

With support from Governor Newsom, California utility PG&E finalizes settlement with fire victims

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On Tuesday, a California bankruptcy court approved a revised \$13.5 billion settlement between Pacific Gas and Electric (PG&E) Company and wildfire victims, as well as an \$11 billion settlement between PG&E and insurance creditors that paid for fire damages.

The northern California company, the largest investor-owned utility in the United States, which services over 5 million households, declared bankruptcy in January of this year in response to mounting lawsuits—with claims of upwards of \$30 billion—over its culpability in sparking some of the deadliest wildfires in California history.

The revised settlement retains the incredibly inadequate payout to victims of the 2018 Camp Fire, the 2017 Tubbs Fire, the 2016 Ghost Ship warehouse fire and the 2015 Butte Fire which collectively killed 145 people and destroyed over 25,000 buildings. The Tubbs and Camp fires alone constituted \$54 billion in damages according to July statements from lawyers of the victims.

The primary revision, decided on Monday between PG&E and victim attorneys, was to remove a provision that required the personal approval of Governor Gavin Newsom to go forward.

In a letter sent to PG&E CEO Bill Johnson last Friday, Newsom declared that the settlement failed to meet the reforms necessary for PG&E to comply with Assembly Bill 1054 (AB 1054), a new state law implemented in July for California utilities to be eligible for a \$21 billion bailout fund to pay for future wildfire damages, which PG&E intends to use in order to pay its settlements.

However, following the decision by US bankruptcy Judge Dennis Montali, lawyers representing the

governor indicated support for the settlement payout contingent on PG&E making the token reforms demanded by Newsom. In his Friday letter, the governor demanded that PG&E replace its current board of directors with a new board approved by Newsom himself, whose vague qualifications include “extensive safety experience” and which must be comprised of “a majority of Californians.” Likewise, Newsom demanded that the company implement new, unspecified, company-determined safety and operational metrics. In other words, the company must make cosmetic changes before it is allowed its bailout money.

The PG&E bankruptcy is the culmination of years of criminal neglect of infrastructure and preventative fire measures that have prioritized corporate profit over human lives. Earlier this month, the California Public Utilities Commission (CPUC) released a report condemning PG&E for routinely failing to inspect and repair its power lines for years, in violation of state rules and regulations. Only after this report was released did PG&E publicly accept its responsibility for the 2018 Camp fire that destroyed the city of Paradise and killed 85 people.

Power infrastructure has been left to deteriorate to the point where the average age of PG&E electric towers is over 68 years, with an intended life expectancy of 65 years. The transmission tower responsible for sparking the Camp Fire was 100 years old. Likewise, the company routinely de-funded brush-clearing and other fire mitigation programs, making them responsible for over 2,000 wildfires in the last decade alone.

In the months since the bankruptcy filing was announced, the company earned itself increased public

resentment with its practice of regional power shutoffs in an effort to prevent its power equipment from sparking more wildfires in the dry and windy weather conditions. At the end of October, over 15 fires raged across California even as PG&E cut power to millions throughout those weeks.

The Kincade Fire, the largest of the 2019 California fire season, broke out in Sonoma County despite the planned power shutoffs. Although the cause of the fire is still under investigation, PG&E reported a downed transmission line that was still energized at the same time and location as the outbreak of the fire. Coinciding with the mass power shutoffs, the rapid movement of the fire toward urban areas forced over 180,000 residents to flee without internet access or electricity to guide them effectively.

Polls show that there is growing hostility to the company and its criminal practices with 3 in 4 believing that the utility should not unilaterally choose to shut off power without regulatory input. Likewise, seven in eight do not trust the company to restructure itself independently following the bankruptcy settlement.

On Monday, a group of demonstrators mobilized at PG&E headquarters in San Francisco to condemn its criminal history and unilateral power shutoff practices. Protesters pointed to the reckless impact of power outages on the disabled and elderly as well as the company's interest in paying shareholders over investing in adequate safety practices.

Responding to public anger, Governor Newsom has moved in recent months to demagogically denounce PG&E for corporate negligence and mismanagement, and has even initiated a task force to create a potential plan for a state takeover of the utility if it does not meet the AB 1054 regulations by the bankruptcy deadline of June 30, 2020.

His condemnations are entirely hypocritical, however, as Newsom was the recipient of more than \$200,000 in contributions from PG&E in his 2018 gubernatorial campaign. Moreover, AB 1054, which was sponsored by Newsom, effectively created a \$21 billion bailout for utility companies to pay for damages incurred by wildfires sparked by their equipment and has motivated the removal of legal liability standards for electrical utilities. Under the bill, investor-owned utilities are only required to contribute \$5 billion over five years

into the fund while additional support will come from taxpayer funding and through increased utility bill rates.

Ultimately there is no outcome following the PG&E bankruptcy that will have any fundamental effect in preventing wildfires outside of placing the corporation under the democratic control of the working class, as part of a broader socialist transformation of society.

What is required in addition to rebuilding the livelihoods of the tens of thousands of wildfire victims is the complete overhaul of electrical transmission equipment, including the installation of underground transmission lines as well as brush clearing and other fire-prevention programs. Likewise, this must coincide with a global reduction of greenhouse gasses and emissions, which contribute to climate change that is making droughts and wildfires more severe and frequent.

These policies can only be implemented through a revolutionary reorganization of society from one in which everything, including the right to electricity and life on a habitable planet, is subordinated to the profit interest of a tiny capitalist elite to one in which the world's resources are utilized to meet the needs of all of humanity.



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