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San Jose to Propose Turning PG&E Into Giant Customer-Owned Utility.

San Jose, California's third-biggest city, is proposing to convert PG&E Corp. into the country's largest customer-owned utility, its mayor told The Wall Street Journal on Monday.

The most populous city served by PG&E hopes to persuade other cities and counties in coming weeks to line up behind the plan, which would strip PG&E of its status as an investor-owned company and turn it into a nonprofit, electric-and-gas cooperative.

The buyout proposal amounts to a revolt by some of PG&E's roughly 16 million customers as the company struggles to keep the lights on and provide basic services while preventing its aging electric equipment from sparking wildfires.

San Jose Mayor Sam Liccardo said in an interview that the time has come for the people dependent on PG&E for essential services to propose a new direction. A cooperative, he said, would create a utility better able to meet customers' needs because it would be owned by customers—and answerable to them.

"This is a crisis begging for a better solution than what PG&E customers see being considered today," said Mr. Liccardo. He said recent power shut-offs initiated by the company were poorly handled, adding, "I've seen better organized riots."

PG&E did not immediately respond to a request for comment. In the past, the company has said its energy systems are not for sale and it has repeatedly beaten back efforts on the part of dissatisfied cities to form municipal electric utilities.

The idea represents a dramatic twist in the debate over how PG&E could emerge from bankruptcy, compensate fire victims and address its many safety problems. It likely will face stiff opposition from PG&E, which sought chapter 11 protection in January from what it estimated at more than \$30 billion in wildfire-related liabilities. The company's bondholders also will likely contest the idea after putting forward a rival reorganization plan in bankruptcy court.

California officials are running out of patience with PG&E after the company shut off power to roughly two million Californians in 34 counties earlier this month to ensure that its power lines, transformers and fuses didn't ignite fires that could spread quickly amid warnings of high winds. PG&E warned Monday that winds could trigger another round of shut-offs for parts of 17 counties later this week.

PG&E may have accidentally galvanized support for the public buyout proposal last week when Chief Executive Bill Johnson told state regulators that the utility may need to rely on power shut-offs for up to 10 years. That is a horrifying prospect for public officials, who note that the blackouts affect public safety and the delivery of other basic services such as clean water.

"We need to align the financial interest with the public interest," Mr. Liccardo said. "We hope there

will be recognition that this structure better addresses the public need and we're looking to start the drumbeat to enable all of us to march together."

By Dow Jones Newswires

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