

Millions of poor US families face utility shutoffs

"We live in America ...but it's like a Third World country"

Lawrence Porter
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According to several recent studies, growing numbers of US households are facing utility shutoffs. In yet another manifestation of the growth of social inequality over the last decade in America, many poor families must choose between spending money on basic necessities—such as food, clothing and medical care—and paying utility bills to keep electricity, heat and running water in their homes.

Added to the obvious distress and inconvenience, termination of utilities poses a direct threat to life, as families resort to the use of candles, space heaters and other dangerous alternatives to light and heat. This has resulted in numerous house fires—especially in older urban areas in the North where wood-frame housing is the norm. Parents and children perishing in these fires is a frequent and tragic occurrence in these neighborhoods, particularly in the winter months.

Dr. Meg Powers, a poverty researcher and author of a "The Winter Outlook for the Poor," spoke to the WSWs about the extent of utility shutoffs. She pointed out that in recent years between one and two million low-income families lived without heat for 10 days or longer during the winter.

Dr. Powers' report places 27 million poor American households in the at-risk category for having their utilities cut off. Although the federal poverty guidelines are lower, her report considers \$21,000 for a family of four (in 1997 dollars) the poverty ceiling. At this income level, families are routinely forced to sacrifice food and other necessities to meet utility payments.

"How can people afford it when heating costs consume 15 to 20 percent of your income?" she asked. "People have been deluged with high utility bills for the last year and half. If they managed to keep on, it is by stretching out the payments. But with any catastrophic bill, such as a medical emergency, they are stuck with the choice of

paying the bills they cannot afford."

Every spring in the state of Michigan, as the ground begins to thaw, utilities become legally free to cut off the thousands of families who have fallen critically behind in their utility payments over the expensive winter heating season. Unikia Thurmon, 26, a mother of four, died in a house fire on Detroit's east side on May 20 as a direct result of the shutoff of her family's electric service, which had been off for over a month. The fire started after a candle the family was using for light erupted into a blaze. Luckily her children were away at the time of the tragedy.

Nicole McDowell, a friend who escaped the fire, told the media, "Smoke woke me up. I started coughing. I was trying to see where the fire came from. It was in the living room. That's where the candles were lit because we didn't have any electricity."

"Fires like this around here are not unusual," said Rashad Akbar, who visited the charred home with his two friends as reporters surveyed the scene. "It's a common thing. You would be surprised how many people there are without water, without lights, without the necessary things humans need for life.

"I have seen this so many times where people are using candles, or kerosene or space heaters. People will use any means necessary to try to survive," he explained.

"We live in America. Heat and light are things we should have. It should be common. Instead, it is like a Third World that we are living in out here," Akbar concluded angrily. His friend added, "They should especially have running water when you see kids involved," stating he has seen children carrying buckets of water down the street from neighbors' homes because the water was cut off at their own house.

The third friend agreed, saying he had no running water

at his own home.

According to her neighbors Unikia Thurmon, with a family of five, subsisted on income dramatically below the poverty level, an appallingly common situation in many Michigan neighborhoods. According to the American Community Survey released by the US Census Bureau, presently more than one million Michigan residents are poor, 10.4 percent of the state's population. A family of three with an income of little more than \$9,300 earns too much to qualify for welfare in Michigan, yet even this is \$4,000 below the excessively low federal "poverty" guideline. Thirty-six percent of Michigan's female-headed households are poor, the second highest rate among the Midwestern states.

How widespread are utility cutoffs among the poor and working families? A report by the Joyce Foundation, entitled, "Welfare to Work: What Have We Learned?", reported these shocking statistics for the number of families who left welfare, went to work and subsequently had their utilities disconnected: 25 percent in Indiana, 15 percent in Ohio and Wisconsin, and 5-11 percent in Michigan. The statistics for the number of families going without food for more than a day was double to triple the utility cut-off rate, as families will go without as long as possible to avoid disconnection from essential services.

Along with the destruction of the welfare system has been the steady decline of the number of poor people who are eligible on the basis of income for energy assistance, but who cannot manage to receive it. In 1988, about 37 percent of eligible families got heating aid, compared with less than 20 percent in 2000.

Dr. Powers emphasized that the policy of deregulation of the energy industry has not only led to high, sometime exorbitant, prices, but has also lent itself to concealing shutoffs. "Utilities do not report shutoffs in real time, and there are no regulatory agencies that monitor the energy business," she said.

However the *World Socialist Web Site*, after persistent inquiries, uncovered the following Detroit-area statistics. DTE Energy has shut off gas and electricity to 6,620 inhabited homes in the metropolitan Detroit area since March 31, 2002, the first day they are allowed to resume shutoffs. Of these, 4,518 homes had electricity shut off and 2,092 were denied gas.

In many cases, families lost both their gas and electricity, since both Detroit area utilities, Michigan Consolidated Gas Co. and Detroit Edison, have been recently merged into DTE Energy, making joint shutoffs easier. Assuming an average of four people in a

home—and poorer homes often have more—as many as 20,000 to 30,000 people in the metropolitan area may be living without gas or electricity.

DTE also shut off utilities to 2,520 senior citizens since April 30—the first date they are allowed to carry out such cuts—including 1,850 homes for electricity and 716 for gas.

The consolidation of the Detroit area gas and electric companies on May 31 created a utility giant with assets of \$19 billion. The firm went on to acquire MCN Energy Group in June, posting a revenue growth from \$1.84 billion to \$2.4 billion, and driving up first-quarter profits by a phenomenal 45 percent.

In the energy-rich state of Texas, the impact of deregulation on low-income consumers has been particularly harsh. There the utility companies have established multi-tier rates based on payment abilities—in which the poorest clients pay the most! Texas has established a category of providers of last resort. A household can be dropped by their first choice provider for nonpayment or delinquency, and then forced to the "provider of last resort" at peak prices of 25 to 50 percent more than the basic rate. "People who do not pay their bills are not going to enjoy the same rates as everybody else," said state Sen. David Sibley, R-Waco, co-sponsor of the Texas deregulation bill. "We wanted them to have electricity, but they don't have the right to electricity at the same rates as everybody else."

Other discriminatory practices being tried out across the country include exclusionary credit policies or service limitations, quasi-collection devices such as prepayment meters, lesser quality service and service-limiting adapters. Moreover, the diminishing levels of energy assistance and discounting for seniors will evaporate as the industry becomes fully deregulated.



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