

Letter to CAUS

The media and utility shutoffs in Pennsylvania

Jaqueline S. Homan
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I'd like to share with CAUS and readers of the *World Socialist Web Site* what I know about Pennsylvania's unaffordable utilities and the media blackout on shutoff casualties.

In February 2009, the *Erie Times News* ran a biased article denying the severity and frequency of utility shutoffs and their impact on northwestern Pennsylvania's poor. The article only cited spokesmen for National Fuel, the gas utility monopoly that serves northwestern Pennsylvania—including Erie, half of whose population struggles to live on less than \$20,000 a year.

National Fuel's spokesperson lied, claiming that National Fuel does not and has not shut off service to those unable to pay their bills in the winter. The company also claimed that there is "plenty of help for those who are unable to afford their bills," citing the Low Income Home Energy Assistance Program, the Greater Erie Community Action Committee, and its own LIRA plan, which discounts gas bills a miserly amount at the direction of LIRA administrators.

GECAC is the main Erie social agency charged with dispensing help with utility bills through the CAP program, the Neighbor-For-Neighbor Fund, and weatherization assistance for low-income homeowners. They always run out of funds, leaving many otherwise eligible applicants—the elderly and disabled, families with children, and poor adults—without any help. I know of one woman who was offered three dollars from GECAC as help toward her electric bill!

But no one is talking about those who are turned away. To the contrary, the *Erie Times News* article left readers with the impression that there is all this help out there.

The newspaper never investigated the thousands of residents in Erie, Crawford, Mercer, and Warren Counties who have had their gas or electric shut off in the winter and who have not been able to get service restored once terminated. The *Erie Times News* failed to include stories from the region's poor who have suffered through Erie winters without heat, hot water, power, and cooking fuel.

Local news media whitewashes the reports of house fires that are directly related to utility shutoffs from unaffordable rates and a lack of adequate help. Winter house fires are reported as being caused by kerosene heaters and the absence of smoke detectors, not the lack of utility service.

For many Pennsylvanians, the protection of final resort against either dying from the cold or in a house fire caused by unsafe alternative heating methods was the state's winter shutoff moratorium. In November 2004, however, this moratorium was ended. Act 201 (also known as SB 677) was passed by Pennsylvania lawmakers and signed into law by Democratic Governor Ed Rendell.

In 2005, National Fuel raised its rates significantly. After Hurricane Katrina struck that year, gas utility rates skyrocketed again by another 41 percent. People told National Fuel what this would do to them at a public hearing right before the 2005 rate hike went through.

At that event, which was attended by National Fuel executives, members of the Public Utilities Commission (PUC), and representatives of Pennsylvania's state legislature were present, one utility executive quipped that people "can get a second

job” to pay their bills. Another National Fuel spokesman claimed that the utility company does not shut off utilities for low-income people with medical problems, if they provide the company with a letter from a doctor. In reality, few of the region’s doctors who accept patients on Medicaid are willing to provide such letters.

According to the head of the Pennsylvania Consumer Advocate Office, Sonny Popowski, a survey of LIHEAP recipients by the National Energy Assistance Directors’ Association in September 2005 (a few weeks after the post-Katrina rate hikes) revealed that 73 percent of the respondents had reduced expenses for household necessities because they did not have enough money to pay their utility bills. Nineteen percent reported that they kept their homes at temperatures that were unsafe or unhealthy due to unaffordable utility bills, while 24 percent indicated that they used their stove or oven to provide heat. Twenty percent said that they went without food for at least one day per month in an effort to avoid shutoff.

Popowski also noted that according to a winter survey conducted by the PUC, from 2004 to 2005 the number of service terminations carried out by Pennsylvania’s electric, natural gas, and water utilities went from 152,000 to 242,885.

The study also found that the number of Pennsylvania households that were without heat due to loss of electric and/or natural gas service rose from 15,005 in 2004 to 17,057 in 2005. The number of households that either had no heat or were using unsafe alternative heating methods increased from 17,654 in 2004 to 21,063 in 2005.

Act 201 modified a number of provisions from the PUC regulations regarding grounds for termination, notice, and timing of terminations. Popowski has insisted that this contributed to the increase of terminations in 2005. “Indeed, it is otherwise hard to explain how or why a company like American Water Company increased its terminations by 211% from 7,502 in 2004 to 23,302 in 2005,” he said, objecting to the manner in which Chapter 14 removes the discretion over utility service rules from the PUC and gives that discretion instead to the utilities themselves. Chapter 14 put the fox in charge of the chicken coop.

After the run-up in wholesale natural gas prices, Governor Rendell initiated the Stay Warm PA program,

which gave state aid to LIHEAP and called on regulators to take steps to protect customers. In October 2005, Governor Rendell announced, “We need to set reasonable standards for customers who are terminated. I will ask the utilities to agree not to charge more than \$50 upfront for a reconnect fee and no more than \$100 for a deposit for those being reconnected for any family under 250% of the federal poverty level. If utilities don’t agree to voluntarily establish such reasonable levels for this winter, I will look to the PUC to use its powers to make this happen.”

It is five years later and Pennsylvanians still don’t have this “reasonable protection.” This is directly due to Act 201. Under Chapter 14, the PUC has no “powers to make this happen” *unless the utilities agree to it*.

This chapter also explicitly allows a utility to refrain from restoring service to low-income or payment-troubled customers who defaulted on two prior payment agreements, unless the customer pays the full reconnection fee, security deposit and entire outstanding balance upfront in cash.

In December 2009, Popowski testified before the Pennsylvania legislature regarding the disappearance of whatever limited utility rate caps have existed. “For residential customers of PP&L, which serves much of central and northeastern Pennsylvania, we know that average bills for residential customers will be increasing by approximately 30 percent beginning on January 1 2010.”

Jacqueline S. Homan



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