70

How PG&E Ignored California Fire Risks in Favor of Profits

By IVAN PENN, PETER EAVIS and JAMES GLANZ
Graphics by KEITH COLLINS and JUGAL K. PATEL
MARCH 18, 2019

Tower 27/222 looms almost 100 feet tall in the Sierra Nevada foothills, a hunk of steel that has endured through 18 United States presidents. The transmission lines that it supports keep electricity flowing to much of California.

On the morning of Nov. 8, a live wire broke free of its grip. A power failure occurred on the line, affecting a single customer. But 15 minutes later, a fire was observed nearby. Within hours, flames engulfed the region, ultimately killing 85 and destroying the town of Paradise.

The equipment belonged to the state's biggest utility, Pacific Gas and Electric. To the company's critics, the tower and its vulnerability reflect a broken safety culture.

Five of the 10 most destructive fires in California since 2015 have been linked to PG&E's electrical network. Regulators have found that in many fires, PG&E violated state law or could have done more to make its equipment safer.

Long before the failure suspected in the Paradise fire, a company email had noted that some of PG&E's structures in the area, known for fierce winds, were at risk of collapse. It reported corrosion of one tower so severe that it endangered crews trying to repair the tower. The company's own guidelines put Tower 27/222 a quarter-century beyond its useful life — but the tower remained.

Tower 27/222. Utility experts have been incredulous that Pacific Gas & Electric let it stand for so long. Max Whittaker for The New York Times

In January, the company sought bankruptcy protection, saying it might face more than $30 billion in wildfire liabilities. Its financial straits could hamper its preparations for the next wildfire season, and those beyond, even as weather patterns increase the fire risk.

“There is a climate change component to this,” said Michael W. Wara, director of the climate and energy policy program at Stanford University and a member of a state commission examining the cost of wildfires. “But there’s also a failure of management and a failure of vision.”

Another major utility in the state, San Diego Gas & Electric, has added hundreds of weather stations, cameras and satellite technology in recent years to reduce fire risk. PG&E is now trying to catch up.

Beyond wildfires, PG&E has a broader history of safety problems. A 2010 explosion of a PG&E gas pipeline killed eight people and destroyed a suburban neighborhood, prompting state and federal officials to investigate PG&E’s safety practices. Regulators ultimately fined the utility $1.6 billion, and a federal jury convicted it of violating a pipeline safety law and obstructing an investigation. The company is still under court-supervised probation.

PG&E executives acknowledge that the company has made mistakes. “We have heard the calls for change and are committed to taking action by focusing our resources on reducing risk and improving safety throughout our system,” John Simon, PG&E’s interim chief executive, said in a recent statement.

But Gov. Gavin Newsom said the company’s record made it hard to take its promises seriously.

“They have simply been caught red-handed over and over again, lying, manipulating or misleading the public,” Mr. Newsom said in an interview. “They cannot be trusted.”

Finding flaws, but choosing not to fix them

A broken insulator underneath a PG&E transmission line outside the town of Pulga, Calif.
Max Whittaker for The New York Times

Iris Natividad and her partner of 28 years, Andrew Downer, had spent a decade in a Paradise home, where they had an antiques business and Mr. Downer’s 80,000-piece antique marble collection. Ms. Natividad was away when Mr. Downer told her by phone that a fire had been sighted in the town of Pulga and was headed his way.

Pulga seemed distant enough — about a 20-minute drive — that there would be time to escape if necessary. But 30 minutes later, the flames were a mile away, and there was no one to evacuate Mr. Downer, a 54-year-old amputee.

"He told me, 'Today might be a good day to die,'" Ms. Natividad recalled. Mr. Downer and his service dog, a Labrador, were killed.

The state has not finished its investigation of the blaze, known as the Camp Fire, which became California's deadliest ever. But the company said recently that its equipment was probably the cause. And utility experts were incredulous that PG&E had let Tower 27/222 stand for so long. The company's critics say the utility could have easily obtained approval from state regulators to replace the tower and recover the cost from ratepayers.

"Some people believe that you run equipment to failure," Catherine Sandoval, a former California regulator who has been pushing for improved maintenance of electrical poles and towers. "They believe 'run to failure' to save money. This is the danger of run to failure."

In December 2012, five other aging towers on the same stretch, the Caribou-Palermo line, collapsed in a storm. In July 2013, Brian Cherry, PG&E's vice president for regulatory affairs at the time, notified state regulators that the company would replace the five fallen towers and one more, but not 27/222.

A 2014 company email that has come to light in the bankruptcy proceedings said that "the likelihood of failed structures happening is high." But PG&E determined that if the structures failed, the cause would probably be heavy rain, precluding a wildfire risk. PG&E said this week that the structures in question were temporary wooden poles that had since been replaced.

In April 2016, PG&E made another request to regulators: to install fresh wires on the Caribou-Palermo line. But the company said it would not replace any of the line's remaining nearly century-old towers.

That October, during painting work on a lattice tower on the line, a piece of hardware called a J hook broke when a contract worker grabbed it while repositioning himself. A PG&E report said workers had determined that corrosion — the reason for the painting — was enough of a problem that "crews working on these towers need to use caution."

The company said that tower had a different design from Tower 27/222's. But it would not comment on why it didn't replace 27/222 given its age. It said it considered many factors when making decisions on maintenance and repairs.

‘A focus on the bottom line over everything’

A 2010 pipeline explosion in a San Francisco suburb killed eight people and destroyed a neighborhood. Paul Sakuma/Associated Press

The deadly 2010 gas pipeline explosion in San Bruno, a San Francisco suburb, was PG&E’s second in a two-year period. The ensuing investigations and litigation produced an alarming picture of the company’s practices and priorities.

In court depositions, employees said supervisors routinely ignored their concerns about the company’s use of faulty analysis and outdated equipment. The state’s Public Utilities Commission, which regulates PG&E, concluded that the company was more concerned with profit than with safety.

The commission’s safety and enforcement division found in 2012 that PG&E’s gas and transmission revenues exceeded what it was authorized to collect by $224 million in the decade leading up to the explosion. But capital spending fell $93 million short of its authorized budget between 1997 and 2000. PG&E

also spent millions less on operations and maintenance than it was supposed to.

“There was very much a focus on the bottom line over everything: ‘What are the earnings we can report this quarter?’” said Mike Florio, a utilities commissioner from 2011 through 2016. “And things really got squeezed on the maintenance side.”

Five years after the explosion, a PG&E line started the Butte Fire, which scorched more than 70,000 acres, killing two people and destroying nearly a thousand homes and other buildings.

State investigators said workers should have known that when they had cleared a stand of trees for PG&E, they had exposed a gray pine weak enough to be blown into a power line. On Sept. 9, 2015, strong winds knocked that tree into the line, igniting the fire.

State officials also blamed PG&E equipment for starting 17 of 21 major fires in 2017 that ripped through Northern California, including wine-growing Napa and Sonoma Counties.

A 2017 report commissioned by state regulators determined that PG&E often made improvements only after a disaster. The report, which was produced by NorthStar Consulting, also found that the transmission and distribution side of the company had less robust safety policies than its gas and power generation divisions.

Bonuses were linked to reducing fallen wires, but the policy didn’t last

The remains from a fire that damaged homes and cars in Santa Rosa, Calif., in October 2017. Justin Sullivan/Getty Images

Under regulatory and legal pressure after the San Bruno gas explosion, PG&E took steps to elevate safety as a priority. In 2012, the company started linking a portion of executives' annual bonuses to minimizing the number of downed power lines.

But after the company reported that the number of wires down had jumped nearly 30 percent in 2016, it stopped using that measure to help calculate bonuses.

PG&E started using a benchmark that tracked vegetation-management efforts as well as inspections and upgrades of electrical lines. The company said the new statistic helped reduce the number of fallen wires.

The change came as PG&E installed a new chief executive, Geisha J. Williams, formerly head of the company's electric operations. Weeks later, in May 2017, the company approved a dividend increase, the second in just over a year, that helped win investors' favor.

After the devastating wildfires of October 2017, Ms. Williams detailed steps the company was taking to prevent more fires, like disabling power lines when the risk of fires was high and improving how it dealt with foliage near its lines.

But Ms. Williams also said the company was often being blamed for fires when it had done nothing wrong. She took aim at a California legal principle that held companies liable for the damage caused by their equipment even when the businesses had not acted negligently, and said PG&E was pushing regulators, lawmakers and courts to change the provision. At an industry conference last March, she said doing so was “the most important thing for us right now.”

While the company did not get everything it wanted, the California Legislature passed a law in September that allowed utilities to recoup some of the cost of wildfire liabilities by raising electricity rates. But that law did not address 2018 wildfires, leaving the company responsible for tens of billions of dollars in damage.

In January, with a bankruptcy filing imminent, Ms. Williams left the company. She did not respond to requests for comment for this article.

After its own fire disaster, another utility became a safety innovator

Chris Arends, the meteorology program manager for San Diego Gas & Electric, in front of a wildfire activity model at the company’s headquarters. John Francis Peters for The New York Times

State officials say there is a good template elsewhere in California for what PG&E should be aiming for: the practices of San Diego Gas & Electric.

The San Diego utility keeps data on every utility pole and transmission tower in its service territory, which is smaller than PG&E's but has a higher proportion of overhead lines in areas at high fire risk. It uses nearly 177 stations to monitor temperature, humidity and wind speeds in an area roughly the size of Connecticut and records video from 100 high-definition cameras. It uses satellites to track how green or dry the grass is and employs the state's largest water-dropping helicopter to douse fires quickly. When data indicates a high wildfire threat, the utility cuts off power to some areas.

San Diego Gas & Electric upgraded its fire-prevention efforts after residents sued it for causing a devastating wildfire in 2007. In recent years, it has been responsible for far fewer fires than PG&E. "We want to make sure that we're doing everything we can to mitigate ignition," said Scott Drury, the utility's president.

Sumeet Singh, PG&E's vice president for community wildfire safety, said in an interview that the utility was putting new safety policies in place, often using San Diego's approach. They include ground and helicopter inspections of poles and towers, and weather monitoring systems.

But he suggested that PG&E had an uphill task given climate change. He said equipment failures that would have caused little or no damage a few years ago now set off fires that burn thousands of acres because California forests had become much more combustible.

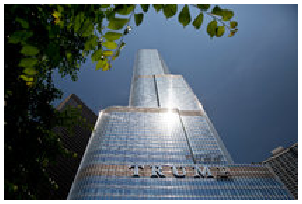
The risk of wildfires in California has clearly gone up, but Robert McCullough, a longtime consultant to energy companies and state and federal officials investigating them, said there would have been far fewer destructive fires had PG&E followed San Diego's lead years ago.

"Their culture of a lack of safety is unique, in my opinion," he said.

Note: In the map showing the fires that took place in the Napa area in 2017, not all points of ignition are shown, nor fires for which Pacific Gas & Electric was not found to have violated state law. | Graphic sources: United States Geological Survey and the California Department of Forestry and Fire Protection.

More on NYTimes.com

-



[A Mar-a-Lago Weekend and an Act of God: Trump's History With Deutsche Bank]

[Mar. 18, 2019]

- 

  ### [Special Counsel Sought Michael Cohen's Emails in 2017, Documents Show]

  [Mar. 19, 2019]

- 

  ### [Deutsche Bank and Trump: $2 Billion in Loans and a Wary Board]

  [Mar. 19, 2019]

- 

  ### [Cyclone Idai Leaves Vast Destruction in Mozambique and Other Countries in Southern Africa]

  [Mar. 19, 2019]

- 

  ### [West Virginia Sues Bishop and Diocese, Saying They Knowingly Employed Pedophiles]

  [Mar. 19, 2019]

Site Information Navigation

- Home
- Search
- Accessibility concerns? Email us at accessibility@nytimes.com. We would love to hear from you.
- Contact Us
- Work With Us
- Advertise
- Your Ad Choices
- Privacy
- Terms of Service

- Terms of Sale

Site Information Navigation

- Site Map
- Help
- Site Feedback
- Subscriptions