

Citizens Inquiry into the Dexter Avenue fire: Utility Shutoffs and the social crisis in Detroit

Findings of the Commission

13 April 2010

The Citizens Inquiry's findings and recommendations are published in full below and are available for download in pdf format. For full coverage of the inquiry, [click here](#).

Introduction

In the early morning hours of January 5, a house fire at 8011 Dexter Avenue on Detroit's west side killed two wheelchair-bound brothers—Marvin Allen, 62, and Tyrone Allen, 61—and Lynn Greer, 58. They had been living without utilities since the summer of 2008.

On the evening of March 2, a house fire at 4956 Bangor Street, also on Detroit's west side, killed three children—Trávia Young, 5, Fantasia Young, 4, and Selena Young, 3. Hours earlier, DTE had cut off gas and electricity to the home over the protests of the children's mother, Sylvia Young.

There have been many similar tragedies in recent years. Of the 16 house fire deaths in Detroit in 2010, at least 11 took place in homes without utilities, according to the Detroit Fire Department. In the aftermath of these events, DTE, backed by the government, has sought to deny any responsibility for what happened.

The Socialist Equality Party initiated the Citizens Inquiry into the Dexter Avenue Fire in order to expose the life-threatening dangers caused by utility shutoffs. At a March 20 hearing, testimony was taken from relatives and friends of those killed in house fires, local residents, experts, and investigators. After reviewing this testimony and reports submitted to the inquiry, the commissioners have produced the following findings and recommendations.

Findings

Finding #1: There is a direct and clearly established link between utility shutoffs and house fires.

The link between utility shutoffs and deadly fires is clearly established. When utilities are turned off, people resort to unsafe methods such as space heaters to stay warm and candles for lighting. Many families also use these methods to reduce extremely high utility bills.

Between 2003 and 2007, space heaters were involved in 72 percent of fire deaths and 62 percent of fire injuries related to home heating. The risk of death from using space heaters is 18 to 25 times higher than from central heating systems.[1] Between 1997 and 1998, 24 percent of fatal

candle fires occurred in homes where electricity service had been terminated. Most candle-related multiple fire deaths that year occurred when power had been cut either permanently or temporarily.[2]

According to experts, other consequences of utility shutoffs include homelessness, malnutrition, ill health, heart disease, heat stroke, poor child development, and the disintegration of families.[3]

By its own admission, DTE is aware of the dangerous consequences of its actions. Scott Simons, a spokesman for the company, told a reporter for the *World Socialist Web Site*, "Certainly, they [shutoffs] are a cause for house fires." [4]

Finding #2: The claim that there are resources widely available to help people pay their utility bills is untrue. The programs that exist are inadequate and designed to benefit DTE.

In the last two years, nearly 400,000 homes in southeast Michigan have had their utilities shut off by DTE. In 2009, the company cut service to 221,000 households, an increase of 50 percent over the prior year.[5] These numbers demonstrate that, contrary to the claims of DTE and the government, there are not enough resources to help people.

The aid programs that exist in Michigan—the Winter Protection Plan (WPP), THAW, and State Emergency Relief—exclude large numbers of households because many cannot meet the eligibility requirements. With the exception of seniors enrolled in the WPP, these programs do not protect people from shutoff or give them enough money to cover what they owe the utility company. Rather, they place families into payment plans, in return for limited subsidies. The effect of these programs is to keep households permanently in debt to DTE. In many cases, families cannot keep up with the payment plans and lose service.

None of the aid programs have enough human or financial resources to help even those who meet all the requirements. Nationwide, only 20 percent of those eligible for aid actually receive any.[6] A major reason for this is that the federal government has failed to provide states with the necessary resources. Under the Obama administration, the situation is becoming dramatically worse, with the budget for low-income energy assistance to be cut by \$1.8 billion this coming year.[7]

Finding #3: DTE's policies are determined not by community need, but by corporate and shareholder interests.

Although DTE has disconnected hundreds of thousands of households in the past two years, the company has been able to continue making massive profits by increasing residential rates, shifting costs onto its remaining customer base, and laying off workers. DTE has developed a mechanism, with the approval of state regulators, whereby 80 percent of its bad consumer debt in Detroit is automatically transferred to other customers in the form of a surcharge.[8]

While the Detroit area suffers from deep economic recession, DTE's revenues have risen substantially. In 2009, the company's subsidiary for Detroit had revenues of \$1.53 billion, up from \$1.35 billion in 2008. Last year, DTE's total earnings were \$532 million. The energy giant has seen a

14 percent growth in its year-over-year profit.[9]

DTE's CEO and Chairman Anthony F. Earley, Jr. took home \$11.4 million in combined pay in 2007 and 2008.[10] His fellow executives have also made millions. Large Wall Street banks with major stakes in DTE are the biggest beneficiaries of the company's operations. Investment firms Vanguard, State Street, Barclays of Great Britain, and BlackRock collectively have more than \$2 billion invested in the company. The company's rates and shutoff policies are designed to deliver profits to these people and institutions, not provide heat and electricity to Detroit's residents.

Finding #4: The city and state governments work on behalf of DTE and other corporations. Government officials have longstanding political and business ties to DTE.

The Michigan Public Service Commission (MPSC), the state agency that regulates utilities, determines the rates that DTE can charge. The MPSC guarantees DTE an 11 percent "return on equity." [11] In 2009, it approved a rate hike so that DTE could increase its revenues the following year by \$217 million. This hike was implemented in July, just months before the start of the winter heating season. At the time, Detroit residents were already paying 20 percent more for their utilities than they were in 2008. The MPSC also sanctions and approves DTE's shutoff policies. It allows the company to terminate service for non-payment at any time of the year.

The state and municipal government have a very close relationship with DTE and its top executives. The company is a major political player in Michigan and nationally, spending millions of dollars on lobbying and campaign contributions.

Democratic Governor Jennifer Granholm, who appoints the members of the MPSC, is a major recipient of campaign finance from DTE. In 2008 Granholm approved a law that authorized utility rate hikes and additional surcharges, and gave DTE and CMS Energy, the other major utility provider in Michigan, 90 percent of the state's market. Two years earlier, the head of CMS Energy led Granholm's reelection campaign. Just prior to this, the governor taped public relations ads on behalf of the utility companies.

Detroit Mayor Dave Bing sat on the board of directors of DTE from 1985 to 2005. Several people on Bing's staff are former long-time DTE executives. The CEO of DTE and his wife co-chaired the mayor's inaugural committee. Since entering office, Bing has advanced numerous proposals in the interests of the energy giant, including his plan to shut down large portions of the city. This means that DTE will no longer need to pay for the cost of maintaining lines in areas where its profit margins are slim.

Finding #5: Extreme poverty and mass unemployment are decisive factors in deadly house fires.

There is a direct relationship between deadly fires and poverty. The poorest states also have the highest fire-death rates. In addition to facing the danger of utility shutoffs, low-income households are less likely to be able to afford smoke detectors, telephones and childcare. They are more likely to live in less fire resistant housing.

Detroit is the poorest large city in the country. Real unemployment is close to 50 percent. From 2000 to 2008, Detroit lost 150,000 jobs due to the downsizing of the auto industry. One-third of its residents receive disability income. Detroit's official poverty rate is 33.8 percent. These conditions are the product of deindustrialization, the destruction of jobs and the gutting of wages and benefits by big business in Detroit.

Sharp cutbacks in city services also increase the danger of fire deaths. In the past 15 years, the number of firefighters in Detroit has fallen from 1,500 to 800. The number of fire stations dropped from 63 in 1995 to only 42 today. The lives of both residents and firefighters are threatened as a result.

Finding #6: Sylvia Young, the mother of the three children killed in

the Bangor Street fire, has been wrongly victimized.

Immediately after the fire took the lives of three of her children, state prosecutors and police, with the support of the local media, launched a legal witch-hunt against Sylvia Young. She was accused of neglect because she left her children in the care of her 12-year-old son, in order that she could go out to buy space heaters after the utilities were shut off. A court-appointed guardian is continuing a campaign to have Sylvia's remaining children removed from her custody.

Sylvia Young was doing everything in her power to protect her family from Detroit's freezing temperatures. Attempts to blame Young for the tragedy are aimed at diverting attention away from the real culprits.

Finding #7: DTE Energy, its executives and regulating agencies bear primary responsibility for the deaths of Marvin Allen, Tyrone Allen, Lynn Greer, and the three Young children.

The Allen brothers and the Young children perished because DTE cut utility service to their homes. Without gas or electricity, the families were forced to resort to unsafe methods to try to stay warm during Detroit's freezing winter. If DTE had not shut off the utilities, the preconditions for a deadly blaze would not have been created.

The fires cannot be blamed on "energy theft." Unauthorized hookups exist because utilities are unaffordable and because DTE terminates service. The fire danger starts not when an unauthorized hookup is installed at a home, but when heat or electricity are cut to the home. Furthermore, these fires did not occur because people failed to seek help with their utility bills, as the state government claims. They happened because the government allows DTE to charge exorbitant rates and shut off people's utilities.

DTE, its executives and government regulators demonstrate willful disregard for the life and safety of Detroit residents. The deliberate and conscious actions of DTE, which meet the legal definition of gross negligence, have led to the death of dozens of people, including Marvin Allen, Tyrone Allen, Lynn Greer, and the three Young children.

Recommendations

Recommendation #1: The shutoff of utilities should be immediately stopped and made illegal.

Recommendation #2: DTE workers should refuse to comply with company instructions to shut off utility service.

Recommendation #3: The state of Michigan and its legal surrogates should drop all actions against Sylvia Young. Her surviving children should immediately be returned to her custody. The energy company should compensate Young for her loss, ensuring that she has a safe home to raise her family and financial assistance.

Recommendation #4: DTE and its executives and regulators should be held legally responsible for their actions.

Recommendation #5: There should be a multibillion-dollar public works program to end poverty, create jobs and rebuild communities in metropolitan Detroit and throughout the country.

Recommendation #6: The utilities, including DTE, should be nationalized and transformed into publicly owned, democratically run entities. Essential services such as gas, electricity and water should be provided to people as a basic human right, not on a for-profit basis.

Footnotes

1. John R. Hall, Jr., "Home Fires Involving Home Heating Equipment" National Fire Protection Agency, www.nfpa.org (January 2010). [return]

2. Marty Ahrens, "Home Candle Fires" National Fire Protection Agency, www.nfpa.org (September 2007). [return]

3. The Cold Facts: The First Annual Report on the Effect of Home

Energy Costs on Low-Income Americans” National Fuel Funds Network, National Low-Income Energy Consortium, and National Energy Assistance Directors’ Association (2001-2002).; “Fuel For Our Future: Impacts of Energy Insecurity on Children’s Health, Nutrition, and Learning” Children’s Sentinel Nutrition Assessment Program (September 2007). [return]

4. Tom Eley, “DTE Energy holds public relations event as utility shutoffs continue” World Socialist Web Site (March 24, 2010) <http://www.wsws.org/articles/2010/mar2010/util-m24.shtml>. [return]

5. Tom Eley, “Utility shutoffs: Who profits?” World Socialist Web Site (March 24, 2010) <http://www.wsws.org/articles/2010/mar2010/eley-m24.shtml>. [return]

6. David Fox of National Low-Income Energy Consortium as quoted in “The deadly consequences of utility shutoffs”, by Andrea Peters, World Socialist Web Site (March 16, 2010) <http://www.wsws.org/articles/2010/mar2010/util-m16.shtml>. [return]

7. Hiram Lee, “Obama cuts to home energy assistance to have devastating consequences” World Socialist Web Site (March 27, 2010) <http://www.wsws.org/articles/2010/mar2010/heat-m27.shtml>. [return]

8. “DTE Energy Company Q4 2009 Earnings Call Transcript” Seeking Alpha (February 23, 2010) <http://seekingalpha.com/article/190198-dte-energy-company-q4-2009-earnings-call-transcript>. [return]

9. Tom Eley, “Utility shutoffs: Who profits?” World Socialist Web Site (March 24, 2010) <http://www.wsws.org/articles/2010/mar2010/eley-m24.shtml>. [return]

10. “CEO Compensation” Forbes.com. [return]

11. DTE Energy, “Summary of Detroit Edison’s Electric Rate Order: DTE Energy Confirms 2009 Earnings Guidance and 2010 Early Outlook”, Press Release (January 12, 2010). [return]



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