

# *The 60 Plus Association*

515 King Street • Suite 315 • Alexandria, VA 22314  
Phone 703.807.2070 • Fax 703.807.2073 • www.60Plus.org

## Energy Bills Impoverish Florida's Fixed-Income Seniors

Energy, like food and housing, is an indispensable necessity of life. In Florida's hot climate, air conditioning is essential to the survival of many elderly and infirm citizens. Rising electricity and other energy prices are disproportionately impacting Florida's senior citizens today. Florida has 2.1 million households aged 65 or more ("65+"), representing 29% of the state's 7.2 million households. *More than 40% of Florida's 65+ households had gross annual incomes below \$30,000 in 2012, with an average pre-tax household income of \$16,919, or \$1,410 per month.*

Energy cost increases, driven in large measure by petroleum supply and demand trends and by current and pending U.S. EPA regulations, are likely to outstrip real household incomes among the 64% of Florida's 65+ households with gross annual incomes below \$50,000. EPA's new proposal to regulate greenhouse gas emissions from existing power plants will further strain the budgets of low- and fixed-income seniors who are among the most vulnerable to energy price increases.

Key findings of this energy brief include:

- ✓ The average pre-tax income of 65+ households in the Sunshine State was \$54,323 in 2012, 15% below the average Florida household income of \$64,229, and 10% below the national average gross household income.
- ✓ For Florida's 2.1 million 65+ households, electricity represents 90% of total residential utility bills.
- ✓ The price of electricity per kilowatt-hour (kWh) in Florida has increased by 46% since 2000, well above the 37% increase in inflation as measured by the Consumer Price Index. This increase is due in part to higher fuel costs and the costs of compliance with environmental regulations.
- ✓ The modest Cost of Living Adjustments (COLA) received by Florida's Social Security recipients, representing 36% of all Florida households in 2012, do not keep pace with inflation.
- ✓ Energy costs are adversely impacting lower-income seniors afflicted by health conditions, leading them to forego food for a day, reduce medical or dental care, fail to pay utility bills, or become ill because their home was too cold. (APPRISE, 2009).
- ✓ EPA's CPP will increase electric prices for Florida's 65+ households. The proposed rule sets forth "building blocks" of options for reducing emissions in Florida, focused on decreasing the use of coal in favor of natural gas, while increasing energy efficiency and renewable energy resources.
- ✓ EPA's Regulatory Impact Analysis ("RIA") for the CPP projects national costs of \$5.4 to \$7.4 billion annually in 2020. EPA's projections assume billions of dollars of annual savings from reductions of electric demand through widespread investments in energy efficiency measures.
- ✓ **EPA projects an 8.7% retail electric price increase in Florida for the proposed Clean Power rule in 2020** (EPA CPP RIA Table 3-21, Region FRCC). This projection is highly uncertain because it assumes that Florida will follow EPA's prescribed "building blocks" approach to emission reductions. If the flexibility measures in EPA's proposed rule prove unworkable, or are limited by judicial decisions, higher rate impacts could result.
- ✓ **A March 2014 analysis by National Economic Research Associates of a CO2 reduction proposal very similar to the EPA Clean Power rule estimated national average residential electricity price increases of 3.0% to 11.4% over 2018-2033**, depending upon the degree of flexibility in implementation. Average electricity prices in Florida over the period 2018-2033 were estimated at 5% to 10% above baseline levels (in addition to a 2.2% increase in 2015 due to the EPA MATS rule) in both "maximum flexibility" and "limited flexibility" scenarios (NERA/ACCCE, March 2014).
- ✓ **The CPP will lead Florida to greater dependence on natural gas as a main source of electric generation.** U.S. DOE projects that the price of natural gas delivered to electric utilities will increase at a compound annual rate of 3.1% above the rate of inflation between 2012 and 2040, the highest rate of real price increase for any delivered fuel in any sector of the economy (DOE Annual Energy Outlook 2014). **EPA projects that the Clean Power Plan will lead to further increases in delivered natural gas prices of 7.5% to 11.5% in 2020** (EPA CPP RIA, June 2014).

**Just maintaining the energy budget status quo for Florida's 65+ fixed income population requires stable electricity and other energy prices that do not increase above the rate of inflation.**