Pepco cuts exacerbate Washington, DC power outages

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At least 70,000 people in the District of Columbia and the state of Maryland remained without power yesterday, six days after fierce winds struck across the United States. The private electricity company Pepco, which serves approximately 738,000 customers in the two areas, announced Thursday morning that it had restored power to 400,000 customers, or 90 percent of those who were cut off.

More than 600,000 people remain without power nationally, with the worst affected areas in Virginia and Ohio. At least 23 people have been killed as a result of the storms.

The power outages have exposed the decrepit state of US infrastructure, and the electrical grids in particular. With a few exceptions like the Tennessee Valley Authority, the electrical power generation and distribution system in the United States is entirely in private hands, and the neglect of maintenance in favor of short-term profit has been abetted by deregulation at the state and national level.

Electricity providers, once tightly regulated as utilities that provide a necessity for modern life, have been largely freed from any requirement to guarantee services to the public. They are treated as corporations like any other, whose sole aim is to return a profit to private shareholders and huge salaries and bonuses to CEOs.

Like the rest of corporate America, the power companies have instituted mass layoffs and cuts to pay and conditions, while safety standards and maintenance operations have been eroded. There is little or no long-term planning, let alone significant investment in infrastructure like placing power lines underground, as is the case throughout Europe.

As a result, power outages are common during heavy storms, as trees crash into overhead power lines. The outages frequently last several days, which can be especially dangerous for the elderly.

The reality is that after successive storms in which hundreds of thousands have been left without power, no significant sanctions have been placed on Pepco and no attempt made to prevent further blackouts. According to Pepco, tens of thousands of its customers in DC and Maryland remain cut off.

A snowstorm in February 2010 left more than 230,000 in the mid-Atlantic area without power for days, crashing trees into power lines and damaging utility poles. Tens of thousands were again cut off in a blizzard in January 2011, as well as following Hurricane Irene in August 2011. In February of this year, an estimated 98,000 people were cut off for as long as a week following a snowstorm.

The DC Public Services Commission (PSC), a district government body which oversees the operations of public utilities, rejected placing power lines underground in October 2010, following the release of a study by Shaw Consultants International into the cost of the operation. While the analysis showed that 100 percent of outages during storms would be prevented by burying the lines, the associated cost of $5.8 billion was declared to be too great.

The blackouts have been exacerbated by more than a decade of cost-cutting by Pepco, which it has carried out with the full complicity of the Democratic Party, which controls both the state government in Maryland and the District of Columbia.

Reflecting the widespread anger at the Maryland government due to the recent power outages, Douglas Nazarian, the chairman of the Maryland PSC, told the *Washington Post* yesterday, “We, as a commission, can fairly be criticized. We didn’t pick up early enough on the need for comprehensive reliability regulations … It is fair to say we did not have a sense that Pepco stacked up that poorly with other companies."

In January 2011, seeking to diffuse public opposition to Pepco and his government, Democratic governor Martin O'Malley called for the Maryland PSC to investigate the culpability of Pepco through a drawn-out public hearing.

The commission's report in December 2011 was an indictment of the company's practices over twelve years. It stated: "Pepco's low level of reliability stems directly from its poor vegetative management practices. In the years following Hurricane Isabel in 2003, Pepco budgeted and spent inadequately on vegetative management and routinely failed to meet its annual tree-trimming goals, making its electric system highly vulnerable to storm-related outages … Pepco's history of inconsistent and sometimes contradictory tree-trimming practices between 1999 and 2010 imposed more costs and outages on customers."

It added that Pepco had failed to transition to a trimming cycle that would remove four years of tree growth, instead continuing to remove only two years' growth, "a decade after the Tree Trimming Working Group authorized such a change."

"Finally, we find that Pepco failed to conduct periodic inspections of its sub-transmission and distribution lines or to direct after-storm inspections or patrols, and this lack of vigilance manifested itself through the Company's low-level performance in reliability indices and its increased vulnerability to storms."

As always with such hearings, the commission made clear it would not enforce any substantial changes. Pepco was fined a paltry $1 million, and was required to submit a five-year program detailing improvements to its operations. The company submitted the plan, which it estimated would cost approximately $300 million to implement, and openly declared that the costs would be passed on to customers through higher electricity rates.

A ruling by the DC PSC in another hearing in July 2011 imposed similarly hollow requirements on the company, including that, beginning in 2013, it reduce the duration of outages by 3.4 percent per year, and their frequency by 9 percent.

An article in the *Washington Post* this week reported that the compensation for Pepco CEO Rigby rose last year to $7.2 million, more than twice his earnings the year before. According to the OurDC web site, "From 2008 to 2010, Pepco CEO Joe Rigby earned $8.8 million, and Pepco top officers earned more than $22 million. During that same period, Pepco reported $882 million in profits, paid no federal and state income taxes and received $817 million in tax refunds."

Both the Democratic and Republican parties support the continued subordination of electricity and other utilities to the narrow financial interests of major utility companies. This only prepares the way for further blackouts, with potentially deadly consequences.