

PG&E could face financial trouble if utility is found responsible for California's worst wildfire

By ALEJANDRA REYES-VELARDE
NOV 14, 2018 | 7:30 PM



In this Oct. 18, 2017, file photo, a Pacific Gas & Electric Co. worker replaces a power pole destroyed by wildfire in Glen Ellen, Calif. (Ben Margot / Associated Press)

In a grim sign for the Northern California utility giant, Pacific Gas & Electric Co. said Wednesday that if it is deemed responsible for the fire that destroyed much of Paradise, the liability would exceed its insurance coverage.

The cause of California's most destructive and deadliest wildfire has not yet been determined. But PG&E said a transmission line in the area went offline 15 minutes before the fire was first reported, and the company found a damaged transmission

tower near where investigators said the fire began. Investigations are underway on the cause of the Camp fire, which has destroyed more than 10,300 structures and killed at least 56 people.

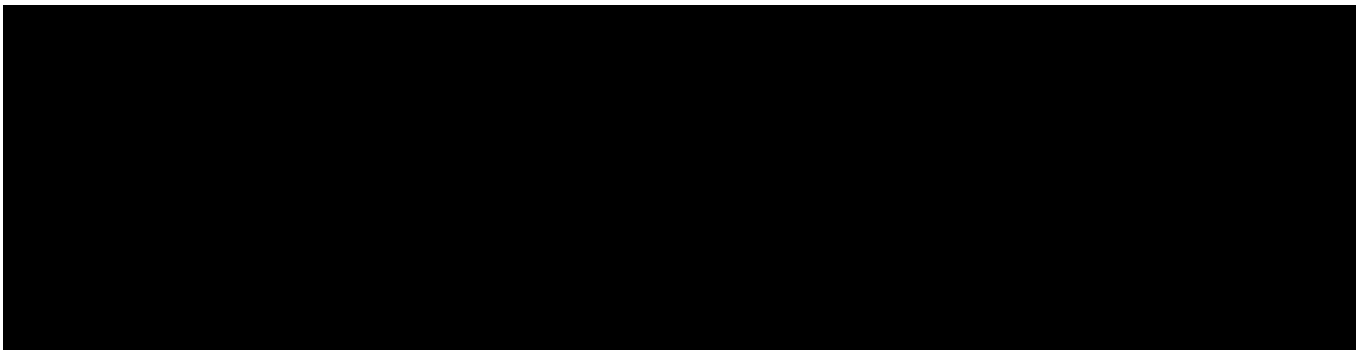
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In a corporate filing Wednesday, PG&E said that if its equipment caused the fire, it “would be expected to have a material impact on PG&E Corporation’s and the Utility’s financial condition, results of operations, liquidity, and cash flows.”

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In a statement, the utility added: “Right now, our entire company is focused on supporting first responders and assisting our customers and communities impacted by the Camp fire. Our hearts are with the communities impacted by the Camp fire. The loss of life and property is staggering. We encourage the public to follow their directions and warnings as fire conditions continue to change.”

Since the fire began Thursday, PG&E stock has lost half its value.





Aerial view of destruction from the Camp fire in Paradise off of Clark Road. The Camp Fire has burned more than 7,000 structures in Paradise. (Carolyn Cole / Los Angeles Times)

Some who lost homes in Paradise have already sued PG&E, accusing the utility of negligence and blaming it for the fire.

The financial costs of the deadly blaze are expected to be staggering.

After destructive fires swept through wine country last year, PG&E faced similar liability questions. Wall Street estimates the utility giant faces up to \$15 billion in liabilities from those fires, which also burned thousands of homes. PG&E has raised the possibility of bankruptcy if it cannot get some relief.

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Investigators already have linked PG&E lines to some of the October 2017 fires, including the Atlas fire that killed six people and destroyed 781 structures, and the Redwood Valley fire that killed nine and destroyed 544 structures. Officials continue to investigate the cause of the largest of the wine country fires, the Tubbs fire, which swept into Santa Rosa, killing 22 and destroying more than 5,600 structures.

Gov. Jerry Brown in September signed a bill that will offer financial help to utility companies facing massive fire losses. Though the bill was scaled back from an earlier effort to rewrite a liability standard that applies to the companies when their equipment is involved in sparking a fire, it nonetheless offers new power to the California Public Utilities Commission to offer concessions when appropriate. The bill allows PG&E to borrow money for its 2017 wildfire costs while using money collected from ratepayers to pay back the loan.

Some consumer groups oppose the bill, though, calling it a bailout for PG&E.

The cause of the Woolsey fire, which has destroyed hundreds of homes in Los Angeles and Ventura counties, is also under investigation.

On Monday, Southern California Edison reported an issue with a circuit in the utility's Chatsworth substation on East Street and Alfa Road that occurred minutes before the Woolsey fire broke out in the same area.

Edison this year announced a plan to spend \$582 million for a series of improvements aimed at reducing fire risk that probably would mean higher bills for

ratepayers. The proposal includes strengthening poles and using better technology to determine when winds put the power grid at risk.

Many of California's most destructive fires have been fueled by powerful winds, which in some cases have caused power lines to snap off and spark blazes. Utility companies are on the hook for hundreds of millions of dollars in losses, and officials have warned that the losses will grow if the agencies can't find ways to reduce the risks.

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Times staff writer Paige St. John contributed to this report.

7:30 p.m.: This article was updated with information about fires caused by power lines.

This article was originally published at 11:40 a.m.
