

Upheaval at PG&E Spurred by Deluge of Potential Tort Liabilities

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The Camp Fire was one of the most devastating in California history. In addition to devastating over 18,000 structures and 153,336 acres, the Camp Fire claimed the lives of 86 people and the entire town of Paradise, California. While recently cleared of liability for the [Tubbs Fire in Sonoma](#), many fire victims and Californians are still asking if PG&E, California's gas and electric utility provider, is to blame for the Camp Fire and many others. PG&E and the public are still investigating to what extent electric sparks from its power lines may have contributed to the ignition of these fires.

Nevertheless, PG&E finds itself in a unique position among parties bearing potential liability for the fire. First, as a public utility, it has faced significant pressure from the California Public Utilities Commission to make operational changes that would reduce the risk of fire in the future. Second, as one of the few entities from whom a successful liability action may yield substantial damages for the lost lives and property of the fire victims, PG&E is one of the few possible defendants with the ability to pay.

It is precisely PG&E's size and pocketbook that has led to a deluge of potential suits against the company for damages and for public regulation interests. These suits have led [PG&E to prepare for bankruptcy](#) as its CEO, Geisha Williams, makes her departure from the company.

What does it mean when a company like PG&E files for bankruptcy? A utility company with a state-sanctioned monopoly over the foundational provision of power to a state of nearly 40 million people [can't just fold and exit the marketplace](#). It is ultimately in the state's and its people's interest to ensure that some company is providing power and heat. In this sense, a Chapter 11 filing is one means of limiting the extent of operational costs while continuing operations. Another means to deal with the cost of these liabilities is to simply pass them on to consumers as higher utility prices.

The public may, however, see another option for reining in an essential service provider. While it wouldn't be helpful to break PG&E's natural monopoly by licensing other utility providers to build electric lines and generators, it may make sense to break PG&E up into regional divisions.



Much like the breakup of Bell Corporation into regional entities like Bellsouth, these regional PG&Es could be held more accountable by the state and local public.

This possibility of breaking up PG&E is contingent on whether PG&E is too large to sufficiently monitor its vast infrastructure for safety, or even too large to be sufficiently punished into making changes by lawsuits and the state public utility commission. If it turns out that the best means of regulating PG&E to be more attentive to how it contributes to the state's fires, we may see the state pioneer a new wave of antitrust action centered on the utilities it controls. From a legal torts perspective, however, showing that PG&E's alleged negligence was either sufficient or necessary to start the fires still remains a difficult obstacle for many fire victims seeking damages.