

FAILING SINCE BANKRUPTCY: PG&E'S SAFETY & ACCOUNTABILITY SCORECARD

**BY THE RECLAIM OUR
POWER UTILITY JUSTICE
CAMPAIGN**



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This scorecard seeks to illustrate how PG&E continues to fail at keeping Californians safe from wildfires and electricity shut offs. The findings here show that the California Public Utilities Commission (CPUC) must do a better job of regulating the investor owned utility to ensure that electricity is "safe, reliable, and affordable."

This scorecard also aims to provide further information on the Reclaim Our Power Campaign's March 30, 2021 [letter of demands on CPUC](#) to hold PG&E Accountable to the utility's Plan of Reorganization. This is a collaborative report that was made possible by Movement Generation, North Bay Organizing Project, Communities for a Better Environment, Local Clean Energy Alliance, PODER and California Environmental Justice Alliance.



Just Transition Now banner at 2019 youth global climate strike in front of Chevron Oil headquarters. Photo by Brooke Anderson

RECLAIM OUR POWER: UTILITY JUSTICE CAMPAIGN

The Reclaim Our Power: Utility Justice Campaign mobilizes allies and social justice forces to work towards building an equitable, sustainable restructuring of California's energy system. In holding PG&E, regulators, and other agencies accountable to the public, the campaign aims to lead a transition to an equitable and democratic energy system in the state.

The campaign is a grassroots movement in California seeking to transform the existing investor owned and privately controlled energy system into one that is safe, reliable, resilient, equitable, affordable, and community and worker controlled. This effort to bring about energy democracy empowers working people, low income communities and communities of color, and their allies, to take control of their energy system.

The vision of the Reclaim Our Power Campaign is to meet the needs of communities most at risk from the present energy system. Utility justice is based upon the belief that energy is a human right. This looks like decentralized control of energy resources, democratic and transparent decision making, and reliable and resilient energy. The current centralized, investor owned utility system is unsustainable and unjust. We demand a new energy model that meets the needs of our communities for economic, environmental, and social justice.

By highlighting the many ways in which PG&E fails to ensure the safety of its customers, the Reclaim Our Power Campaign hopes to build momentum and raise awareness on why our current energy system must change.



PG&E'S DISMAL SAFETY RECORD

In 2015, PG&E was convicted of six felony counts related to a gas pipeline explosion that killed eight people in San Bruno on September 9th, 2010. An independent audit of the utility revealed that \$100 million was diverted away from pipeline safety and put into shareholder profits and executive bonuses over a 15 year period{1}.

In October 2017, Northern California experienced 170 fires. Twelve of those fires were caused by PG&E power lines. In Napa & Sonoma, PG&E caused 9 deaths and burned just over 127,000 structures{2}. The 2018 Camp Fire proved to be the most deadly and destructive in California's history, in which PG&E pled guilty to 84 counts of involuntary manslaughter{3}. The utility sought bankruptcy protection in January 2019 after being saddled with an estimated \$30 billion dollars of wildfire debt liability during the 2017 and 2018 wildfire season.

BANKRUPTCY BAILOUT

After a year and a half of litigation, Governor Newsom, PG&E, and the CPUC agreed upon a Plan of Reorganization for PG&E to exit federal bankruptcy court. The agreement met a June 30, 2020 deadline set by legislation (AB 1054) that would allow PG&E to access a wildfire insurance fund to avoid liability for future wildfires that it caused. This bailout settlement came over the strong objections of fire survivors, people with disabilities, communities of color and thousands of other Californians. As part of the Plan of Reorganization, the CPUC created a safety accountability process (formally called the Enhanced Oversight and Enforcement process) as a condition of approving the bankruptcy settlement. Commissioners promised that if PG&E continued to burn down, smoke out, and shut off power for Californians, they would hold the utility accountable and potentially end its monopoly over our utility system.

The Plan of Reorganization is costing ratepayers up to \$7.5 billion. PG&E ratepayers are now responsible for paying off that enormous debt through a 20 to 30-year bond. Wildfire survivors are set to receive minimal compensation for their losses, half of which will be in PG&E stock. The safety accountability aspects of the Plan--the Enhanced Oversight and Enforcement process--has shown itself inadequate to avoid similar disasters in the future. It does not institute strong wildfire safety metrics and/or robust performance standards for utility wildfire mitigation or utility power shutoffs.

CONTINUED PG&E FAILURES

Following the Plan of Reorganization, PG&E has continued to fail Californians in the following ways:

- **PG&E's Zogg Fire Killed 4 People and burned over 56,000 acres.**

On September 27th 2020, nearly two years after PG&E flagged dangerous trees for removal, a windstorm blew the trees into an active power line. The Zogg Fire broke out and began to consume the hills of Redding and Shasta County, burning down 56,000 acres and killing 4 people over 16 days {4}. The gray pine tree suspected of causing the Zogg fire was flagged for removal in 2018 but consequently never taken down. Before the fire, PG&E was supposed to perform an enhanced inspection that never took place.

- **PG&E has failed to make significant hardware upgrades to power lines to reduce wildfire risk.**

PG&E has projected a decrease in wildfire ignitions caused by its infrastructure of about 5% from 2019 to 2022. This compares to Southern California Edison's (SCE's) projections of a 75% decrease{5}. This dramatic difference reflects PG&E's focus on enhanced vegetation management (tree removal) {6} rather than on aggressive hardening of power lines to prevent wildfires. That would include replacing obsolete wires and installing automatic circuit breakers that detect faults and shut down lines before electrical sparking causes fires.

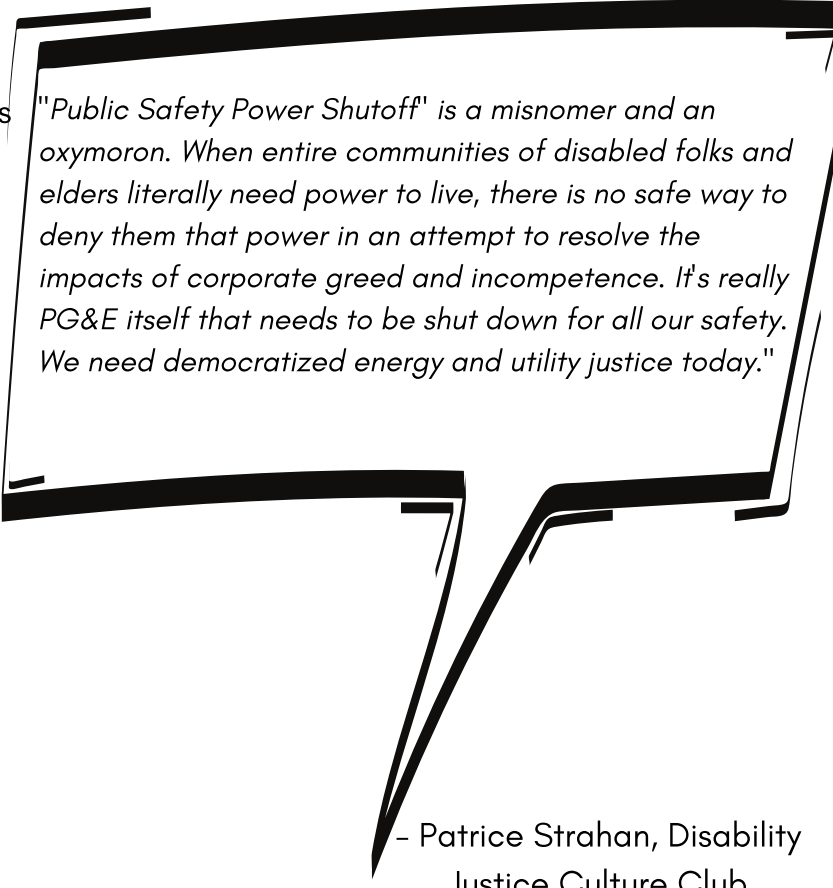
For example, PG&E replaced only 370 miles of obsolete lines with insulated conductors in 2020—out of PG&E's-acknowledged 7,100 miles of such wires in High Fire-Threat Districts{7}.

Those 370 miles were just half the yearly average promised by PG&E in it's 2020-2022 request for rate increases to cover such measures {8}.

PG&E's 2021 Wildfire Mitigation Plan calls for system hardening of only half that number, 180 miles of such wires . At that rate it will take PG&E 40 years to upgrade all these obsolete wires{9}.

- **PG&E continues to engage in reckless shut offs that endanger our power to live.**

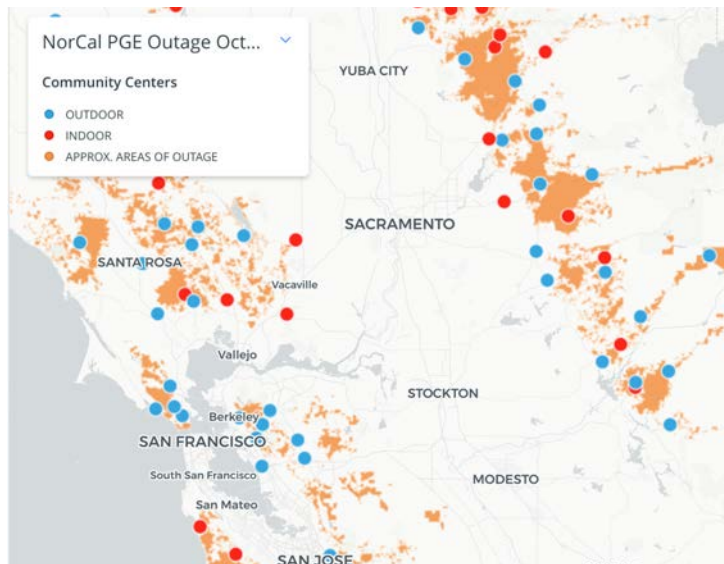
Instead of focusing on hardening grid infrastructure to prevent wildfires, PG&E has chosen a tactic of shutting down Californians' life giving electricity and ironically naming these events "public safety power shutoffs" (PSPS). There were a total of 6 PSPS events between the months of September and December 2020{10}.



"Public Safety Power Shutoff" is a misnomer and an oxymoron. When entire communities of disabled folks and elders literally need power to live, there is no safe way to deny them that power in an attempt to resolve the impacts of corporate greed and incompetence. It's really PG&E itself that needs to be shut down for all our safety. We need democratized energy and utility justice today."

– Patrice Strahan, Disability Justice Culture Club

PSPS Outages Map - October 2020



- **PG&E promised that the Plan of Reorganization would be “ratepayer neutral”**

When the CPUC agreed to let PG&E out of bankruptcy and continue to control and profit from energy in California, the utility said that its Plan of Reorganization would not raise rates on the people of California. Nine months later, during a global pandemic, PG&E pushed for and passed higher rates to explicitly use ratepayer dollars to pay for wildfire mitigation programs. All this to solve a problem that PG&E itself created.

Californians have the highest electricity rates in the nation, and projections show that higher rates lie ahead. With insufficient shutoff protections and insufficient access to rate reduction programs, low income Black, Indigenous, and other communities of color still face the threat of having their power shut off at a catastrophic scale while still bearing the cost burden of the current failing system.

- **PG&E is Shorting Compensation for Fire Survivors**

Nearly 80,000 people qualified for damages from PG&E’s reckless fires in 2017 and 2018. When the Plan of Reorganization was approved, it included provisions to compensate fire survivors through stock options -- tying the economic restitution of survivors to the Wall St. success of the company. Nine months since exiting bankruptcy, payments are just now being slowly meted out, and the funds are a billion dollars less than promised in the deal, shorting fire survivors of the few resources they’ve been offered to recover.



Reclaim Our Power Campaign/ Local Clean Energy Alliance Staff & Supporters. Activists Rally 2019.

CPUC'S ACCOUNTABILITY PROCESS

In light of PG&E's continued failures over the last nine months, indications are that the CPUC's accountability process is not doing its job: to hold PG&E accountable{11}.

- **The CPUC's 6 - step Enhanced Oversight and Enforcement process**

In the Decision approving PG&E's plan of reorganization, the CPUC laid out a roadmap for how they would monitor the utility's safety performance. If PG&E fails to meet certain conditions for reporting and investing in wildfire mitigation, they can be placed in the first step of this process. They can be placed in further steps if they continue to fail safety measures or do not obtain a safety certificate from the Wildfire Safety Division. However, this process allows room for PG&E to continue causing devastation over a timespan of years, giving them multiple chances to file Corrective Action Plans and maintain control of the grid. The steps are as follows:

Step 1: **Enhanced Reporting**

Step 2: **Commission Oversight of management & operations**

Step 3: **Appointment of Third Party Monitor**

Step 4: **Appointment of Chief Restructuring Officer.**

Step 5: **Appointment of a Receiver**

Step 6: **Review of PG&E's Certificate of Public Necessity**

Only after months or years of repeated, systemic negligence and non-compliance will the CPUC consider assigning receivership to handle the utility's business or strip it of its license.

If the CPUC follows through on it's responsibility and PG&E is denied renewal of its safety certificate, it can be placed in Step 3 of the process and an independent third party monitor will be brought in. ROP believes that PG&E should be stripped of its business license and not be allowed to get away with murder for one more day.

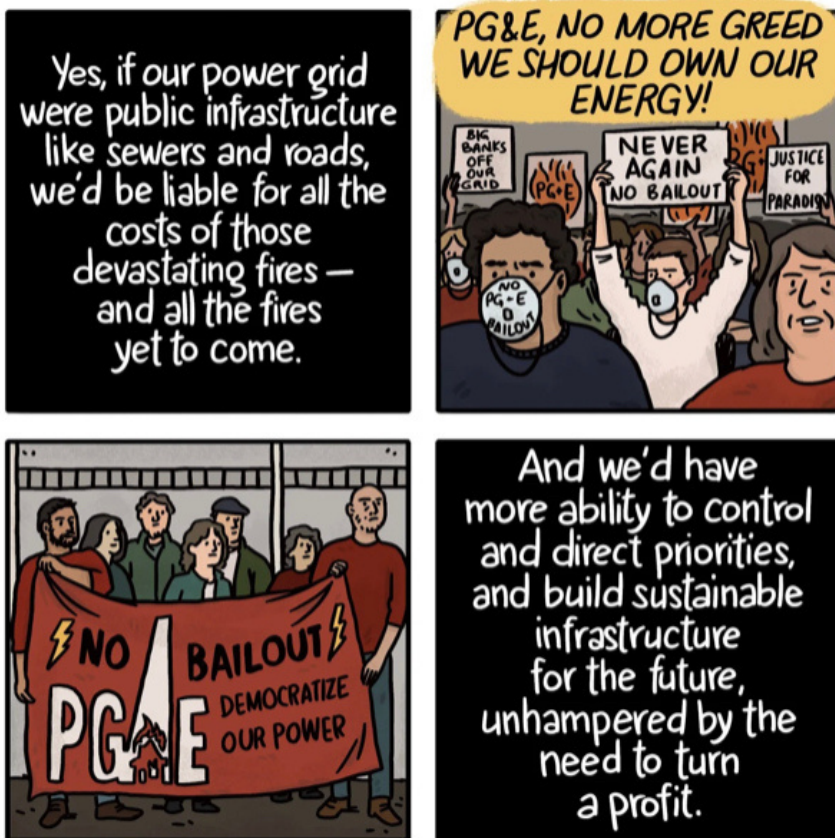
- **PG&E's Safety Certificate is a sham**

The safety certificate CPUC recently issued to PG&E should not have been approved. The PG&E Wildfire Mitigation Plan upon which safety certification is issued, was given only conditional approval by the Wildfire Safety Division, indicating that the plan is flawed and that a safety certificate should be denied pending revision of the plan. It goes without saying that safety certifications should be based on correcting past performance shortcomings, not on fictional plans.

Furthermore, there is no procedure in place for the public to review or challenge the issuance of a safety certificate that releases the utility from potentially billions of dollars of liability for fires it may cause for three years. The safety certificate is a license for PG&E to continue to neglect the safety of our communities.

- **The accountability process lacks public accountability**

As noted, the Commission has made limited effort to hold PG&E accountable. The process has been opaque, inaccessible and taking place behind closed doors between the corporate offender and the Commission. Since safety certification and oversight of PG&E involves our lives, our safety, and can involve billions of our dollars to pay for damages, it should engage impacted stakeholders in a formal CPUC proceeding based on evidentiary hearings and public intervention.



Art Illustrations by Susie Cagle



RECLAIM OUR POWER DEMANDS

TRUE ACCOUNTABILITY

Our [ROP Accountability of PG&E letter](#) details four demands of the CPUC that push for true safety accountability:

- Reject PG&E's Safety Certificate when it comes up for confirmation on April 15th.
- Move PG&E into Step 3 or further up the Enhanced Oversight and Enforcement process and select a third party monitor to hold the utility accountable.
- Make the Enhanced Oversight and Enforcement process public and transparent by moving it to an official CPUC proceeding.
- Force PG&E shareholders, not the people, to pay for the company's safety failures.

California has the potential to move away from PG&E's rotting grid infrastructure, reduce reliance on long-distance transmission and lessen the impact of massive utility power shut offs. This can be done by prioritizing local energy generation, demand reduction, and other measures that build energy resilience in the face of changing climate conditions. It also requires changes in how the grid is owned and operated and to whose benefit.

Here is what some of Reclaim Our Power's key leaders envision:

"Ten years out, I see young people now who are experts in our energy system, and they are part of the governance bodies of Northern California."

– Mari Rose Taruc, Reclaim our Power Utility Justice Campaign

"Environmental justice communities are accessing jobs in these sectors and we've got a stronger control of how our energy is distributed."

–Gwen Chang, California Environmental Justice Alliance

"We've set up resilience hubs and folks can get job training and connect to energy generation."

– Sylvia Chi, Asian Pacific Environmental Network

"Folks have decision making power over their resources where people are healthier and have more attuned lives with their natural environment."

–Abbas Khalid, Movement Generation

1. https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Safety/Natural_Gas_Pipeline/News/OberlandStudy.pdf
2. <https://www.kcra.com/article/cal-fire-downed-power-lines-sparked-a-dozen-october-wildfires/21241891#>
3. <https://www.nytimes.com/2020/06/16/business/energy-environment/pge-camp-fire-california-wildfires.html>
4. <https://www.bloomberg.com/news/articles/2020-12-11/pg-e-expects-loss-of-at-least-275-million-for-deadly-zogg-fire>
5. <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M340/K883/340883294.pdf>
6. Causes other than vegetation ignited 75% of PG&E's wildfires between 2015-2019: see - <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M340/K883/340883294.pdf>
7. <https://www.pgecurrents.com/2020/12/02/pg-e-crews-meet-the-challenge-hardening-infrastructure-as-they-rebuild-in-areas-burned-by-wildfires/>
8. https://www.pge.com/pge_global/common/pdfs/about-pge/company-information/regulation/2020-General-Rate-Case-Fact-Sheet-121218.pdf
9. <ftp://ftp.cpuc.ca.gov/WMP/2021/Utility/PGE/PGE%202021%20WMP%20Update.pdf>
10. https://www.pge.com/en_US/residential/outages/public-safety-power-shutoff/psps-reports.page
11. https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/News_Room/NewsUpdates/2020/D2005053%20for%201909016.PDF

To learn more about the work of Reclaim Our Power Utility Justice Campaign visit: ReclaimOurPowerCA.org

