United States Senate

WASHINGTON, DC 20510

September 20, 2005

The Honorable Thad Cochran
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Robert C. Byrd
Ranking Member
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairman Cochran and Ranking Member Byrd:

Hurricane Katrina upset the lives of millions, displacing families from their homes and inflicting severe economic damage. Without question, the people of the Gulf region deserve our support, and we stand ready to help. As the Appropriations Committee considers an urgently needed comprehensive supplemental appropriations bill to address Hurricane Katrina's devastation as well as its economic and energy impacts on the nation, we urge you to include $1.276 billion in emergency Low Income Home Energy Assistance Program (LIHEAP) funds. With this additional funding, the LIHEAP program will be able to provide the same level of purchasing power as last year. This funding is critical to avoid a looming, but preventable, crisis for millions of additional Americans caused by the soaring cost and diminishing affordability of home heating fuel as winter approaches.

The effects of Hurricane Katrina are being felt by Americans outside of the Gulf Region as gasoline, heating oil, and natural gas prices rise in the wake of this disaster. Indeed, there is an imminent emergency confronting millions of low-income Americans unable to afford the cost of rising energy prices. The current skyrocketing in energy prices coupled with energy debt remaining from last winter and this summer are leading to increased disconnections and arrears among consumers as the winter heating season begins – threatening the well-being of low-income families and seniors. This situation warrants the provision of emergency LIHEAP funding in the comprehensive supplemental request.

Prior to Hurricane Katrina's devastation in the Gulf region, Americans were facing record prices for oil, natural gas, and propane. Hurricane Katrina damaged platforms and ports and curtailed production at refineries in the Gulf of Mexico, the source of almost a third of U.S. oil output. Crude oil for October delivery stands at over $66 a barrel on the New York Mercantile Exchange. Heating oil prices increased dramatically after Hurricane Katrina. Prices averaged $1.70 per gallon in July, but now stand over $2 per gallon. Before Hurricane Katrina struck, the Energy Information Administration (EIA) predicted a 16 percent increase in heating oil costs. This increase comes on top of the 34 percent increase during the 2003-2004 winter. Natural gas prices also rose dramatically after Hurricane Katrina, and now stand over $12, more than 140 percent increase compared to last year at this time. EIA's Short-term Energy Outlook reports, "The ranges for expected heating fuel expenditure increases this winter are 69 percent to 77 percent for natural gas in the Midwest; 17 percent to 18 percent for electricity in the South; 29 percent to 33 percent for heating oil in the Northeast; and 39 percent to 43 percent for propane in the Midwest." Heating costs for the average family using heating oil are projected to hit $1,666 during the upcoming winter. This represents an increase of $403 over last winter's prices and $714 over the winter heating season of 2003-04. For families using natural gas, prices are projected to hit $1,568, representing an increase of $611 over last year's prices and

$643 over 2003-04. States need additional funding immediately to help low-income families and seniors to ensure they can afford to heat their homes. States are bracing for potentially crisis conditions caused by the lack of affordable heating sources, particularly for seniors and the disabled.

Almost daily, newspapers are reporting on the impacts of higher energy costs for consumers. Hurricane Katrina's impact on energy markets comes on top of soaring energy prices over the past several years. Utilities from New England to Florida to Oregon are seeking rate increases. In addition to rising energy prices, the economic devastation in the Gulf region is likely to impact the national economy. Many more Americans will need LIHEAP assistance than the 5 million households that received aid during FY 2005. State LIHEAP programs are expecting a major increase in applications due to the rapid increase in home energy prices and this additional funding will allow them to address the need for assistance.

Residents and business affected by Hurricane Katrina deserve the nation's full support and financial assistance, and we stand ready and willing to do everything we can to help. We recognize that the Committee is still working to assess the needs wrought by Hurricane Katrina and will face difficult priorities in determining emergency funding. We feel that preventing hardship for millions of Americans by acting to provide LIHEAP emergency funds before we have another crisis on our hands is an important priority. Thank you for your serious consideration of our request.

Sincerely,

Susan M. Collins

Jack Reed

Jeff Bingaman

Joseph R. Biden

Olympia J. Snowe

Hillary Rodham Clinton

Frank R. Lautenberg

Mike DeWine

Debbie Stabenow

Mark Dayton

Carl Levin

John D. Rockefeller IV

Richard G. Lugar

Barack Obama

Christopher J. Dodd

Edward M. Kennedy

Evan Bayh

Jon S. Corzine

Patrick J. Leahy

Max Baucus

Ken Salazar

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Byron L. Dorgan

Barbara A. Mikulski

Russell D. Feingold

Paul S. Sarbanes

Charles E. Schumer

James M. Jeffords

Lincoln Chafee

Herb Kohl

John F. Kerry

Maria Cantwell

Mark L. Pryor

Kent Conrad

Blanche L. Lincoln

Dianne Feinstein

Conrad R. Burns

Dick Durbin

Thomas R. Carper

Gordon H. Smith