

Utilities cut off to 1 in 20 US households in 2007

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Utility service was cut off to 1 in 20 households in the US in 2007, and 1 in 5 were behind in their utility bills, according to a survey released Wednesday. These figures portend a dire situation for the current heating season as families struggle to cover expenses under the impact of the deepening recession.

The survey was conducted by the National Association of Regulatory Utility Commissioners (NARUC), a non-profit organization of state utility regulators. Results were compiled from statistics submitted by utility commissions in 41 states and Washington, D.C. It is the largest sample size ever analyzed by the organization, and covers roughly half of all US households.

The termination of gas or electric service to a household spells extreme hardship, with families and individuals forced to go without heat, hot water, lighting, or cooking facilities. Unsafe methods of coping with the lack of power—including the use of space heaters, candles, and the rigging of unauthorized connections—pose a risk to health in the form of poor nutrition and sickness and the danger of fire and asphyxiation. House fires resulting in death are the most tragic outcome and a frequent occurrence in the US.

More than 5.7 million US households had their electricity terminated in 2007, accounting for 4.7 percent of all electric customers. Of these, 1.9 million—or 33 percent—did not have service restored in the reporting year.

Gas service was cut off to 3 million customers in 2007, a termination rate of 5 percent. This rate was double the 2.5 percent cut off in 2001. More than half of these customers—or 55 percent—were unable to have their service restored during the year.

Some households rely on one utility company to provide both gas and electric service. Of these customers, 3.8 percent had both services cut off and 33 percent of these were not able to have their service restored that year. Such customers are denied even the unhappy choice of keeping one utility on at the expense of the other. If they are unable to pay their entire combined bill, their services are terminated.

This was the case in the house fire that killed three young children and their aunt on October 22 this year in Highland Park, Michigan. Energy giant DTE, which supplies both gas and electricity to the city, had suspended utility service to the home. It is likely that the use of some unsafe heating or cooking method caused the deadly blaze.

The rise in utility shutoffs has been accompanied by a steep rise in past due payments to the utility companies. In Illinois, for example, 550,184 out of 2.9 million gas customers were past due on their gas bills as of May 1, 2008, owing a total of \$242,530,279. This was double the amount owed by past due customers just seven months earlier. Many other states face a similar situation.

Utility shutoffs are certain to increase as more and more cash-strapped households are forced to choose which bills to pay, and which to put off, often to avoid being late on mortgage payments. US foreclosure filings climbed 28 percent in November compared to a year ago. According to RealtyTrac, which tracks foreclosures nationwide, 1 million homeowners may be forced from their homes next year.

Online Resources Corp. released the results of a survey Wednesday on the bill payment patterns of US households. The report, "Short on Money, Will Your Customers Pay *Your* Bill?" studied more than 1,000 households and found that growing numbers of

American families are prioritizing their bills by creating a "delinquency budget."

The study showed that mortgage payments are the top priority, as increasing numbers of households struggle to stave off foreclosure. Despite these efforts, delinquent mortgage payments are up 67 percent over last year. Next on the list to be paid are insurance premiums, followed by loan payments. Utility bills are farther down the list.

Michigan, devastated by the crisis in the auto industry, ranked third highest in the nation in foreclosure filings for November, with 1 in every 309 households filing for foreclosure. Michigan's jobless rate rose to 9.6 percent in November, the highest in the nation. This figure will find reflection in both increased utility shutoffs and rising past due accounts this winter as more workers find themselves jobless.

Already last year, more than 3 percent of Michigan residential gas customers—89,221 of 2,922,357 households—had their service terminated. Of these, only about 10 percent were successful in having their service restored, compared to more than 41 percent in 2005. As of May 1, 2008, Michigan customers past due on their combined gas and electricity accounts owed an average of \$986.69 each, compared to \$154.44 just two years ago.

The Pennsylvania Public Utility Commission (PUC) reported Monday that utility shutoffs statewide have increased dramatically since 2004. There were 63,500 terminations of natural gas in 2007, up from 42,124 in 2004.

The PUC survey of terminations is part of a report on implementation of the Responsible Utility Consumer Protection Act of 2004. More commonly referred to as Chapter 14, the legislation passed with the support of gas and electric utilities and is aimed at "increasing utility account collections and eliminating the subsidization of bad debt costs by paying customers," according to a policy statement.

Prior to Chapter 14, utilities were barred from terminating service during the winter months. Criticized by consumer advocates, the law now allows utilities to cut off power during the winter for customers with incomes 250 percent or more of the federal poverty level. The 2008 federal poverty guideline is \$10,400 for an individual, and \$21,200 for a family of four. The implication is that an individual

earning \$26,000 a year or a four-member family with an income of \$53,000 should have no excuse for not paying their utility bills.

Based on media reports, staff members of the PUC's Bureau of Consumer Services compiled an unofficial list of cases where utility cutoffs have led to deaths. This list, released in response to a request by the *Philadelphia Inquirer* under Pennsylvania's open-records law, identifies 81 such deaths since 1989, the vast majority fire-related. Twenty-nine of these have taken place since the passage of Chapter 14, including the following:

- April 3, 2008: A Brockway worker lost his wife and nine children and grandchildren in a fire in a home that lacked gas service. Space heaters were being used for heat.

- February 18, 2007: Six children and the mother of three of them died in a house fire near Waynesburg in southwestern Pennsylvania. The family had been without gas since 2005 and were relying on a wood-burning stove and additional space heaters in the bedrooms for heat.

- November 3, 2007: A fire in Dauphin County killed a two-year-old boy and his one-year-old sister. The blaze, reportedly sparked by an untended candle, took place a day after PPL Electric Utilities Corp. terminated service because the children's parents had not paid the bill.

Most of the 81 fatalities cited in the PUC list were in the Philadelphia area. Entering into the winter months this year, more than 8,800 Philadelphia-area households—about 25 percent more than last year—are without heat after having their utility services terminated.

The full NARUC report can be found here.



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