

**A Comparison of Two Approaches to Low-Income Weatherization:
Wisconsin's Utility Financing Scheme
and
Rhode Island's Community Action Programs**

by

Ilana M. Locker

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INTRODUCTION

Energy conservation has been a major concern of the American people since the Arab oil embargo of 1973, as is illustrated by the number of books, legislative acts and technological research devoted to this vast subject. The question at the heart of all this activity is, how can the United States, as the major consumer of the world's energy supplies, become less dependent on outside sources? The rise of the environmental movement also provided momentum to the surge in popularity of energy conservation as people began to realize that the world's energy supplies are finite; that such widespread use of fuels pollutes our air, soil and water; and that many practices followed by energy exploration firms are environmentally destructive.

As fuel prices began to rise because of the embargo, greater attention was paid to the plight of the low-income American. These citizens were less equipped to deal with increasing rates than were their wealthier counterparts. Congress began to pass a variety of legislative acts designed to assist low-income households with their energy bills and with weatherizing their homes.

Despite aid, the low income segment of the American population remains troubled by this country's energy situation. New technologies that seemed to promise relief have been found to be inefficient and unworkable. The government has become increasingly worried about the size of the Federal deficit and has attempted to scale down considerably the size of energy assistance programs.

In order to offset the burden felt by the disadvantaged, a number of utilities in states across the country have implemented what are known as utility financed weatherization schemes, usually at the direction of state legislatures and/or public utility commissions. Under such programs, the utilities provide direct grants and/or no interest/ low-interest loans for the installation of conservation measures such as insulation, caulking, weatherstripping and water-heater blankets.

Such assistance helps low-income households reduce energy consumption and bills, increase their real incomes, and lessen their dependence on other forms of energy assistance, while promoting energy conservation - one of the government's broad policy goals.¹ These programs can provide benefits to power companies as well. Firms save money because the investment in weatherization is cheaper than the "equivalent extra amount of oil or gas or than building the equivalent amount of a new power plant that would otherwise be needed."² It is thought that such plans even offer advantages to customers who do not participate because they pay less, due to reduced construction costs.

A low-income weatherization program funded by utilities exists in Wisconsin. The only project providing substantial conservation assistance in Rhode Island is administered by the Community Action Programs under the auspices of the Department of Community Affairs.

In this paper I will first provide an adequate background with which to view the problem, will describe the Wisconsin financing scheme as well as all the existing programs

¹ Congressional Budget Office, *Low-Income Energy Assistance: Issues and Options* (Washington, D.C.: Government Printing Office, 1981), p. xvi.

² David Roe, "Utilities and the Poor," *New York Times*, 11 February 1983, Sec. A, p. 27, col. 2.

in Rhode Island that affect the state's low-income residents. I will then evaluate the effectiveness of each of these plans to see how well they reach their audience and will outline the conditions necessary for a utility financing scheme to be implemented. Finally, on the basis of my conclusions, I will make recommendations for the state of Rhode Island.

This thesis is the culmination of my work as an Environmental Studies concentrator at Brown. It reflects my interests in energy conservation, urban affairs, corporate responsibility and social change.