

Utility cut-offs on the rise in the US

“More than an energy issue, a serious public health issue”

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Utility companies are suspending heating and electrical service to customers at a far higher rate than in previous years, according to a recent *Wall Street Journal* story.

Due to the economic crisis, utilities "are under pressure to clean out accounts that are weighing down their books at a time when their stocks are being hammered and earnings growth has slowed," the *WSJ* reports. The more aggressive stance toward delinquent payments comes at a time when more and more households are unable to meet high fuel costs due to job losses.

At the same time, new digital power meters and "service limiters" now make it easier for power companies to shut off electricity. With standard meters, to disconnect power it was necessary for an electricity supplier to send out a technician. The cost of this labor had to be factored into the cost of any power suspension. With the new wireless meters, which are being installed by the millions, the power companies can suspend or reduce to a trickle electric service as a means of compelling customers to pay their bills. One state energy assistance directory told the *World Socialist Web Site* that "all the new meters are just punitive collection devices."

Utility cutoffs are affecting broader sections of the population. "We're seeing an uptick in middle-class people who have never been in this situation before," Eric Hartsfield, director of the customer-service division of the New Jersey Board of Public Utilities, told the *WSJ*.

George Coling, director of the National Fuel Fund Network that coordinates fuel assistance programs among some 300 private charities, told the WSWs that utility cut-offs are increasing nationally. Coling

affirmed that energy companies are being more aggressive in their cut-offs of energy delivery. The *WSJ* reports significant increases in disconnections or delinquencies that will lead to suspension of utility services in New Jersey, New York and Michigan, where there has been a 39 percent increase in utility shutoffs over the previous year. One Pennsylvania power utility, PPL, reported that it has increased shutoffs by 78 percent through the first three quarters of the year.

Scott Simons, a spokesman for DTE, the utility that provides electricity and gas for much of Michigan, told the WSWs that his company has no statistics available related to increases in cut-offs. But he said that the DTE is attempting to pursue more aggressively those who illegally take electricity from the power grid. According to Simons, unlike some other states there is no state law in Michigan that prevents heat from being suspended in the cold winter months. Instead, DTE attempts to work out payment plans and direct customers to the state agency that administers LIHEAP, or the "Low Income Home Energy Assistance Program."

According to Coling, the recent Congressional increase in federal funding to LIHEAP to \$5.1 billion, and the expansion in eligibility to the program, will not meet the demand of households facing rising heating costs and declining ability to pay. The income eligibility limit for LIHEAP was expanded to 150 percent of the federal poverty level, but states may determine, on their own discretion, whether or not to establish a significantly lower level.

Jerry McKim, who heads the Bureau of Energy Assistance for the state of Iowa, anticipates a significant increase in the number of households applying for LIHEAP assistance, which tends to be

more generous in Iowa than in some other states. He told the WSWs that the utility corporations tend to do the job of advertising the LIHEAP program since they are "the primary recipients of all this money."

McKim pointed out that even should energy prices come down as a result of the economic crisis to levels from the previous year, rather than the 15 percent increase currently forecast by the US Department of Energy, they will still remain four to five times higher for natural gas—the leading fuel for home heating—compared to five years ago. He said that the utility companies' claims that falling prices are a windfall for consumers are "disingenuous."

"The point here is that energy continues to be clearly unaffordable and the consequences of this are dire," McKim said. "The number of households falling behind is increasing, and the amount they owe is increasing. Elderly households cut back on prescribed medicine, or else they turn their heat down to unsafe levels. Young families will sacrifice nutritional needs of their children, or else turn to unsafe methods to heat their homes that lead to carbon monoxide poisoning or house fires. It's more than an energy issue, it's a serious public health issue."



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