CLIMATE & ENVIRONMENT

Edison customers are paying more for fire prevention. So why are there more fires?

Investigators view the Southern California Edison electrical lines, transmission towers and the surrounding area, which is being investigated as the possible origin of the Eaton fire in Altadena. (Allen J. Schaben / Los Angeles Times)

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- There were 178 fires sparked by Edison equipment last year, up from 107 in 2015, even though the utility has spent billions of dollars to prevent them, including $1.9 billion last year.
- Edison's residential customers pay more than $300 annually on average to support wildfire-related costs.
- Edison says the number of fires varies year to year, and that there could be even more fires without preventative efforts.

Southern California Edison's electrical equipment continues to spark scores of fires in its territory, even though the utility has spent billions of dollars on prevention measures that are costing the average customer more than $300 a year.

Edison's spending on insulated wires, tree trimming, weather stations and increased equipment inspections now accounts for roughly 15% of the average utility bill, up from 9% two years ago, according to the state Public Utilities Commission's public advocates office.

The company dedicated $1.9 billion for wildfire-related spending last year, up 29% from the year before, according to state officials. Every month, $26 of the average customer bill — now $175 — goes to cover those costs.

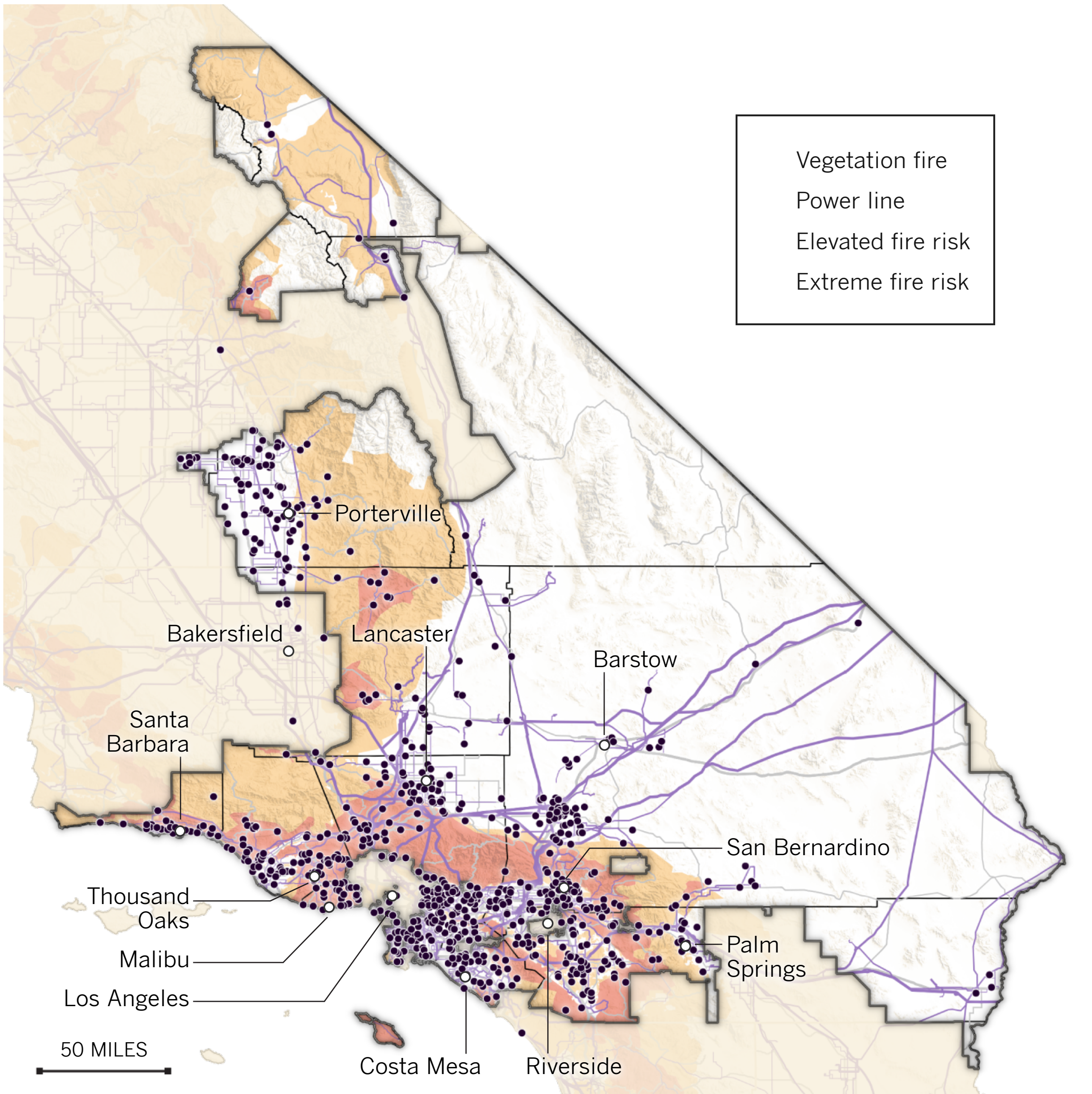
Despite that spending, there were 178 fires sparked last year by equipment owned by Edison, which serves 15 million people in Southern and Central California, according to data the utility reports to the state. That's up from 107 in 2015.

"We are spending tens of billions of dollars to not be one whit more safe," said Loretta Lynch, former president of the Public Utilities Commission.

Lynch and others say much of the blame goes to a state law signed by Gov. Gavin Newsom in 2019, Assembly Bill 1054, which limited the financial liability of utilities for wildfires they caused.

Edison equipment has sparked 841 vegetation fires since 2014

Roughly a third of the ignitions occurred in areas the state Public Utilities Commission defines as having elevated or extreme fire risk.



California Public Utilities Commission, Southern California Edison, California Energy Commission

Sean Greene LOS ANGELES TIMES

By allowing utilities to shift the cost of damages from wildfires to customers, even when the blazes were caused by company mistakes, the utilities have less of an incentive to mitigate wildfire risks, Lynch said.

At the same time, state auditors have faulted utility regulators for not ensuring the companies' fast-rising spending to prevent wildfires was effective.

Edison under a spotlight

Edison's actions to prevent wildfires have come under scrutiny in the wake of the devastating Eaton wildfire that killed 17 people and destroyed 10,000 homes and other structures.

Scores of lawsuits have been filed against the Rosemead-based utility and its parent company, Edison International, alleging its equipment sparked the conflagration. Videos captured the inferno igniting Jan. 7 under one of the company's transmission towers in Eaton Canyon.

Edison said it is investigating the cause of the Eaton fire, but said that the effort is in the early stages and could take 18 months to complete. "We are focused on a thorough and transparent investigation," a company spokesperson said.

The wind whipped Eaton fire destroys homes on Vinedo Avenue on Jan. 7, 20 in Altadena. (Gina Ferazzi / Los Angeles Times)

Edison executives say the costs of tree trimming and other work have made customers safer. They have repeatedly touted those efforts to the company's investors, saying the work has reduced the risk of a catastrophic wildfire by more than 85% since 2017.

In a recent interview, Raymond Fugere, a top Edison wildfire safety executive, said the 85% figure is based on a number of factors, including analyses by the company and third parties of the effectiveness of its fire prevention work.

Edison increased its fire-prevention spending in the wake of devastating California wildfires in 2017 and 2018. Since then, the company has installed 6,400 miles of fireresistant insulated power lines, removed trees, increased inspections in areas at high risk of wildfire and added AI-enabled cameras to spot wildfires.

“If it wasn’t for a lot of these mitigations, there could have been more fires,” Fugere said. “We keep working and are trying to harden that system to protect the customers.”

Scientists say that climate change has exacerbated the risks from wildfires in California by creating hotter and drier fire seasons.

Fugere said the number of ignitions caused by Edison’s infrastructure, which are mostly small fires that don’t spread, go up and down each year because they tend to vary with the weather. That was the case, he said, when ignitions jumped from 90 in 2023 to 178 in 2024.

“In 2024 we had a heavy rain in a very short period of time,” he said. “And then it kind of dried out. And so you had all this growth of vegetation … Weather is really the big thing.”

Even so, there are still dozens of wildfires every year that are sparked by equipment operated by Edison and the state’s other two big investor-owned utilities, Pacific Gas & Electric and San Diego Gas & Electric.

The state’s Wildfire Safety Advisory Board reviewed the annual fire ignition figures from the three big utilities Dec. 4. Jessica Block, a UC San Diego scientist who chairs the board, said it “didn’t look like a whole lot of progress was being made” toward fire prevention.

w of western Altadena, where the Eaton fire destroyed scores of homes. (Brian van der Brug / Los Angeles Times)

Law limits liability

AB 1054 slashed utilities’ liability for fires caused by their equipment. It changed the law so that such companies are now automatically deemed to have acted “prudently” as long as they’ve obtained an annual safety certification from state regulators prior to any fire.

Practically, that means the utility companies still must pay for $1 billion in wildfire insurance coverage. But any damages to those affected by wildfires caused by their equipment that tops $1 billion now will be covered by a state fund that was $12 billion as of January and is eventually targeted to reach $21 billion. Half of the initial money in the fund came from shareholders of the three big utilities. The rest comes from a monthly charge on customers' bills.

Edison has credited AB 1054 with significantly limiting the company's liability for wildfires that its equipment ignites. In a securities filing last year, Edison said that because of AB 1054, any uninsured costs from wildfires after the law's adoption in July 2019 "are probable of recovery through electric rates" — rates that are paid by its customers.

One question facing Edison now is potential liability from the Eaton fire. It has told its investors that AB 1054 and the safety certificate granted to it by California regulators in October will ease the possible financial hit. Damage from the Eaton and Palisades fires in January combined has been estimated at more than $250 billion.

The company said in a presentation to Wall Street analysts Feb. 27 that if its equipment is found to have started the Eaton fire, it wouldn't have to reimburse the state wildfire fund for claims paid to victims unless outside parties could raise "serious doubt" that it had acted prudently. Even if that happened, the company said, the law would cap its liability to $3.9 billion.

Regulators from the state Office of Energy Infrastructure Safety granted Edison a safety certificate Oct. 31 — despite myriad problems they found in its fire prevention work.

For example, the regulators said the company had not considered rare high-wind events in their calculations of how to stop electrical equipment-caused fires. The company looked at high-wind events over the last 20

A worker prunes trees for Southern California Edison in 2018. (SCE) years, instead of a longer period.

The company "may be underestimating risks of ignition and high consequence, and therefore not hardening these assets because they are not identified," the office wrote.

According to the report, the company also had thousands of open work orders to fix equipment problems found in inspections.

The Times detailed this month that Edison had dozens of pending work orders for clearing vegetation and other crucial work on three transmission lines near the ignition site of the Eaton fire.

'A rollback of scrutiny'

April Maurath Sommer, executive director of the Wild Tree Foundation, a nonprofit environmental group, said that state officials responsible for overseeing fire prevention efforts by utilities have relaxed their standards since the adoption of AB 1054.

Before the law was passed, the commission held public hearings on utilities' fire prevention efforts and the cost, she said. That no longer happens.

"There's been a rollback of scrutiny," she said.

A report by the California state auditor in March 2022 faulted the Office of Energy Infrastructure Safety for issuing safety certificates to utilities despite serious deficiencies in the latter's plans for reducing wildfire risk.

A spokesperson for the Energy Safety office declined to address why Edison's safety certificate was approved despite problems identified by its staff. In a statement, he said AB 1054 had reduced wildfire risk, including by prompting the utilities to replace aging equipment and increase the frequency of inspections.

The state Public Utilities Commission, which operates separately from the energy safety office, has the responsibility to evaluate whether wildfire prevention costs charged to customers are reasonable. It also has authority to fine utilities when they violate safety regulations.

The auditors criticized the utilities commission for not holding the electric companies accountable. The commission "does not use its authority to penalize utilities when its audits uncover violations," the auditors wrote.

Asked about that criticism, commission spokeswoman Terrie Prosper told The Times that the agency often sends a notice to utilities in violation of these rules, which gives them the opportunity to quickly correct problems without a citation or penalty.

An Edison representative said that in response to the problems found by regulators, it now uses 40 years of wind history — instead of 20 — in its safety plans, and that it also follows state regulations in inspecting and prioritizing repairs.

Utilities sought protections

In 2019, when AB 1054 was passed, PG&E had declared bankruptcy because of liabilities it faced from devastating wildfires, including the Camp fire in 2018, which destroyed the town of Paradise and killed 85 people.

Early in 2019, the utilities asked lawmakers for liability protections that they said would strengthen them financially and ultimately help customers.

For example, Edison told state officials in February 2019 that utilities "should be deemed a prudent operator" and be allowed to recover costs from the fund if regulators had approved its wildfire mitigation plan.

At the time the law was being debated, critics pointed out that a decade earlier the Public Utilities Commission had rejected the utilities' proposal to have ratepayers cover all damages from wildfires because of the "limitless potential" for those costs to be shifted to customers. Staff pointed out it would invite lawsuits by those who said they were damaged by fires, while reducing utilities' incentive to prevent the fires.

Despite those concerns, AB 1054 was drafted and passed in a matter of weeks.

"The fund is protecting credit ratings of the utilities, but it does not protect public safety," said Maurath Sommer of the Wild Tree Foundation.

Daniel Villasenor, a spokesman for Newsom, declined to answer questions but said in a statement that AB 1054 "is smart policy that has saved ratepayers and wildfire survivors billions while holding utilities accountable to some of the strongest safety standards in the nation."

Questions from lawmakers

At a Feb. 19 committee hearing in the California Assembly, an Edison executive explained how the utility has decreased the risk of wildfire in recent years by looking into the root cause of each fire its equipment starts.

Not all the committee members were convinced.

"How long are we going to let them just figure it out and maybe not figure it out, maybe cause some huge disasters before they have some skin in the game too?" Assemblymember Pilar Schiavo (D-Chatsworth) said at the hearing.

"It feels like they're giving dividends to their investors and raising rates on our constituents and then we have to cover…what seems like some negligence on a semiregular basis," she said.

"We have to rebalance this equation," she said.

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