

# US: Impact of Northeast blackout continues to emerge

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The blackout that began last Thursday, cutting electrical power to more than 50 million people in the US and Canada, exacted a heavy toll—causing not only widespread inconvenience but threatening the safety, lives and economic well-being of residents, as well as small and medium-sized businesses.

The media has sought to downplay the human and economic impact of the power shutdown, and some Wall Street spokespersons have treated the blackout essentially as a non-event. David Wyss, chief financial economist for Standard & Poor's DRI, commented: "Overall economic impact is pretty small. We lost part of a day's production." Economist Ken Mayland concurred: "A most minimal negative effect; barely measurable."

However, in the days since the blackout, the human, environmental and economic effects of the event continue to add up. The impact in the New York metropolitan area—the nation's financial center—was particularly sharp, with the city brought to a standstill for a day and a half.

Thousands of New York subway riders had to be evacuated from underground tunnels when the trains screeched to a halt in between stations. Suburban commuters crowded around train stations until as late as 3 a.m. waiting for buses to take them home. Many others camped out in their office buildings overnight. All three metropolitan airports were forced to close, leaving thousands of passengers stranded.

Trash accumulated in the streets, especially in commercial districts where stores and restaurants threw out rotting food. Residents of New York's many high-rise buildings lost water as well as power, since electric pumps are required to get water to the upper floors.

The 911 emergency dispatch system suffered three interruptions of service of from 7 to 14 minutes each, as the back-up battery system also lost power. Each interruption led to a backlog of hundreds of calls, which soared to 5,000 on Thursday night compared to a normal 3,000 on a busy summer night.

Hospitals remained open, but without full power, as backup generators often failed to function properly or were not designed for the load. As a result, many wards such as maternity and emergency rooms were forced to operate without air conditioning. Staff tried to keep patients cool by bringing them bags of ice and cold washcloths.

Jamaica Hospital in Queens lost one of its two main back-up generators for a time, but still took in patients from three other hospitals that were having even greater problems. David Rosen, president of Jamaica Hospital, told the *New York Times*, "Everybody is blowing generators. I'm shocked at what I'm seeing. And I'm troubled. For all the yelling and screaming that everybody did after 9/11, there is nothing forthcoming to help us shore up this infrastructure."

At least two deaths in New York City were attributed to the blackout. Richard Barnes, 72, died of smoke inhalation soon after being pulled from his fire-engulfed room in a single-room occupancy housing unit on West 42nd Street. The cause of the fire was a burning candle. In the working class section of Bushwick in Brooklyn, a six-year-old boy died in a blaze

he accidentally set while playing with a cigarette lighter underneath a makeshift tent he had set up with a bed sheet.

In the 26 hours after power was lost, 71 serious fires were reported across the city. Of these, 34 were caused by burning candles, and a number of others were caused by generators either malfunctioning or operating too close to combustible material. Normally there would have been only 7 to 15 serious fires in the same period.

Power was not fully restored to New York City until Friday evening. The subways and suburban railroads resumed service Saturday morning, but some of the effects of the blackout have lingered into this week.

Many city beaches remain closed after millions of gallons of raw sewage overflowed into the waters around the city, sending bacteria counts soaring. Back-up generators at two sewage treatment plants failed, emptying waste into the Hudson River and into New York harbor. One large Manhattan pump station had no back-up generator at all. As soon as the blackout hit, it started dumping waste directly into the East River and continued doing so for the next 29 hours.

City officials reported a spike in emergency room treatments for diarrheal illnesses over the weekend, presumably caused by eating spoiled food.

Economic losses from the blackout exceeded \$1 billion in New York City alone, according to figures released Monday by city comptroller William Thompson. The estimates include \$800 million in unsold goods and services, as well as \$250 million in spoiled food.

Hardest hit were the tens of thousands of restaurants, supermarkets and bodegas around the city. The New York State Restaurant Association estimates that its 22,000 members in New York City suffered between \$75 million and \$100 million in lost business and discarded food. Thursday is the normal delivery day by food wholesalers, so most stores and restaurants were at peak stock when the power went out.

Many of the small neighborhood stores and restaurants, particularly those in poor areas, were already operating on a shoestring. There are fears that the thousands of dollars of unexpected costs and lost income will drive many of them out of business.

Manuel Barrera, who owns the Food Center Market in the Washington Heights section of upper Manhattan, lost at least \$7,000. He told a local television news channel, "These things directly affect the heart of our business. They present certain circumstances like how to pay the rent, electricity bill and employees—things we are already having trouble covering."

Jacinto Abreu, owner of a larger Washington Heights supermarket who suffered a \$20,000 loss, said, "It's a huge, irreparable loss. If someone doesn't help us, how are we going to survive?"

Four years ago, some 200,000 customers in the same Washington Heights neighborhood suffered a 48-hour blackout. They survived that time with the help of low-interest loans from the city and a payment of \$2,000 per customer by the local utility Con Edison, whose aging equipment caused that power failure.

This time around, however, there is no indication of what, if any, disaster relief funds will be made available at the city, state or federal level. New York City mayor Michael Bloomberg had promised that information on aid to small businesses would be available Monday, but the city's phone representatives contacted Tuesday by the *World Socialist Web Site* could do nothing more than register the caller's name and phone number. She explained that any aid would depend on what the Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA) decided to authorize. Neither agency has announced any emergency relief funding.

Mayor Bloomberg callously dismissed the concerns of storeowners seeking to recover their losses from the utility companies. "Some things happen and there is just nobody that is responsible," he told the media. "Stuff happens, and you just have to adjust to it."

The blackout spread as far west as Michigan, causing widespread hardship, pollution and economic losses in the Detroit area and parts of Ohio. Workers lost wages, and businesses, especially restaurants and grocery stores, lost millions of dollars in revenues and discarded supplies.

The blackout compromised the water supply in Detroit and Cleveland in at least two ways: first, by decreasing the pressure in water pumps, allowing bacteria to build up in municipal water systems; second, by effectively shutting down sewage treatment facilities.

The *Toledo Blade* wrote that "millions of gallons of raw or partially treated sewage have been discharged into the lake and streams from as far west as Ann Arbor, Michigan, to communities east of Cleveland." Wayne County (Michigan) officials allowed the Wyandotte wastewater treatment plant to empty its contents into the Detroit River and Belleville Lake after the rupture in the power flow damaged equipment there, threatening to back up raw sewage into a half-million residents' homes in the Detroit area.

Michigan Department of Environmental Quality spokesperson Patricia Spitzley said that her department was currently unable to give estimates of the environmental impact of the discharges from the Detroit area: "We're not there yet. We're just doing triage."

Officials in Cleveland have closed the city beaches for fear that Lake Erie could become too polluted to be safe for swimming. They are also monitoring levels of cryptosporidium in the city water supply. (Cryptosporidium is a parasite that caused 110 deaths and 400,000 illnesses in Milwaukee after it entered that city's water supply in 1993.) A boil-water alert for the 4.3 million customers served by the Detroit city water supply was not lifted until Tuesday.

Detroit-area food poisoning claims have skyrocketed since the power outage. A family of 10 was stricken with food poisoning after eating in a Macomb County fast food restaurant. Mount Clemens General Hospital in Macomb County reported that one patient became ill after drinking tap water. Nine patients were admitted to the emergency room at Beaumont Hospital in Royal Oak for food poisoning.

In another blackout-related pollution incident, FirstEnergy's coal-fired power plant in Eastlake, Ohio, spewed a huge cloud of ash over a more than half-mile radius from the plant two hours before the blackouts began. Mike Tangora, a resident of nearby Timberlake, told the Associated Press, "It was almost like it was snowing. We've been here since 1962 and that's the worst I've ever seen it."

Officials are investigating whether FirstEnergy was the trigger of the blackout. Company officials have denied that there was an explosion at the Eastlake plant or that FirstEnergy is at the origin of the blackout.

Small businesses in Michigan, especially restaurants and grocery stores that must stock perishable food, are reeling under the costs of throwing away rotten food, boiling water or buying bottled water, and lost business. Mike Sarafa, president of Associated Food Dealers of Michigan, told the *Detroit Free Press*, "You're talking about tens of millions of dollars easily, just in food that was thrown away. It's terrible. Absolutely

terrible."

Sarafa explained that storeowners cannot afford to buy insurance for power outages—the power company Detroit Edison has a long history of power outages that thaw freezers, and insurance companies therefore charge very high premiums.

A large number of plants in Ohio and Michigan shut down during the power outage, but figures on resulting lost wages are unavailable. Wayne State University in Detroit did not pay its part-time employees for lost working time, and General Motors management has not decided whether or not to pay hourly workers for lost working time during the blackout. Ford did not return calls inquiring about its blackout wage policy.

Many insurance companies, whose stock prices often fall after regional natural disasters in anticipation of massive payments they will be forced to make, did not seem overly concerned. Keith Anderson, a spokesman for Travelers Property Casualty Corp., the third largest commercial insurer in the US, stated: "It's not a significant financial event because the vast majority of the losses are not covered under policies our [clients] have chosen to purchase."

Most commercial policies do not cover damages caused by power outages, and those that do generally require power outages to last more than 24 hours. Anderson said that companies with such insurance policies are "examined carefully" to check that they took all the required precautions, which will allow insurance companies to turn down requests from all but the largest and wealthiest companies. The *Chicago Tribune* noted: "Some small business owners could be in for a rude surprise when they file claims related to the outage."

In a further example of the gulf separating US government and financial authorities from workers and small businessmen, US energy secretary Spencer Abraham warned Sunday that consumers should expect to pay the \$50 billion necessary to modernize the nation's failing power grid in higher electricity bills. On CBS's "Face the Nation," he said, "Rate-payers, obviously, will pay the bill because they're the ones who benefit. And that's where most of the responsibility, ultimately, will be assigned."



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