

Report Blames PG&E Power Lines for 4 of Northern California Wildfires

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PG&E Corp.'s equipment was responsible for causing four of the smaller wildfires that tore through Northern California last year, according to the first report issued by state investigators.

The fires in Butte and Nevada counties, located in the Sierra Nevada foothills, were sparked by trees or branches hitting PG&E power lines, the California Department of Forestry and Fire Protection, known as Cal Fire, said in a statement. The causes of the larger blazes in wine country, including the Tubbs Fire in Napa and Sonoma counties, remain under investigation.

Cal Fire found evidence that PG&E violated state laws in three of the smaller blazes, including not leaving adequate clearance between trees and power lines. In the La Porte Fire, which burned 8,417 acres and destroyed 74 structures in Butte County, investigators said PG&E hadn't broken state rules. No injuries or deaths were tied to the four fires.

PG&E is reviewing the reports and believes its fire-prevention programs met the state's "high" standards, according to a statement Friday.

Shares of the San Francisco-based company fell 2.6 percent in after-hours trading. They closed at \$44.66, up 1.9 percent.

The fact that investigators found evidence indicating the investor-owned utility's wires sparked the blazes isn't surprising — given how frequently electrical equipment is responsible for wildfires, said Paul Patterson, a utility analyst at Glenrock Associates.

"The key question will be if any of the fires resulted in negligence or imprudence on the part of the utility," he said.

The California Public Utilities Commission said in a statement it would incorporate Cal Fire's findings into its own probes.

PG&E has lost more than \$12 billion in market value since the wildfires broke out. It suspended its dividend and withheld its 2018 profit guidance because of uncertainty about how much it might have to pay for damages. The fires — some of the worst in state history — destroyed thousands of structures and killed 44 people.

Inverse Condemnation

Under California law, utilities can be held liable for costs if their equipment is found to have caused a fire — even if they followed safety rules — based on a legal principle known as “inverse condemnation.” PG&E Chief Executive Officer Geisha Williams has called the policy “deeply flawed.” The company, along with California’s other investor-owned utilities, has been lobbying the state’s lawmakers and regulators to change it.

California Governor Jerry Brown said in March that he will work with state leaders to develop policies this year to update wildfire liability rules and regulations for utilities. Brown has said the state is at higher risk for more severe and frequent fires due to climate change.

Insured losses claimed from the Northern California wildfires totaled \$9.55 billion as of the end of January, the state insurance agency said.

“As we have suspected since October of 2017, these reports confirm that PG&E equipment was involved, and that PG&E has once again failed to safely operate its system,” said Steve Campora, a lawyer representing fire victims suing PG&E.