

BRIEF

PG&E reports second line fault in Camp Fire area

By Gavin Bade

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Dive Brief:

- Pacific Gas and Electric on Friday reported a second line fault in the area of the deadly Camp Fire in Northern California on the morning the blaze started, adding to investor concern over a potential bankruptcy or reorganization of the company.
- PG&E said in a filing with the California Public Utilities Commission that it experienced an outage on a circuit in Butte County at 6:45 a.m. on Nov. 8. The utility said California fire officials have collected the equipment and it is cooperating with their investigation.
- PG&E can be held financially liable for fire damages if its equipment is found to be responsible for their ignition. The utility last week first said its equipment may be involved in the Camp Fire and California's head regulator said the state would likely not let the utility go bankrupt

Dive Insight:

PG&E's Friday regulatory filing adds to the utility's involvement with the Camp Fire, which has burned more than 150,000 acres and killed 77 people since igniting early this month.

PG&E's stock fell nearly 5% Monday on news of the second line fault after it had rebounded sharply on Friday following comments from California Public Utilities Commission Chairman Michael Picker.

Picker assured investors late Thursday that the state did not want to see the utility enter bankruptcy for the second time in two decades, but would also expand a probe into PG&E's governance structure that could conclude that the state's largest utility should be broken up.

"It's not good policy to have utilities unable to finance the services and infrastructure the state of California needs," Picker told Bloomberg after a conference call with investors.

Picker's assurances came days after PG&E said that its costs for the wildfire season are likely to exceed its insurance coverage in documents filed with the Securities and Exchange Commission. The company also withdrew all of its revolving credit lines, a move that often anticipates a bankruptcy filing or credit downgrade.

News of the second transmission outage comes after reports that PG&E considered shutting off power to some of its Northern California customers the morning of the blaze, but had not done so.

PG&E previously de-energized its lines in October to minimize fire risk on a windy day. It began notifying customers before Nov. 8 that it would do so again, the Los Angeles Times reported, but ultimately did not take the action, saying conditions "did not warrant" it.

PG&E lines were found responsible for 16 fires last year and an investigation into the Tubbs Fire, which killed 24, is still pending. Picker last week said California officials would begin implementing a new law that allows utilities to pass wildfire costs onto customers, and financial analysts say lawmakers could smooth the path to cost recovery this winter.

"We think 'clean up' legislation could be introduced as soon as Dec. 3rd," Bank of America analyst Julien Dumoulin-Smith wrote to clients last week, "where text could potentially expand [wildfire legislation] to offer both securitization levers and

applicability of the customer threshold filing to the 2018 fires."