OLR RESEARCH REPORT

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COPPER THEFT

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You asked for information on the recent increase in copper theft nationally, including ways to prevent such theft.

SUMMARY

Recently, the value of copper has increased dramatically. It was valued at $1.25 a pound in 2009, increased to an all-time high of $4.50 a pound in 2011, and is currently selling at $3.42 a pound (http://www.marketwatch.com/investing/future/copper). With copper values increasing in recent years, copper theft has become more prevalent.

The increase in value combined with the relative ease of theft has led to more thefts, which results in utility and construction companies having to spend millions of dollars on repairs and increased security.

Different entities are employing various methods to reduce copper thefts. These include the utility companies, law enforcement officials, and federal and state governments. Several states, including Connecticut have adopted laws to address the issue. Connecticut requires scrap metal processors to verify the identity of anyone from whom they buy scrap metal and record certain transactional information.

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COPPER THEFT

Copper theft normally involves stealing metal from vacant or foreclosed housing, construction sites, utility poles, transformers, or any place where it is accessible and relatively deserted. Generally, the thief sells the copper for cash at scrap metal yards, where it is melted and reshaped for other uses.

The thieves will target any copper that is unsecured, but mainly they seek wires or cables, especially uninsulated ones. Other targets include the tubing and coils in air conditioners, as well as gutters or roofs with copper flashings (http://cops.usdoj.gov/Publications/e031022263-Theft-of-ScrapMetal.pdf).

IMPACT OF COPPER THEFT

According to a U.S. Department of Energy study, there have been approximately 9,000 media reports of copper theft in the United States over the past decade. The vast majority of these thefts result in minor monetary cost. However when a thief steals several hundred dollars worth of copper, the utility company must spend over a thousand dollars to make the repair. (The study is available at http://www.oe.netl.doe.gov/docs/Updated%20Assessment-Copper-Final-101210%20c.pdf.)

In 2008, the Electric Safety Foundation International (ESFI) collected data on copper theft from 618 U.S. utility companies. It found that there were 18,400 individual copper thefts that year, with $22 million in repair costs. For half of the respondents, the repair costs ranged from $1,500 to $20,000. But there were also some very costly thefts, including one that cost $2 million.

According to the ESFI study, approximately one-third of the cost to make repairs is for replacement wires and the remainder is for paying the repair crews. (The study is available at http://esfi.org/index.cfm/cd/FAP/cdid/10983/pid/10272.)

MITIGATION

Legislation

Federal. In 2008, the Copper Theft Prevention Act was introduced in both the U.S. House of Representatives and Senate. This legislation would have, among other things, (1) required secondary copper recyclers to maintain purchase records for at least two years, (2) banned recyclers from cash transactions over $500 for purchasing copper, and (3)

established fines up to $10,000 for violators. Neither bill was reported out of committee.

States. States have been more effective than the federal government in enacting copper-theft legislation. According to the National Conference of State Legislatures, at least 33 states have enacted legislation related to copper theft. Some of the ways the states deal with copper theft are through:

1. transaction record-keeping,
2. stricter identification requirements,
3. enhanced penalties,
4. specific payment methods, and
5. proving ownership before sale.

(http://www.ncsl.org/issues-research/energyhome/copper-theft-can-cause-major-electric-outages.aspx)

Connecticut. Connecticut requires scrap metal processors to verify a seller's identity, record certain transactional information, submit weekly transactional statements to law enforcement, and have a general five-day holding period (CGS §§ 21-11 and 21-11a(a)). There are three different sets of requirements for processors depending on what they receive (CGS § 21-11a(a)).

For all scrap metal loads received, processors are required to record a description of the scrap metal with the (1) metal's weight; (2) price paid; (3) identity of the person who delivered the metal; and (4) photograph of the car the metal was delivered in, including the license plate. There is no holding period if the scrap metal does not contain wire or cable that can be used in telecommunication transmissions or electricity distribution.

For a scrap metal load that contains wire or cable that can be used in telecommunication transmissions or electricity distribution, the processor must also take a photograph of the scrap metal load.

For wire or cable that can be used in telecommunication transmissions or electricity distribution, the processor is required to make a copy of the vehicle's certificate of registration and describe the material received and its source.

In all cases, a scrap metal processor must keep the records and photographs for two years and make them available for law enforcement inspection during normal business hours (CGS § 21-11(b)).

A first violation of these requirements is a class C misdemeanor (up to three months imprisonment, a fine of up to $500, or both). The second violation is a class B misdemeanor (up to six months imprisonment, a fine of up to $1,000, or both) and a subsequent violation is a class A misdemeanor (up to one year imprisonment, a fine of up to $2,000, or both) (CGS § 21-11(f)).

Utility Companies

Utility companies are using various methods in attempts to curb copper theft, including launching public awareness campaigns, offering rewards, and using new identification technology.

Some companies have launched websites to let the public know that there is a copper theft problem (e.g., American Electric Power https://www.aepnationalaccounts.com/safety/CopperTheftKills.aspx). The campaigns also encourage the public to call a hotline or the police when they see potential thefts or suspicious activity at utility sites.

In addition to the public awareness campaign, some companies are offering rewards for information leading to the arrest and conviction of anyone stealing or attempting to steal from their facilities.

Companies have also used new identification technology that makes it harder for thieves to sell stolen copper. For example, some companies are using nanotechnology that is only visible with special equipment and have unique codes to prove ownership. This technology will (1) deter thieves if they know the wire is individually marked, (2) discourage scrap dealers from accepting stolen property, and (3) provide a tracking mechanism for law enforcement.

Law Enforcement

In addition to responding to tips and calls from the public, law enforcement officials have also set up sting operations. These operations target scrap dealers who violate purchasing regulations. The information gathered in these operations help identify dealers inclined to buy stolen metal.

There are varying levels of sting operations. Some are just to verify scrap yard employees are properly credentialed, while other times undercover officers try to sell obviously stolen property to see if the dealers require proper identification and report the suspicious activity.

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