

“You won’t accomplish anything to break the company up into pieces. You won’t have different electric lines in the same place. It doesn’t create competition.”

—Frank Gevurtz, McGeorge School of Law

“I think the working people of California are fed up with the continued death and destruction caused by the utilities, by PG&E,” Steve Zeltzer of United Public Workers for Action told commissioners in November. “The utility executives should be in jail for what they’ve done. They’ve lied to the people of California And the utility should be a public utility. Take the profits out of utilities. The public should control it, not these profiteers who don’t give a damn about what they’ve done.”

To some extent, that message was heard. A month later, the commission started the formal process of reviewing whether PG&E should be broken up into regional subsidiaries or restructured as a state-owned company. While that review continues, the city of San Francisco is separately exploring whether it can take over control of PG&E’s power distribution within its limits. PG&E has publicly warned that any forced restructuring likely would result in higher utility bills for the average Californian.

Frank Gevurtz, a professor at McGeorge School of Law in Sacramento who specializes in antitrust litigation, says the company is probably correct in that assumption. Gevurtz also notes that while PG&E is a for-profit entity under its state corporate structure, it also falls into what California law defines as “a natural monopoly.” He explains that, throughout U.S. history, natural monopolies have been allowed when it’s not economically or practically efficient to have different or overlapping service infrastructure. For example, major telephone companies once were natural monopolies. Some railroad companies still are.

“In PG&E’s case, it’s not feasible for multiple companies to have duplicate power and gas lines,” Gevurtz said. For that reason, the professor is skeptical that ratepayers would benefit from a state takeover or major restructuring of PG&E since the transmission grids would remain unchanged. □

“You won’t accomplish anything to break the company up into pieces,” Gevurtz said. “You won’t have different electric lines in the same place. It doesn’t create competition. If you’re a natural monopoly, you’re a natural monopoly.”

And PG&E’s status as a monopoly has created another major concern within California’s environmental movement, one that ultimately might help maintain its status quo. PG&E currently has contracts to buy roughly \$42 billion worth of clean energy from wind and solar providers over the next 20 years. It also has made an estimated \$1.7 billion in additional investments in other clean energy initiatives. Finally, PG&E is the main player in the plan to take the Diablo Canyon nuclear power plant near San Luis Obispo offline by 2025 and replace it with zero-carbon energy sources.

In other words, PG&E is not only capable of taking major steps to combat climate change, it also has already been willing to do so. If the utility is broken up, environmental advocates worry that would be a significant setback.

“The utility companies continue to be essential partners in the clean energy programs that California has pioneered for the country and the world, and PG&E has been the largest partner in that effort,” said Ralph Cavanagh, energy program co-director with the Natural Resources Defense Council. “If you’re someone who is worried about the direction of clean energy, it’s certainly not obvious that breaking PG&E up would help.

“There are certain advantages to scale,” he added. “If you look at California’s record in driving down the cost of clean energy, companies like PG&E were a big part of that.”

The deadline for PG&E to emerge from bankruptcy is June 2020. It’s expected to present its plan for doing that next month. Cavanagh said that if PG&E can successfully do so, it would constitute the clearest path for the company to begin compensating wildfire victims, qualify for the state’s new fire emergency fund and keep its own herculean environmental commitments on track.

This potential outcome could determine its future, along with PG&E’s new initiatives such as the safety shutoff program, its satellite fire detection and alerting system, its expanded weather stations and vegetation clearing efforts.

“PG&E has turned to a radical approach on wildfire safety now, and I think we have to let them try it and give them a chance to see if it can be done,” Cavanagh said. “And I think we need to remember that whether you’re a wildfire victim or a clean energy advocate, as long as PG&E is in bankruptcy, nobody’s hopes and dreams can be realized.” □



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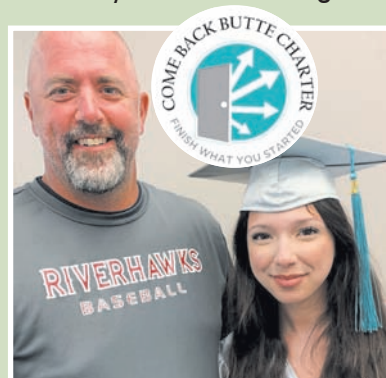


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