

What can we do to ensure the safety of the massive electric and natural gas delivery systems that we rely on every day? Eight years after the horrific explosion and fire stemming from one of the Pacific Gas and Electric Company's (PG&E's) natural gas pipelines in San Bruno, California, the state's legislators and utility regulators are still wrestling with that question. In the years just after the explosion, the hope was that imposing a billion dollar penalty on PG&E for its neglect of its pipelines would be enough to get the company's attention. In addition, PG&E was indicted and convicted on federal criminal charges related to its pipeline safety practices. It is currently serving parole for those violations.

In 2013, in the middle of the debate on San Bruno, I [wrote](#) about an option that was not part of the broader conversation at the time: reconsidering whether PG&E should continue operating the system that provides gas and electricity to Northern California customers. All of that was before the devastating wildfires in California's Wine Country in 2017, or the even worse fires in 2018. And most recently, regulators have opened a new investigation into allegations that PG&E falsified its pipeline safety reports in the years since the San Bruno explosion.

Now, regulators are openly asking whether there might be a better way to organize the company; or whether they should break it into pieces, or hand the operation of its systems over to a governmental entity. On Friday December 21<sup>st</sup>, the President of the California Public Utilities Commission issued a [ruling](#) laying out all of these options and inviting stakeholders to suggest other approaches.

Let's not forget: as of yet, there are no findings linking PG&E's equipment to the ignition of the largest fire that occurred in 2017; there are no findings about the cause of the Camp Fire in 2018; and PG&E has yet to respond to the concerns about falsified records. It is too soon to draw any conclusions about PG&E's corporate safety culture based on these events. And even if all of these events are linked to PG&E — even if it were proven that the company's underlying conduct was unreasonable — it is not a foregone conclusion that breaking up the company or taking away its utility franchise would be the right response. All that is clear is that any utility must continuously earn the right to be the exclusive service provider and that providing that service in a safe manner is by far the most important responsibility. That means that the questions currently being explored by regulators are appropriate and necessary. If all of the deaths, all of the lawsuits, all of the disrupted lives, a billion dollar penalty, and criminal convictions were not enough to eliminate the falsification of safety records, then what would it take?

The call to consider existential changes at PG&E raises more questions than it answers - as

it should be. Is PG&E too big to succeed? Does the traditional way of setting utility rates provide a perverse incentive to skimp on safety? If PG&E cannot do enough to keep its system safe, who could? In a world of multi-billion dollar fire liabilities related to the company's existing wires and equipment (occurring on what appears to be an annual basis), who would be willing to take over the system and thereby take on the risk of new wildfires? What would an adequate safety program look like? Would a change in corporate officers prove that the corporate culture has changed? Who could afford to compensate PG&E for the market value of its massive infrastructure, built in stages over a hundred year period? If the utility franchise should change hands, how many years would it take to make the transition, and who would be accountable for safe operation and new infrastructure investment during that period? Since it will never be possible to make an electric or natural gas system entirely safe, what role do utility companies and their regulators have in decreasing the intensity of wildfires by reducing the plant-based fuels that feed them?

Not only is it too early for regulators to answer these questions, it is too soon to declare that we have added all of the necessary questions to the list. That is why the regulators are starting by asking all stakeholders to contribute their ideas by submitting written comments. Then, the regulators will figure out how they want to structure the conversation in the months ahead. And it will all take time. One should not expect definitive answers for months, if not years.