

CAUS campaign continues

The profit motive and utility shutoffs

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Over the course of the last month, the Committee Against Utility Shutoffs (CAUS) has campaigned among working people across the Detroit area. CAUS members and supporters have distributed thousands of copies of the findings of the Citizens Inquiry into the Dexter Avenue Fire: Utility Shutoffs and the Social Crisis in Detroit at area markets, DTE payment centers and in neighborhoods where house fires sparked by utility shutoffs have taken the lives of local residents. At the recent funeral for Aiyana Stanley-Jones, CAUS distributed its statement denouncing her murder by Detroit Police.

As part of its campaign, the Committee Against Utility Shutoffs (CAUS) issued an appeal to DTE workers that urges them to refuse to carry out company orders to terminate electricity and gas service at customers' homes. This appeal points out that these workers, whose jobs and benefits have been continuously under assault and ordinary people losing their utility service, face a common enemy in DTE. It calls for a unified struggle against the energy giant's endless drive for profit at the expense of employees and Detroit-area residents alike.

CAUS has been distributing this appeal at DTE service locations in an effort to reach workers. In Detroit, families facing shutoff have taken copies of the statement to give to DTE workers when they come to their neighborhoods to terminate service or simply read the meter.

In conducting this work, CAUS has spoken with numerous DTE workers, many of whom have expressed disgust with the company's shutoff policies and practices. However, some employees, as well as low-level managers, insist that DTE must make money in order to stay in business and employ workers at a living wage. This is also the position of the union representing DTE workers, the Utility Workers Union of America (UWUA) Local 223, which claims that workers and management have identical interests.

"The energy company has a 'right' to earn profit," the argument is made. This is supposedly the natural order of things. Furthermore, it is considered impossible to provide utilities to the population unless the entire process is driven by the profit motive. Accepting the claim put forth by DTE and the media that the company's revenues are being hurt by customer arrears and "illegal hookups," shutoffs thus appear both

justified and necessary.

When such arguments are made by ordinary people or DTE workers, they are rooted in a combination of false conceptions and mistaken reasoning. When they are made by executives, investors, the media and the UWUA, they are driven by a conscious effort to protect the interests of DTE, and by extension, the salaries and positions of trade union bureaucrats. The aim is to drive a wedge between DTE workers and ordinary citizens, both of whom are being attacked by the energy giant.

Rather than the profit motive being the best means to guarantee the population access to heat and electricity, it is the greatest threat to it. Over the course of 2008 and 2009, DTE terminated utility service to nearly 400,000 homes in southeastern Michigan alone. Millions of people are living without heat and electricity because it simply costs too much. In short, because of the company's pursuit of profit, fewer people have utility service in the region now than did several years ago.

DTE is not in the business of providing essential utilities to the population; it is in the business of making money, whatever the cost to the general public. In 2009 when the energy giant increased rates and surcharges, it did so with the full knowledge that these would make utilities ever more unaffordable for already cash-strapped Michigan households. The company knew that shutoffs would rise as a result. But this was of no consequence to DTE, because it also knew that it would make more money than ever.

And indeed, the company was right. In the first quarter of 2010, even as thousands of homes were losing heat for non-payment, the energy giant posted a 29 percent increase in profits over the same period last year. DTE made \$229 million in revenues by March 31, despite, according to the company's own press release, "decreased sales and warmer weather." It attributed the windfall at its Detroit Edison and MichCon subsidiaries to the recent rate hike.

In short, in the interests of making a profit, DTE aims to provide less, not more, utility service to the general public. The state government works to make sure *not* that everyone in Michigan has gas and electricity, but rather that the utility companies make money. This is the mission of the Michigan

Public Service Commission (MPSC), which approves utility companies' rates and shutoff policies. The MPSC expressly guarantees them an 11 percent return on equity.

DTE and the state's other major utility provider, CMS Energy, are not losing money nor are they in danger of doing so. They are protected by the MPSC, one of the reasons why DTE is considered a safe, high yield investment on Wall Street.

Furthermore, the customer arrears and unauthorized hookups that DTE blames for its rate increases are the responsibility of the company itself. People are unable to pay their bills and forced to resort to other methods to keep the gas and lights on in their homes because, in an effort to make as much money as humanly possible, DTE charges exorbitant amounts for utilities. The situation is worsened by mass layoffs in the state and the opposition of the local and federal government to a publicly funded jobs program, even as Wall Street and other sections of big business post record profits.

The only possible way that a stop can be put to this situation and to prevent fire deaths caused by utility shutoffs is to remove the profit motive from the provision of these services. Unless this is done, there is no way to guarantee that everyone will have access to gas and electricity. This is why CAUS calls for the nationalization of the utility companies and their transformation into publicly owned, democratically run entities, which will produce and distribute energy to the population on the basis of their needs.

During a conversation with a CAUS committee member, Vice President of UWUA Local 223 Richard Harkins said that he would not oppose utility shutoffs. "No. I would not support ending all shutoffs because there are people who can pay and choose not to," he stated.

This is a false claim that simply repeats the line of DTE's multimillionaire executives who insist that "energy theft" is hurting the company's bottom line. It is intended to justify the unaffordable rates DTE charges and thus, the massive profits that are made from them.

There are not, as Harkins insists, thousands of households with the means to pay for utilities that refuse to do so. Over 30 percent of Detroit's population lives below the official poverty line of \$22,000 a year for a family of four. In nearby Dearborn, Michigan nearly 19 percent of the population lived in poverty as of 2008. The same was true for 15 percent of residents in Warren, Michigan, another community in the metropolitan area.

CAUS has spoken with many DTE customers in Detroit and surrounding cities who owe the company hundreds, thousands, and even tens of thousands of dollars. There is no possible way that working families have the means to pay such bills or anything even close to them.

The argument used by the UWUA to justify utility shutoffs—that DTE has a right to make money—is the very same argument it uses to impose concessions contracts on its membership. Workers are continuously told that their jobs can

only be protected if the energy giant makes a profit and thus, there have to be givebacks. The ultimate result of this is not, however, the protection of jobs, but their destruction.

DTE, for example, currently has just 300 meter readers across the state, of which only 40 percent are directly employed by the company. Years of subcontracting, job cuts and concessions, agreed to by the UWUA, have transformed meter reading into a largely low-wage enterprise. In its last contract, the union agreed to allow part-time meter readers to be paid a poverty wage of \$10 an hour. DTE plans to replace 600,000 analog meters with digital ones in the coming year, a move that will wipe out what remains of this work.

Currently, the union is in negotiations with the company over a new contract. In its appeal to DTE workers, CAUS warned that the UWUA was negotiating behind the backs of its membership and that DTE was preparing a major assault on the workers. The company has repeatedly singled out employee benefits, for example, as a drain on its coffers, noting in comments to the press that it intends to target them for "cost-savings."

CAUS's warnings have proven entirely correct. On May 24, the UWUA issued a notice to its membership stating that DTE is demanding "the unlimited right to spin-off operations" and "huge cuts in health care for active employees and all future retirees." In a communication with DTE employees, the energy giant described workers' benefits as "rich" and "out-of-market," particularly given the economic climate in Michigan.

This is happening under conditions in which DTE is making hundreds of millions of dollars a year in profit. In short, contrary to the claim that the interests of its membership—their jobs and living standards—are not protected when the utility company's profits grow.

Just as the transformation of the utility companies into publicly owned entities is the only basis for ensuring that the entire population has access to gas and electricity, it is also the only basis upon which the jobs and living standards of utility workers can be defended.



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