

Hard winter ahead

## US heating and power costs to rise, utility cutoffs to follow

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Heating costs for the coming winter in the US are expected to increase significantly, threatening working class families already facing precarious economic conditions. With ongoing layoffs, stagnating wages, declines in savings and home values and increasing consumer prices, many households will be hard-pressed to keep their families warm.

According to a recent study by the Department of Energy's, Energy Information Administration (EIA), home heating costs will rise sharply this winter--an average of 15 percent per household, to \$1,137, based on a heating season lasting from October 1 to March 1. Homes using natural gas and heating oil will see the largest hikes, with bills increasing by 18 and 22 percent, respectively. The cost of heat generated by electricity is expected to increase by 10 percent.

The reduction in refinery inventory caused by hurricanes Rita and Ike, which hit the Gulf Coast oil and natural gas industry in September, will result in heating cost increases. These costs will not be offset by the recent decline in the price of oil, which has gone below \$90 per barrel from a peak in July of nearly \$150, the study concludes.

Howard Gruenspecht, acting chief of the EIA, said that heating prices could go down should the recession continue to intensify. However, he added that "people are already buying fuel oil ... it's not like people are going to delay their first purchase until February to take advantage of what might be lower prices."

Complicating the situation, climatologists anticipate that large portions of the US will experience a cold winter, with the lower 48 states expected to be 2.4 percent colder than the previous winter-- although still somewhat warmer than the 30-year average measured from 1971 to 2001. In the Northeast, where households must be heated

for six months, a particularly bitter winter is expected.

In anticipation of rising heating costs, Congress has allocated more funds to help the poorest households pay these energy expenses. The Low Income Home Energy Assistance Program (LIHEAP) will have \$5.1 billion to assist 7.8 million families with, on average, 50 percent of their heating costs. This is up from 5.8 million families who received assistance on an average of 36 percent of their bill during the previous winter.

This level of monetary assistance will prove to be thoroughly inadequate. When compared to the hundreds of billions of dollars the federal government doled out to the largest financial institutions in October alone, it is a pittance.

Mark Wolfe, director of the National Energy Assistance Directors Association, a grouping of state-level energy assistance programs, warned, "We've seen rising shutoffs around the country. More and more people are struggling to pay their energy bills. It's not only the poor, but the middle class family that will be struggling. That's really a new situation."

Generally, only the poor can qualify for government heating assistance. In Montana, Illinois, Indiana, and Wisconsin, a family of four must earn less than \$31,800, or 150 percent of the federal poverty level and an individual must earn less than \$15,600 annually. In New York and Minnesota these standards are somewhat higher.

The ability of working class households to afford higher heating costs has been eroded by inflation, declining savings, stagnating wages, and layoffs. Recent statistics demonstrate a significant increase in utility cutoffs to date. A recently published Associated Press survey revealed that utility shutoffs due to delinquent payments have increased sharply. They are up 17 percent in New York and 22 percent in Michigan. Through August,

Southern California Edison, with 4.5 million customers, suspended electric service to 240,000 households-10 percent more than the previous year.

In some states and cities, suspending heat in the winter is illegal. However, where laws do not prevent shutdowns, many households face the prospect of losing both heat and power in the winter months. Thirty-five percent of all US households, and a majority of homes in the South, rely on electricity for heat.

Typically there are no laws to prevent the cessation of fuel oil service to homes, which is often delivered by truck. Though only 7 percent of American households rely on oil for heat, the number is much higher in the colder Northeast, where it is the primary heat source for 31 percent of all households. A majority of US households, 52 percent, use natural gas for heat.

The recent tightening of credit markets will only exacerbate the situation, with fewer utilities willing to allow customers to carry debt. Yet this is what large numbers of working class families are forced to do--choosing to buy food, pay for auto repairs or necessary medical treatment before paying utility bills. Don Carlson, county commissioner of Itasca County in Northern Minnesota, warned, "It's a huge problem. People are going into winter without having paid last year's bills. We need help."

Charities that provide heating assistance have significantly reduced funds due to the economic crisis. Gerald A. Norlander, director of the Public Utility Law Project, was quoted in the *New York Times* cautioning against expecting such organizations to be able to assist. "Catholic Charities, the Red Cross and other charities are not able to meet the need," he said. "Utility 'fuel fund' charities use customer donations matched by the utility, but they are a drop in the bucket, often exhausted, and some have very restrictive eligibility conditions, limiting aid to the elderly and disabled."

Anger is building up against the greed and callousness of the utility corporations. An article in the *Providence Journal* described a scene of rage at a recent public meeting of the Rhode Island Public Utilities Commission. Rhode Island is served by the electricity corporation, National Grid.

The meeting "turned into a showcase for the anger and frustration that will only get worse if measures aren't put in place to avoid utility shutoffs," the newspaper wrote. "It provided what was for some the most hostile environment they have ever seen at a public meeting. One woman warned that people with guns would be coming

through the door if something isn't done. One man yelled 'greed,' loudly, several times. There was talk of a 'tipping point.' 'Throw the people some crumbs,' said a member of the audience."

Power and other utility cutoffs regularly lead to death, injury, and the destruction of homes. Cutoffs also pose a significant threat to public health and sanitation. On October 8, this year, a family of three in Middletown, New York, suffered severe burns when their kerosene lantern exploded as they filled it with fuel. Pedro, Maria and George Pedro were using the lantern for light, their power having been turned off that day because they could not afford to pay their bills. Pedro and Maria, both elderly, are likely to die from the extensive burns they incurred.

The US working class is not alone in facing sharply rising fuel costs. In Britain, two charities recently sued the Labour Government in High Court for its failure to help meet the heating needs of millions of Britons who live in "fuel poverty"--households that spend more than 10 percent of their total income on winter heating and thus "cannot afford sufficient" heat. The number of British households living in fuel poverty has increased by more than 1 million in one year, to the astounding total of over 5 million--almost one in four households.

Hilary Benn, the environmental secretary in the Labour government, said that everything "reasonably practicable" would be done to assist families in need. What is "reasonably practicable" has a different meaning when it comes to bailing out the British financial industry. Since the year 2000, the Labour government has spent only £20 billion on heating assistance. Last Wednesday, it announced it would hand over up to £500 to the banks.

Private control and distribution of basic human necessities--such as water and fuel--is an irrational and barbaric practice, which under capitalism benefits only the large shareholders and CEOs of the corporations that control these essential commodities. Emergency measures must be put in place to remove privately owned utilities from the hands of the major corporations, and turn them into public utilities under the democratic control of the workers and consumers whose lives depend upon them.



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