to rein in speculation, Cota said the Commodity Futures Trading Commission recently voted 3-2 to place some limits on futures trading in the energy markets.

The problem, Cota said, is that those rules won't take effect until late next year.

In terms of supply, Cota said there will be more than adequate inventory of fuel for the winter.

[bruce.edwards@rutlandherald.com](mailto:bruce.edwards@rutlandherald.com)

---