

# Record utility shutoffs in New York

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Utility shutoffs in New York State have risen by double digits in 2014, driven by a dramatic rise in electricity and fuel prices, adding further proof that millions of people are struggling with basic necessities five years into the so-called economic recovery.

The Public Service Commission (PSC) reports that as of November 30, over 1.2 million residential customers were more than 60 days behind in their bills, and that nearly 277,000 residential electric and gas customers had their service disconnected for non-payment in 2014.

Last winter rates shot up during the record cold and the spike in fuel costs, but have not come down correspondingly since the fall in oil and gas prices.

National Grid, which provides gas and electric service to much of upstate New York, terminated service for over 62,000 customers during the first 10 months of 2014, up 25 percent from all of 2013. Statewide, terminations are up 14 percent in 2014 over the previous year. In June and July 2014, National Grid was terminating 80 customers an hour.

In the comment section on an article last month on Syracuse.com about National Grid's 25 percent increase in shutoffs, one worker wrote, "...Their bills are overwhelming (we are a family of 8), so we worked out payment arrangements to help with a \$495 electric bill from this winter. When my husband switched jobs—leaving us without a paycheck for almost a month—they absolutely refused to help us in any way, shape, or form. Thankfully my parents helped us out."

Once service has been disconnected it is very difficult to have it restored. In addition to having to pay all past due amounts, families are forced to pay an assortment of late fees, collection fees, disconnection fees and reconnection fees. On top of this, interest of 18 percent is charged on all past due amounts. Often the interest and fees total more than the outstanding debt. Making things even more difficult, utilities demand huge

security deposits on top of all other payments.

The PSC does not report it, but tens of thousands of residents remain without service in the current frigid winter, and service cutoffs are continuing.

New York, like most states, has changed its laws, which used to prohibit disconnections during the winter months. Instead, utilities must attempt to contact an adult in the home. If they determine that health or safety would be jeopardized, the customer is referred to a local social service agency, but service is still cut off after 15 business days.

According to the US Energy Information Administration, New York has consistently had some of the highest utility costs in the entire nation. For example, National Grid charged its residential customers \$316 million in March 2014, a 56 percent increase from the previous March.

The burden of these costs has been borne by the working class, while some corporations have received massive subsidies as incentives to relocate or remain in New York.

New York Utility Project (NYUP), a consumer advocacy group, states that, "New York's industrial customers' rates are 11% lower than the national average, while New York's residential rates are more than 60% higher than the national average."

PSC chairperson Audrey Zilberman, in a press release last winter, explained, "The unusually cold weather that has gripped the region has caused energy supply prices to surge in New York state and throughout the Northeast." This has led to the current shutoffs and has further strained the finances of struggling families.

The high rates being charged residential customers also exposes the lie that deregulation and privatization of the utilities lead to lower rates and better service.

The New York Power Authority (NYPA), a quasi-public agency that has 16 electric generating facilities, once provided low cost energy to residential customers,

but has since allocated that energy mostly to corporations.

The largest subsidy is for \$5.6 billion for a 30-year sweetheart deal between NYPA and Alcoa, which has an aluminum smelting facility in Massena, New York. This amounts to a 40 percent discount off the wholesale electric rates.

For 2013 the non-profit agency raked in income of \$228 million, which was \$56 million more than the prior year and was attributed to the higher electric prices.

The NYPA was founded during the Depression by then-governor of New York, Franklin D. Roosevelt. It manages the Niagara Falls hydroelectric project, which is the fourth largest hydroelectric facility in the US.

The PSC is also considering the agreement reached this past weekend between Rochester Gas & Electric (RG&E) and Chicago-based Exelon Corporation to maintain operations at the Ginna power plant. Exelon claims this plant is unprofitable. The agreement will mean that RG&E customers will see their bills increase by over 4 percent to subsidize Exelon's profits.

Those workers who can least afford the sky-high utility rate increases are being forced to go without basic necessities, or to risk their lives utilizing dangerous alternatives in an effort to keep the lights on or stay warm.



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