

PG&E's Chapter 11 bankruptcy filing: Corporate executives again to get away with murder

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On Monday, San Francisco-based utility Pacific Gas and Electric Company (PG&E) announced that it would file for Chapter 11 bankruptcy on January 29 amid mounting liabilities due its complicity in the wildfires that tore across California in 2017 and 2018, which killed dozens, displaced thousands of people, destroyed tens of thousands of homes and burned hundreds of thousands of acres of land.

PG&E is the largest power utility in the US by number of customers, supplying electricity and natural gas to 16 million customers in Northern and Central California, operating as a local monopoly. The company faces widespread litigation, including government investigation into the deadly wildfires that tore across the state of California over the past two years, lawsuits from victims and the possibility of over \$30 billion in liabilities. The potential liabilities tower over the company's total market value of \$4.2 billion.

PG&E stock fell by 52 per cent after the announcement on Monday, and an additional 39.5 per cent on Tuesday, although some of the loss was later regained. The company missed a \$21.6 million interest payment, which caused its \$18 billion debt to fall on the bond market. On Monday, its stock was down over 80 per cent from late 2017.

The company fears that it will face "significant liability" in excess of its insurance coverage if its power lines and other equipment are found to have caused the massive Camp Fire, which burned the mountain community of Paradise to the ground in November and killed 85 people.

Chapter 11 bankruptcy will result in a freeze of the company's debts and protection from creditors seizing its assets while the company works out a plan to compensate its creditors. It's likely that, if the bankruptcy proceedings go through, the current company will emerge as a newly restructured holding company, shifting the burden of its debt and liability payments on to the working class—in the form of higher energy costs and corporate "restructuring" that will result in cuts to jobs, wages and benefits.

It is possible that the California state legislature, controlled by the Democratic Party, could help PG&E to avoid bankruptcy by allowing it to raise its already high utility rates. The average

rate paid for the utility by customers in California is 16 cents per kilowatt hour, nearly twice as much as the rate paid by customers in neighboring Oregon and nearby Washington state, and significantly higher than the US average of 10 cents per kilowatt hour.

The California Public Utilities Commission, which regulates the company, began investigations in late December to determine whether the company should pursue "significant structural changes," including becoming a state-owned utility or splitting up its businesses.

There is evidence that points directly to the corporation's role in causing the wildfires that devastated so much of the northern half of the state over the past two years. At the outset of the November 2018 Camp Fire—which became the deadliest in the state's history—firefighters responded to a fire sparked by downed power lines 10 miles outside of Paradise at Poe Dam, owned by PG&E.

Sixteen wildfires which swept across the state in 2017, killing an official total of 44, were found to have been sparked by PG&E's equipment, for which the company faces \$17.3 billion in liabilities. PG&E was found by investigators to have violated safety regulations in 11 of those incidents.

These so-called natural disasters were anything but natural. They were the result of cuts to maintenance, safety and labor costs by the company in order for top executives to extract large payouts and serve the profit demands of their major shareholders, including BlackRock and Vanguard, two of the three most powerful investment firms in the world, along with State Street.

PG&E announced on Sunday that its CEO Geisha Williams has resigned. She will leave with a \$2.5 million cash severance. Williams became CEO in March 2017, meaning that many of the most destructive wildfires in California's history occurred under her direction.

Nick Stavropoulos, ex-president and chief operating officer, was eligible for \$6.9 million in cash upon his retirement in September 2018. Stavropoulos oversaw the falsification of records related to PG&E's gas pipeline system from 2012-2017. The discovery of the falsified records was a

revelation, as it came two years after the 2010 San Bruno disaster, when a company gas line exploded, killing eight and destroying a neighborhood.

Former CEO Peter Darbee, who presided over the San Bruno disaster, received a \$34.8 million severance payout upon his departure, and Anthony Earley, Williams' direct predecessor, was also involved in the record falsification scandal and received \$10.4 million in severance when he retired in 2017.

The Democratic Party, which controls the state legislature in California, has done nothing to stop the greedy executives of PG&E from profiting off of the disasters caused by its cost-cutting measures and negligence. It has done just the opposite. After the Camp Fire ravaged Paradise and the surrounding area, former Democratic Governor Jerry Brown toured the area with Republican President Donald Trump and Democratic Governor-elect (now current Governor) Gavin Newsom in an attempt at damage control, saying nothing to substantially condemn the corporation for the disaster.

Later, Brown applauded the pittance offered by the Trump administration as emergency aid to the victims of the disaster as "substantial funding" on CBS's "Face the Nation." Brown himself presided over massive cuts to social programs in California during his tenure as governor from 2011 through 2018.

While the Camp Fire raged in November, two Republican and ten Democratic California legislators indulged in a trip to Maui with utility executives, hosted by the Independent Voter Project, to discuss legislation that would protect utilities from the financial burden from fines incurred for their responsibility in wildfires. The legislation would allow utility companies to raise rates to offset the costs of wildfire fallout, and although PG&E executives were not present, the legislation would serve its profit interests. According to the nonprofit Consumer Watchdog group, the twelve lawmakers received a total of more than \$630,000 in campaign donations from utility companies.

The International Brotherhood of Electrical Workers (IBEW), the trade union which represents workers at PG&E, has said nothing to condemn the recklessness of PG&E's top executives and the devastating outcome for the working class in California. Like other trade unions, it has sought to keep the struggle of the working class behind the dead-end politics of the Democratic Party and tied to the profit system.

In fact, the IBEW Local 1245 boasted that it helped to write the language of California legislation last summer that required a utility to give 15 days' notice before filing for bankruptcy, stating that it is a protection for workers. In reality, it is nothing but a protection for the company, as it allows the company two weeks to obtain aid from the state and its shareholders in figuring out ways to raise rates or restructure, which are measures that ultimately are aimed at attacking the working class and forcing them to pay for the crimes of the corporate elite.

Whether PG&E is rescued by the state, splits itself up or files for bankruptcy, the corporate parasites at the top will once again get away with murder unless the working class intervenes with its own program to take control of the utility corporation and transform it into a publicly-owned enterprise.

Workers who live in the areas served by PG&E and understand the risks to their lives from corporate negligence would not allow for such devastation to occur so that a few people could rake in unfathomable wealth. But that is precisely what occurs when the capitalist class has control over the means of production; basic necessities such as gas and electricity are a source of profit, not regarded as a social need. The safety of hundreds of thousands of people is put at risk without a second thought.

In order for workers to put forth their own program to establish democratic control over the energy companies, they must join hands with workers coming into struggle across the world, including 33,000 Los Angeles public school teachers on strike, 70,000 factory workers at the US-Mexico border who organized wildcat strikes, Yellow Vest protesters in France, and 30,000 oilworkers across the US, whose contracts are set to expire on February 1.

Workers in all industries are intricately linked by the complex system of capitalist production. Virtually all sections of workers rely on the energy industry in some way. But in order to link their struggles together, energy workers must cast off the bankrupt politics of the Democratic and Republican parties and their servants in the trade unions. These organizations will never represent the working class. They allow the working class to suffer disasters like the Camp Fire while they turn a blind eye to corporate recklessness.

Energy workers cannot fight the capitalist class without the help of other workers in a unified struggle to end the profit system of rule and replace it with socialism, a system in which workers have democratic control over the major industries, and in which the means of production are used to meet social need, not private profit.



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