

March 20 hearing of the Citizens Inquiry into the Dexter Avenue Fire

The role of the government in deadly US house fires

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Posted below is one of several investigative reports presented at the March 20 inquiry into the Dexter Avenue fire. In coming days, World Socialist Web Site will post other reports and testimony from the Citizens Inquiry.

In the aftermath of every deadly house fire in homes where the utilities have been shut off, local and state politicians respond by issuing statements, always extremely brief, expressing their regret over the “tragedy.” They claim that the government offers programs that help people with their energy bills and imply that the fire victims are at fault for failing to seek aid.

When asked to comment about March 2 fire that took place on Bangor Street killing three of Sylvia Young’s children, a spokeswoman from Governor Granholm’s office insisted that Young did not reach out for help and repeatedly told this investigator, “The governor is committed to protecting Michigan families.”

In reality, however, Granholm, as well as Detroit Mayor Dave Bing, are committed to protecting DTE’s profits.

The Michigan Public Service Commission (MPSC) is the state agency charged with regulating the utility industry. Its commissioners are appointed directly by Governor Granholm and work closely with her office. The MPSC not only sets the rates charged by utility companies, it also regulates and approves their shut-off policies.

Len Singer, a spokesman for DTE Energy, told the *World Socialist Web Site*, “Virtually every piece of business we do, every rule and regulation we have as far as operating the company [and] working with our customers is under the purview and oversight of the Michigan Public Service Commission. So our billing practices, our practices that we utilize for collection, [and] any practices we have relative to terminating service—all of those are sanctioned by the MPSC.... Reviewed and sanctioned by them.”

There are no laws that prevent DTE, or the state’s other major privately owned utility, CMS Energy, from shutting off people’s utilities for non-payment. The only limitation placed on these companies is that gas and electricity cannot be cut to the homes of those aged 65 and older between December 1 and March 31, if the resident is enrolled in the state’s Winter Protection Plan.

The Winter Protection Plan, which is only available to seniors, those receiving certain kinds of federal assistance, and households who make up to 150% of the federal poverty level, does not actually help people pay their bills.

The MPSC web site describes the program in the following manner:

“Winter Protection allows eligible low-income customers to make monthly payments of at least 7% of their estimated annual bill, along with a portion of any past-due amount, November through March, and avoid shut-off during that time even if their bills are higher. Eligible senior citizens participating in Winter Protection are not required to make specific monthly payments between November 1 and March 31, but are encouraged to do so to avoid higher bills when the protection period ends. At the end of the protection period, both low-income and senior citizens taking part in the plan must pay off any money owed in installments between April and November in addition to the current bill.”

THAW (The Heat and Warmth Fund), the other program that provides help, is a non-profit organization whose board is filled with executives from DTE and other energy companies. In order to get any aid from THAW, which gives people small amounts of money towards their bills, they must meet the following conditions:

- You must live in the right part of the state; the entire state is not covered.
- Your service must be shut off, having been cut during the past year, not earlier.
- Your balance must be more than \$125 for single accounts or \$250 for combined accounts.
- You must have verifiable income, and it must not exceed 250 percent of the federal poverty level. If your income is 150 percent of the poverty level, you are to apply not to THAW, but to the Michigan Department of Human Services.
- If you have received help in the last year, you are ineligible.
- You MUST agree to and stay on a budget plan arranged with the utility company. If you do not, you will lose all past, present, and future aid from THAW and have to pay back all the amount owed.

In short, THAW is a program that pretends to give “aid” to people, but in reality makes sure that they are in permanent debt to the utility company. Additionally, a worker at one of the THAW agencies told the *World Socialist Web Site* that the program has been out of money for many weeks now.

The government and DTE Energy also try to blame “energy thieves” for deadly house fires.

Recently, a supporter of the Citizens Inquiry wrote a letter to DTE expressing his outrage at what happened to Sylvia Young and received the following reply:

“The recent fire you referenced in your e-mail...was not the fault of DTE Energy. Electric and gas service at the house was disconnected because it was unsafely and illegally hooked up. We have an obligation to all of our customers to take action in these situations, because these kinds of

unauthorized hookups can be extremely dangerous.”

The MPSC backs DTE’s claims. It told this investigator that DTE is “obligated” to shut off such hookups because they are a “hazard.” While pretending that they care about the dangers created by unauthorized hookups, which people resort to out of desperation, the MPSC and the governor are utterly unconcerned about the *much broader* threat to health and safety created by utility shutoffs and high energy prices.

But these threats are well known to researchers and policymakers.

The risk of deadly fires is one of these dangers.

David Fox of the National Low-Income Energy Consortium (NLIEC) underscored this point in an interview with the *World Socialist Web Site*:

“Regardless of whether it’s shut off or simply that bills are so high that people voluntarily limit usage, several things happen,” Fox noted. “People use space heaters, kerosene heaters, that increase risk of fire and carbon monoxide poisoning. And people limit use of electricity. They light the home with candles, which are often too close to something combustible.”

There is a variety of publicly available data demonstrating these facts, including the dangers created by space heaters.

In a report issued in 2007, the National Fire Protection Agency (NFPA) reported that between 2003 and 2007, 72 percent of fire deaths and 62 percent of fire injuries related to home heating “involved stationary or portable space heaters.”

Furthermore, the risk of death posed by using space heaters is 18 to 25 times higher than that associated with central heating systems.

Winter is known to be the most dangerous time of the year; January is the peak month for residential fire deaths and injuries.

There is also a well-established relationship between poverty and lethal fires. The fire death rate is highest in those states with the highest levels of poverty.

In 2001, the National Fuel Funds Network (NFFN) published a study entitled “In Harm’s Way: Home Heating, Fire Hazards and Low-Income Households,” which states:

“In addition to facing the health impact of cold homes, households that are placed in jeopardy of losing their home heating service, or who actually experience the termination of service, face the safety problems associated with a resort to unsafe alternative methods for heating as well.”

A study prepared for the National Low-Income Energy Consortium (NLIEC) in 2004 about the consequences of “energy poverty” in the state of Missouri, provides some statistical details about the link between utility shutoffs and unsafe heating methods.

A survey found that 60 percent of households that used their kitchen oven to stay warm had their utility service shutoff “often” or “sometimes.”

Using candles for lighting is the other major fire danger created by utility shutoffs.

The NFPA released a study in 2007 that found that 24 percent of fatal candle fires between 1997 and 1998 occurred in homes where electricity service had been terminated. And “most of the catastrophic (multiple fire death) candle fires...involve candles used for light due to lack of power, due to either a temporary situation or a termination of service.”

In short, there is a clear link between utility shutoffs and increased fire danger. There is no way government officials can deny this relationship. *Furthermore, the danger starts not when unauthorized hookups are installed, but when heat and electricity are cut to the home.*

Deadly house fires are only one of the consequences of unaffordable utilities.

Jerry McKim, director of Iowa’s Low-Income Home Energy Assistance Program (LIHEAP), recently pointed out, “In an effort to better afford their utility bills, many elderly households cut back on prescribed medicine and/or set their thermostats too low risking their already insecure health and families with young children sacrifice their children’s nutritional needs.”

In a study done in Missouri in 2000-2001, for example, 45 percent of respondents reported either forgoing prescribed medicine “often” or “sometimes” in order to pay their utility bills.

“The Cold Facts,” a joint report by a number of national-level federal agencies and non-profits, reported the effects of high energy bills on low-income households as “homelessness,” “malnutrition,” “heart disease,” “heat stroke,” and “the disintegration of families.”

The Children’s Sentinel Nutrition Assessment Program reported in a 2007 study that babies and toddlers who live in energy-insecure households disproportionately suffer from poor health, a history of hospitalizations, increased risk of developmental problems, and food insecurity.

Jerry McKim, quoted earlier, said that the effects of energy poverty are so dire in the US right now that it has become “a serious public health matter.” With nearly 400,000 households in Michigan having lost heat and electricity at some point over the last two years, it is fair to say that DTE—with the help and protection of the government—is endangering the lives of hundreds of thousands of people.

Why are they able to get away with this? Why is it that the profits of this company are more important than the livelihood of the state’s citizens?

DTE is a major political player in Michigan and the US. It has deep ties to both political parties, and in particular the Democrats, through an array of political, business, and personal relationships.

Campaign financing is one form this takes.

As of January 31 of this year, DTE’s Political Action Committee (PAC) had spent \$293,883 on campaigns associated with the 2010 federal election cycle, according to *opensecrets.org*. Sixty-nine percent of the money spent so far has gone to Democratic Party candidates.

In the 2008 federal election cycle, DTE’s PAC spent \$539,709. This list of some of the biggest recipients during that brief period gives one a sense of how far and wide DTE casts its net:

- Steny Hoyer, \$15,000 (Democrat)
- Bart Stupak, \$12,000 (Democrat)
- Candice Miller, \$12,000 (Republican)
- John Dingell, \$10,000 (Democrat)
- Carolyn Kilpatrick, \$10,000 (Democrat)
- Joseph Knollenberg, \$10,000 (Republican)
- David Lee Camp, \$9,400 (Republican)
- Mary Landrieu, \$8,500 (Democrat)
- Frederick Upton, \$8,500 (Republican)
- Carl Levin, \$7,500 (Democrat)
- John Conyers, \$5,500 (Democrat)
- Peter Hoekstra, \$4,200 (Republican)
- Dale Kildee, \$4,000 (Democrat)
- Thaddeus McCotter, \$4,000 (Republican)

The amounts shown do not reflect the total money given by DTE to candidates. Top executives make individual donations as well, either directly to candidates and organizations set up by them, or to political parties.

There is also the money DTE spends on lobbying, which is not included in campaign finance numbers. In 2008, DTE spent a further \$1.4 million on federal lobbying.

The close relationship between the utility companies and Michigan’s

governor shows itself in a variety of ways. The “Granholm Leadership Fund” got \$20,000 from DTE’s PAC from mid-2008 to mid-2009.

In 2008, the Michigan State Legislature and Granholm signed into law a major energy bill that limited competition, allowed for utility rate increases, and added surcharges to customers’ bills to pay for new power plant construction. It gave DTE and CMS Energy 90 percent of the utility market in the state.

In the lead-up to the passage of this law, the *Grand Rapids Press* reported:

“In 2008, Detroit Edison and Jackson-based Consumers Energy...spent at least \$525,600 last year lobbying the Legislature and Gov. Jennifer Granholm’s administration—three times what competitors spent. Each utility ranked among the top 20 special interest groups and lobbying firms in Michigan, according to the nonpartisan Michigan Campaign Finance Network.”

In 2006, Granholm personally intervened on behalf of the utility companies at a critical moment. Even before the recent economic crisis hit and utility rates increased, there was anger growing in the state over unaffordable utilities. At that time, the governor taped public relations ads for DTE and CMS Energy that promoted the companies and their supposedly generous programs designed to help people with high utility bills.

Howard Edelson, an executive at CMS Energy, left the company to head Granholm’s reelection campaign that year. His work was so valuable that he won an award as “Campaign Manager of the Year” from the American Association of Political Consultants.

A great deal has been made in the media about the fact that Granholm is an advocate of “green energy and transportation.” This is always presented as if Granholm is challenging DTE, which is a heavily involved in the coal industry. But DTE has been only too happy to oblige Granholm in this regard. Wind energy and electric cars, two of the governor’s favorites, are also major areas of investment for DTE and have been for several years.

Granholm has also embraced the so-called Michigan Turnaround Plan, a set of economic reforms put forward by DTE and other leading business interests to supposedly rescue the state. It proposes to reduce taxes on business, gut state employee wages and benefits, and impose massive cuts in state expenditures to balance the budget.

In short, the Granholm government does not so much regulate the utility companies as it does work as their representative in state politics.

At the city level, DTE is equally powerful.

Detroit Mayor Dave Bing sat on the board of directors of DTE Energy from 1985 to 2005. George Jackson Jr., Bing’s chief development officer, was an executive at DTE for 27 years. And Albert Fields, formerly the manager of economic development at DTE, has recently been appointed to Bing’s finance staff.

The CEO and chairman of DTE, Anthony F. Earley, Jr., is a close associate of Dave Bing. He makes large contributions to Bing’s political campaigns and plays a leading role in fundraising efforts on his behalf. In July 2009, according to *Crain’s Business*, he organized an event that raised \$250,000 for Bing’s campaign. Earley and his wife also co-chaired the mayor’s inaugural committee.

As mayor, Bing has advanced numerous proposals in the interests of the DTE. He has proposed closing the city-owned Metersky power plant and replacing it with energy purchased from DTE. He has recommended that the city sell off its public lighting department to DTE. Most importantly, Bing’s plans to shut down large portions of the city and force residents to relocate are in the direct interests of DTE. It would mean that the energy giant no longer has to pay for the cost of maintaining service and lines to areas where its profit margins are slim.

DTE’s relationship with the city government did not begin under Bing. The company, which also had close ties to the Kilpatrick administration, has been a fixture of Detroit politics for decades.

In short, the city government and the Democratic Party are tied to DTE by a thousand threads. The Bing administration’s unwillingness to do anything to stop utility shutoffs is not an oversight. It is a conscious decision.

By conclusion, I would just like to reiterate the major findings of this report. They are:

- There is a known link between utility shutoffs and deadly house fires.
- The high cost of utilities and “energy poverty” is threatening the health of hundreds of thousands of people.
- Detroit’s mayor and Michigan’s governor allow DTE to shut off people’s utilities and charge high rates, knowing that lives are at risk.
- DTE has long-standing and deep ties to Dave Bing, Jennifer Granholm, the Democratic Party, and the entire political establishment.
- The government is protecting DTE’s profits over and against the basic needs of the population.



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