

**News**

**Utility Bankruptcy Could Be Costly to Wildfire Victims**

**PG&E filed for bankruptcy protection Tuesday, which could lead to higher power bills and reduce fire victim payouts**

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*Associated Press*

SAN FRANCISCO — Faced with potentially ruinous lawsuits over California’s recent wildfires, Pacific Gas & Electric Corp. filed for bankruptcy protection Tuesday in a move that could lead to higher bills for customers of the nation’s biggest utility and reduce the size of any payouts fire victims receive.

The Chapter 11 filing allows PG&E to continue operating while it puts its books in order. But it was seen as a possible glimpse of the financial toll that could lie ahead because of global warming, which scientists say is leading to fiercer, more destructive blazes and longer fire seasons.

The bankruptcy could also jeopardize California’s ambitious program to switch entirely to renewable energy sources.

PG&E cited hundreds of lawsuits from victims of fires in 2017 and 2018 and tens of billions of dollars in potential liabilities when it announced earlier this month that it planned to file for bankruptcy.

“My administration will continue working to ensure that Californians have access to safe, reliable and affordable service

The blazes include the nation’s deadliest wildfire in a century — the one in November that killed at least 86 people and destroyed 15,000 homes in Paradise and surrounding communities. The cause is under investigation, but suspicion fell on PG&E after it reported power line problems nearby around the time the fire broke out.

Last week, however, state investigators de-

termined that the company’s equipment was not to blame for a 2017 fire that killed 22 people in Northern California wine country.

The bankruptcy filing immediately puts the wildfire lawsuits on hold

and consolidates them in bankruptcy court, where legal experts say victims will probably receive less money.

In a bankruptcy proceeding, the victims have little chance of getting punitive damages or taking their claims to a jury. They will also have to stand in line behind PG&E’s secured creditors, such as banks, when a judge decides who gets paid and how much.

“My administration

will continue working to ensure that Californians have access to safe, reliable and affordable service, that victims and employees are treated fairly,” Gov. Gavin Newsom said in a statement.

Legal experts say the bankruptcy will probably take years to resolve and result in higher rates for customers of PG&E, which provides natural gas and electricity to 16 million people in Northern and central California.

PG&E would not speculate about the effect on customers’ bills, noting that the state Public Utilities Commission sets rates. It said the bankruptcy filing would not affect electricity or gas service and would allow for an “orderly, fair and expeditious resolution” of wildfire claims.

PG&E also filed for bankruptcy in 2001 during an electricity crisis marked by rolling blackouts and the ma-

nipulation of the energy market. It emerged from bankruptcy three years later but obtained billions in higher payments from ratepayers.

California has set a goal of getting 100 percent of its electricity from carbon-free sources such as wind, solar and hydropower by 2045. To achieve that, utilities must switch to buying power from renewable sources.

PG&E made agreements in 2017 to buy electricity from solar farms. But because of its bankruptcy, some experts have questioned its ability to pay what it agreed to, or to make the investments in grid upgrades and batteries necessary to bring more renewable energy online.

“PG&E’s bankruptcy is going to make it a lot more costly for California to meet its environmental goals,” said Travis Miller, an investment strategist at Morning-

star Inc.

Consumer activist Erin Brockovich, who took on PG&E in the 1990s, had urged California lawmakers not to let the utility go into bankruptcy because it could mean less money for wildfire victims.

PG&E faced additional pressure not to seek bankruptcy after investigators said a private electrical system, not utility equipment, caused the 2017 wine country blaze that destroyed more than 5,600 buildings. Newsom’s office estimated that more than half of the roughly \$30 billion in potential wildfire damages that PG&E said it was facing was from that fire.

While the investigators’ finding reduced PG&E’s potential liability, it wasn’t enough to reassure investors. Its stock is down 70 percent from about a year ago.

*Bussewitz contributed from New York.*

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