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Go Alliance
3141 E. Burnside Street
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June 24, 2025

Re: Response to Claims in Testimony by PacifiCorp

Dear Chair Bowman and Members of the Committee:

I write to respond to testimony submitted by PacifiCorp in opposition to provisions designed to hasten recovery and settlement with Oregonians whose homes were burned up and lives upended by Pacificorp's gross negligence.

Pacificorp's testimony and recalcitrance at accepting responsibility for its actions and inaction underscores the need for SB 926, which prohibits a negligent electric company from passing on the costs of its negligence to ratepayers. SB 926 passed the Senate and it was further amended in House Judiciary. SB 926 contains the same provisions for a safety certificate, and a study of a possible compensation fund, plus it contains other essential provisions designed to provide for fairness, prompt resolution of claims and adequate capitalization of utilities who burned up Oregon in 2020. Policy that holds utilities accountable for fires they start is essential to ensuring that they do not continue to ignite fires.

1. Pacificorp claims that legislation holding it to account will compromise customer affordability is unsubstantiated. If PacifiCorp wanted to provide for customer affordability, **it would stop raising its rates and invest in green power development that is competitive on the open market**, among other actions.
2. **PacifiCorp is not limited in its ability to raise capital.** PacifiCorp is owned by a trillion-dollar corporation, which could invest in its subsidiary. The provisions in SB 926 (and the provision proposed in the -4 proposed by Senator Prozanski in HB 3984) apply only after an electric company has been found negligent, grossly negligent or acting with reckless disregard. In this way, SB 926 **incentivizes utilities to NOT start fires.**
3. Neither SB 926 nor the provisions in the -4 proposed for HB 3984 force PacifiCorp or any other utility to do anything in any case against it. The company can continue to go to trial and continue to appeal. **These provisions prevent the judicial process from being gamed by well-moneyed corporations that have nearly limitless resources to pay high priced lawyers to work the process to their advantage.** The provisions in SB 926 protect fire victims and encourage fair resolution. How? By providing a consequence for delay, SB 926 will hasten settlement for people who are suffering, committing suicide, dying and giving up.

4. What alternative does PacifiCorp prefer that is reasonable in the circumstances? I am waiting to hear one. If the company had its way every one of the thousands of fire victims would have to get their own attorney and spend hundreds of thousands proving that the power company started the same fire — **and the cases would stretch out for decades.** This approach makes no sense for a multibillion-dollar corporation, but not for fire victims whose lives are on hold, who are homeless and dying.
5. PacifiCorp's settlement claims are also highly misleading for several reasons. First, many of these settlements are with people in California, who are protected by better laws. Second, I understand that PacifiCorp did settle many claims brought via subrogation by insurance companies, as those meant it paid pennies on each dollar of loss. Third, PacifiCorp has taken the position that the fire victims who it burned up should not receive any noneconomic damages. **The heartbreaking testimony from the public hearing on SB 926 more than answers that question.** Fourth, PacifiCorp touts settlements it has made with some individual fire victims. I have looked at those settlements, and, as a lawyer, I would have been ashamed to have made them. Yes, the lawyers who handled those settlements did great, likely earning around upwards of \$50 million. And I understand they had no plan to go to trial, and they got paid regardless. **But on a pro rata basis, the fire victims, after paying their lawyers and taxes, are likely left with much less than what it would cost to rebuild their home.** This does not account for any money owed to the bank, the cost of acquiring a new loan, site and infrastructure costs. If you dig into it you can quickly see these settlements are far from fair or reasonable, instead it was a great deal for PacifiCorp.
6. As for tax liabilities on settlements paid to victims for burning up their homes and property, it is important to recognize that most of us get to choose when to sell our home, and most of our gain on that home is not taxed. We also are not taxed on goods we buy in Oregon, as we have no sales tax. The fundamental and incredible unfairness for fire victims is that they have to pay taxes at ordinary income rates on any payment they get for their burned up home and property. **These fire survivors did not decide to sell their home, these fire survivors did not want to sell their home - the loss was forced upon them.** This fundamental and grave unfairness is why the Oregon legislature unanimously passed tax relief for fire survivors in the 2024 session. And this is why Senator Ron Wyden and all of his colleagues unanimously passed tax relief for fire survivors in the United States Congress in 2024. However, the federal tax relief has a sunset, and so the proposed provision in this bill providing that the utility cover the tax consequences it caused is entirely consistent with the unanimous vote of this legislature in 2024.
7. Oregon needs policies that holds utilities liable for fires they cause. If we just look across the border to California we can see laws which provide a far different baseline framework for utility caused fires, California provides: **(1) strict liability for all power line ignited fires, (2) mandatory reporting of all ignitions within 2-4 hours, (3) and these reports of ignitions may be used in court to prove liability.**

The California approach has been informed by a long history of powerline ignitions - as detailed in my testimony. For example, in California, utilities are not able to use safety certificates as

surrogates to prove reasonable conduct as had been proposed in HB 3666. In California, AB 1054 did set up a fund and capitalized it with ~\$21 billion dollars. Under AB 1054, utilities have to submit to and admit liability to avail themselves of the fund. The fund was capitalized at ~\$21 billion dollars, and despite this funding it now appears that the Dixie Fire and the Eaton Fire may significantly, if not entirely, deplete the fund. HB 3917 was to be capitalized at no more than \$800 million, with no identified source of funding and at an amount not even enough to cover losses from the 2020 Labor Day fires. Also under AB 1054, the utilities are liable to pay for the losses directly to the fire victim. HB 3917 proposed to make the State of Oregon the middle man along with a system where it would be incredibly unlikely that an investor owned utility would need to reimburse the State or pay into the fund, as the burdens of proof in HB 3917 were all tilted in favor of utilities.

In California, we see significant investment in green energy, as well as enormous investments in wildfire mitigation and payments by investor-owned utilities to California fire survivors for burning up their homes and communities. While the utilities in California have faced challenges, they have made it through those challenges without abandoning fire victims. California utilities have also continued to make significantly greater investments in wildfire mitigation to try to prevent future humanitarian losses.

In sum, we do not have to abandon Oregon fire survivors to get clean power, fair rates and a fire safe Oregon.

Sincerely,

Ralph Bloemers

Director of Fire Safe Communities