As the 2012–2013 winter heating season continues, it is projected that older American households will face higher heating costs than last year. As a result, many older low-income consumers will likely struggle to afford the cost of adequately heating their homes.

![Primary Heating Fuel Used by Consumers Age 65+](chart)


Because more than half (52 percent) of older households in the United States use natural gas as their primary heating fuel, changes in the price of natural gas tend to have the biggest influence on the heating costs of older consumers.
Current projections of winter 2012–2013 heating costs indicate that heating expenses for households using heating oil will increase substantially compared to the 2011–2012 winter. Households heating with electricity and natural gas in most areas of the country will also likely experience increases in heating expenses compared to last year.

Projected expenditures are based on the average consumer price of fuel and projected consumption data from the Energy Information Administration (EIA). The consumption projections\(^1\) are based on a variety of factors, including historical usage data and anticipated weather conditions.\(^2\)

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\(^1\) EIA’s residential consumption and expenditure predictions are derived from the National Energy Modeling System Residential Sector Demand Module, available at [http://www.eia.gov/FTPROOT/modeldoc/m067%282010%29.pdf](http://www.eia.gov/FTPROOT/modeldoc/m067%282010%29.pdf).

\(^2\) The EIA uses weather predictions to help project household fuel consumption and expenditures over the winter heating season. Colder weather will cause households to use more fuel to heat their homes while milder weather will necessitate less fuel. See Methodology section for a more detailed explanation.
Sources: Residential Energy Consumption Survey, 2005; Short term Energy Outlook, January 2013 (Table WF01); Prepared by the AARP Public Policy Institute, January 2013.

Heating costs differ based on geographic location. Costs are typically highest in the New England census division where heating oil is the primary heating fuel used, followed by the Middle Atlantic census division.
Although consumption data show that low-income older consumers tend to use less heating fuel than higher-income groups, high winter heating costs are likely to be a greater burden on this group than on higher-income older consumers who have greater financial resources available to meet these costs.

 Thirty percent of older households have total family incomes of less than $20,000, and they typically experience the greatest energy burden. This trend is projected to continue throughout winter 2012–13. The burden is highest for those using fuel oil for heating. For example, age 65+ households heating with fuel oil with incomes under $20,000 will spend 19 percent or more of household income on heating costs, while all-income households heating with fuel oil will spend around 5 percent of total household income on heating costs.

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Projecte Winter 2012–13 Heating Costs for Consumers Age 65+, by Income and Fuel Type

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>$0-9,999</td>
<td>$7,877</td>
<td>7.8%</td>
<td>6.1%</td>
<td>$482</td>
<td>33.0%</td>
<td>$2,603</td>
<td>5.2%</td>
<td>$406</td>
</tr>
<tr>
<td>$10-19,999</td>
<td>$14,753</td>
<td>21.8%</td>
<td>3.1%</td>
<td>$457</td>
<td>19.2%</td>
<td>$2,833</td>
<td>2.8%</td>
<td>$420</td>
</tr>
<tr>
<td>$20-29,999</td>
<td>$24,734</td>
<td>17.2%</td>
<td>2.2%</td>
<td>$538</td>
<td>10.2%</td>
<td>$2,535</td>
<td>1.7%</td>
<td>$412</td>
</tr>
<tr>
<td>$30-39,999</td>
<td>$34,714</td>
<td>12.8%</td>
<td>1.5%</td>
<td>$510</td>
<td>6.8%</td>
<td>$2,347</td>
<td>1.7%</td>
<td>$584</td>
</tr>
<tr>
<td>$40-74,999</td>
<td>$52,783</td>
<td>22.6%</td>
<td>1.0%</td>
<td>$517</td>
<td>6.3%</td>
<td>$3,300</td>
<td>1.0%</td>
<td>$532</td>
</tr>
<tr>
<td>$75,000+</td>
<td>$106,737</td>
<td>17.8%</td>
<td>0.5%</td>
<td>$586</td>
<td>2.8%</td>
<td>$3,011</td>
<td>0.6%</td>
<td>$673</td>
</tr>
<tr>
<td>All Income</td>
<td>$32,000</td>
<td>100%</td>
<td>1.1%</td>
<td>$506</td>
<td>5.2%</td>
<td>$2,823</td>
<td>1.0%</td>
<td>$475</td>
</tr>
</tbody>
</table>


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4 Burden, or energy burden, represents the portion of household income needed to meet projected winter heating costs. For purposes of the table above burden is estimated by dividing the median income for each income group in Table 1 by the average projected fuel cost for each income group.
The Low Income Home Energy Assistance Program (LIHEAP) is a federal block grant that provides funding to the 50 states and other jurisdictions to operate home energy assistance programs for low-income households. LIHEAP helps eligible low-income households pay heating and/or cooling bills.

As average heating expenditures have continued to increase throughout the decade, the average LIHEAP grant amount has increased by much less. Consequently, the gap between heating expenditures and LIHEAP assistance received by eligible participants remains substantial. Further, the average heating assistance amount received by LIHEAP recipients fell to $417 from $502 in 2009.

Congress released $3.068 billion towards the FY 2013 LIHEAP block grant. This amount represents approximately 90 percent of the FY 2012 allocation and is provided under the Continuing Appropriations Act, 2013 (P.L. 112-175).


LIHEAP was established through the Low Income Home Energy Assistance Act, Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35).

Energy Cost Analysis Methodology

This data digest uses variables from both the RECS survey and the most recent Short Term Energy Outlook (STEO) to analyze past heating-related energy consumption and expenditures among consumers age 65 and older, and to project heating-related energy consumption and expenditures for the upcoming winter season.

The Residential Energy Consumption Survey (RECS) is a national statistical survey that collects energy-related data for occupied primary housing units; the most recent survey was conducted in 2009. This report relies primarily on household level consumption data from the 2005 survey, as complete household level consumption data are not yet publically available for the more recent survey. Top level data, including types of fuels used, is available from the more recent survey and the figure, Primary Heating Fuels Used by Consumers Age 65+ relies on data from the 2009 survey. RECS provides information on the use of energy in residential housing units in the United States, including demographic characteristics of the household, energy consumption and expenditures for natural gas, electricity, fuel oil, and other fuel types, as well as other information that relates to energy use.

The Energy Information Administration (EIA) is the statistical agency of the U.S. Department of Energy and produces energy data, analysis and forecasting. EIA issues weekly, monthly and annual reports on energy production and prices, demand, imports, and others, and prepares analyses and special reports on topics of current interest. The Short Term Energy Outlook (STEO) is a monthly publication of the EIA and contains current and projected prices and related expenditures of fuel including natural gas, fuel oil, electricity, and petroleum. The STEO also contains projected consumer expenditures on fuels. As expenditures vary with fuel price and consumption, greater consumption of fuel will result in greater expenditures for heating fuel. The EIA uses a standardized measure, heating degree days (HDD), to aid projections. Degree days are a simplified form of historical weather data used to help model the relationship between the energy needed to heat or cool a building and outside air temperature. The National Oceanic and Atmospheric Administration estimates that heating degree days in the Northeast, Midwest, and South will be 20 to 27 percent greater than in the previous winter season, resulting in higher heating expenditures for consumers living in these areas.