AS HALF OF THE STATE GOES DARK

Green Insanity and Electricity Dereg Set California on Fire

by Patrick Ruckert

Nov. 7—For three weeks now, the state of California has been plunged into an unprecedented crisis. Millions of residents have lost their electricity, for extended periods, and tens of thousands of others have been forced to flee their homes, as raging fires have swept through cities, towns and rural areas.

As in what happened in the city of Paradise last year, entire sections of cities have burned to the ground. At the same time, the loss of electricity has not been a mere inconvenience. Businesses have closed; schools have closed; manufacturing companies have thrown thousands out of their jobs. Those on electrical-powered medical equipment in their home are immediately at risk. The sick, the elderly and vulnerable infants have been trapped in their homes, with no lights, no refrigeration, often with no running water or even telephone service. There is no way to keep food from spoiling; no

way to cook, wash or use the bathroom, as both sewage treatment plants and ground-water pumping stations have gone offline.

Imagine a satellite map of California at night. While the southern part of the state is brightly lit, much of the northern half is dark. Many towns are no longer visible at all. This is the process which sets in with the breakdown of modern infrastructure. Nothing like this has occurred before. California, which once dazzled the world as the epitome of everything that is new and optimistic, now has all the characteristics of a "failed state."

None of this is "natural," normal or the result of "climate change." Rather, the misery now afflicting the people of the state can be laid at the doorstep of those decisions made by elected and other officials over the last 40 years to impose on California the twin evils of environmentalism and deregulation. California is now broken, and it will require a fundamental shift in outlook and policy to fix the problem.



The Current Situation

Every October, the hot Diablo Winds in the north and the Santa Ana Winds in the south come out blow down from the Sierra Madre Mountains, increasing in velocity as they hit hills, forests and farmland, heading toward the Pacific Ocean. Winds of 60-70 mph are common, but this year they have reached more than 90 mph. The dry terrain of the San Fernando Valley and forests and hills of the coastal areas are a tinder box of dry vegetation, and it just takes a spark to ignite an inferno. And the infernos of California in the past few years have been the largest and most destructive in the state's history.

While this year, thus far, has not seen the amount



USAF/Taylor A Workman

A charred guardian angel statue sits solemnly before the ruins of a home in Paradise, California. It is one of thousands of homes destroyed in 2018, in Camp Fire, the deadliest fire in California history.

of acreage burned in 2017 and 2018, nor the number of lives lost, what distinguishes this October/November in California from those previous years is the repeated shut-down of electricity for millions of people as the power companies attempt to prevent their equipment from starting fires in periods of high winds. Despite these shut-downs, fires have started and some of them have begun from power company equipment and lines.

To give an idea of how incredibly destructive these fires are, let us first look at what happened in the Camp Fire from late last year. Early in the morning of November 8, 2018, a faulty electrical transmission line ignited a fire near the town of Paradise, in northern California's Butte County. Driven by the Diablo Winds, the fire spread rapidly, sending sparks and

burning debris hundreds of yards in front of the main fire. A firestorm then engulfed the entire town of Paradise, destroying 18,000 homes and businesses and killing 85 people. The firestorm moved so fast it was burning a football-size area every second. Evacuation was impossible for many and thus the high casualty numbers. The fire burned about 153,000 acres before being contained and was the most destructive and costly fire in California's history, with damage estimated at \$16.5 billion.

The faulty equipment that started the Camp Fire belonged to Pacific Gas and Electric Company (PG&E). That fire, and several other fires that the company's facilities had been determined to have started in 2017 and



USAF/Taylor A. Workmar

Remains of another Paradise, California home in July 2019, eight months after the devastating Camp Fire.

2018, drove the company to file bankruptcy in January 2019, facing about \$30 billion in damages.

California Dream Crashes and Burns

How is it that California, sometimes seen as the powerhouse of technology, the most advanced arena of the "new economy" of the internet, social media and all the other gizmos and attributes celebrated by "everyone," has become a failed state unable to maintain the electrical power system for nearly half of its population? California was once the creator of the world's most impressive infrastructure, like the Central Valley Project and the California State Water Project, as well as an education system second to none, and the world's most advanced aerospace industry. Now it can't keep the lights on.

This story has two elements which shall be explored here. First is the so-called cultural revolution—and its off-shoot, environmentalism—which began in the 1960s. Unlike the hell of the Chinese cultural revolution, which only lasted one decade, the environmentalist revolution, kicked off by the 1968 publication of Paul Ehrlich's book *The Population Bomb*, is today hegemonic in its cultural and political control in both the United States and Europe. The Malthusian outlook presented there has almost destroyed the idea of human progress—progress properly defined as the uplifting of humanity through science, technology, classical culture and bringing these benefits to more and more of the human species. The publication last week of a "study" endorsed by 11,000 so-called scientists stating that only population reduction can stop "climate change" is, finally, an honest statement of what the environmentalist



U.S. Bureau of Reclamation

An aerial view of California's Central Valley Water Project.

movement has been all along.

The second ruinous process that has taken over the western nations has been the destruction of the productive economy, an economy based on scientific progress and the continuous building of new infrastructure that uplifts the entire economy to a higher platform of productivity. We have witnessed the imposition, by the London and Wall Street financial oligarchy, of a series of financial and economic deregulation measures, beginning with the ending of the post-World War II Bretton Woods system in 1971 and culminating with the repeal of the Glass-Steagall banking law in 1999. These actions have produced one financial crisis after another, accompanied by the wiping-out of physical/economic capabilities. In the midst of this insane process, the deregulation of electricity, especially in California, has destroyed the traditional functions of utilities like PG&E, leading into the current catastrophe.

Environmentalism

That these two elements were "joined at the hip" is first seen in the 1970 National Environmental Policy Act, signed into law by President Richard Nixon, who one year later pulled the plug on the Bretton Woods monetary system. Then, in 1973, Nixon signed into law the Endangered Species Act. These actions not only opened the door to massive abuse; they have been used to wreck the productive economy and brainwash two generations into thinking that the human species must always be in conflict with "nature."

More directly for our story, and again demonstrating the "joined at the hip" nature of both elements, is the 1978 law signed by President Jimmy Carter, the

Public Utility Regulatory (PURPA), Act Policies which mandated that the utilities carry out the administration's agenda to force the introduction of small-scale "renewable" energy sources, such as solar, wind, and biomass, to "compete" with fossil-fuel-and nuclear-based electric utility generation. This was sold to the public as a necessary response to the purported "energy crisis," resulting from the 1973-74

Middle East "oil" war.

PURPA started the industry on the road to restructuring and is one of the first laws that began the deregulation of energy companies.

We will return to the electricity deregulation story a little later, but first we focus attention on the environmentalist issue. Note that while this article will not cover the issue of water resources and infrastructure, it should be mentioned that California's ongoing water crisis has the same roots as the electricity disaster.

Fires Caused by the Green Frenzy

Let us first dismiss the often stated, but absolutely wrong idea that the increased size, intensity and destruction of recent years' fires is due to "climate change." As Michael Shellenberger reported, in a Forbes article, "Why Everything They Say About California Fires—Including That Climate Matters Most—Is Wrong," on November 4, 2019:



Philip Ulanowsky/EIRNS

An April 20, 1979 anti-nuclear demonstration by the Shad Alliance at the Con Edison Building in New York City.

I asked Dr. Jon Keeley, a U.S. Geological Survey scientist who has researched the topic for 40 years, if he thought the 2018 fire could be attributed to climate change.

"It's almost certainly not climate change," he said. "We've looked at the history of climate and fire throughout the whole state, and through much of the state, particularly the western half of the state, we don't see any relationship between past climates and the amount of area burned in any given year."

Later in his article, Shellenberger states:

Keeley published a <u>paper</u> last year that found that *all* ignition sources of fires had declined except for powerlines.

"Since the year 2000 there've been a half-million acres burned due to powerline-ignited fires, which is five times more than we saw in the previous 20 years," he said.

"Some people would say, 'Well, that's associated with climate change.' But there's no relationship between climate and these big fire events."

That leads us to the real story. For more than a century, the U.S. Forest

Service, as well as various state forest agencies, have implemented an erroneous policy of suppressing all fires, which has led to a massive increase in undergrowth and dead vegetationfuel for a potential catastrophic fire. Forests today have as much as ten times the number of trees per acre as they did 30 or more years ago, and thick underbrush to go with it. On top of this, in California, more than 130 million dead trees were added to the potential fuel in the forests between 2011-2017 as a result of the five-year drought and the accompanying infestation by bark beetles. With the forests loaded with fuel. when fires break out, especially those

wind-driven fires in California, they burn hotter and more intensely.

Logging the forests obviously removes much of that fuel. In earlier years, the logging industry played a crucial role, through practices such as clear-cutting and controlled burns, in preventing conditions that could result in a catastrophic fire. However, since the enactment of the Environmental Protection Act and the Endangered Species Act, federal and state actions have virtually shut down the logging industry, especially in the West. California now has the most legally protected forests in the world, and as of now, there is zero logging allowed on state owned land.



A forestry swing machine at work in Kaibab National Forest in Arizona.

These regulations were partially the result of the Spotted Owl rulings in the early 1990s by the federal government's application of the Endangered Species Act, making off-limits vast acreage of federal forest land. California forests comprise about 60 percent of U.S. national forests. It is estimated that every year about 3.8 billion board feet of new timber grows in California. Following the Spotted Owl restrictions, the annual harvest of timber from the state fell to about 1.5 billion board feet, about one-tenth of what it was in 1988.

Signs of Sanity

Such restrictions may change now, as the Trump administration has proposed streamlining of the

environmental review process, as promised by the U.S. Forest Service in June of this year. As announced by Agriculture Secretary Sonny Perdue and then-Interior Secretary Ryan Zinke, the move is driven by the need to reduce the fuel-load in the forests.

Even former California Governor Jerry Brown in August 2018, proposed changes in the logging rules that would permit private landowners to cut larger trees and build temporary roads without obtaining a permit, to thin the forests. To log private land now, current rules and laws require that a professional forester prepare an environmental impact statement that can cost a landowner tens of thousands of dollars, and then he or she must get approval from the state Department of Fish and Wildlife and the State Water Resources Control Board before being able to log their own land.

These same environmentalist measures have also prevented utilities, such as PG&E, from taking effective fire-control measures. A former PG&E engineer, who had been responsible for "system protection and supervising the remote control of powerhouses," reported to me that keeping the trees and brush away from the lines became much more difficult as more and more environmental restrictions were adopted. Previously, the workers would use exfoliates, herbicides, and soil sterilants under the power line right of way, but no more.



U.S. Forest Service A spotted owl in the Six Rivers National Forest. One of many animals endangered by the fires.

Deregulation Wrecks the Power Companies

There are three large, privately held power companies in California: Pacific Gas and Electric (PG&E) in the northern part of the state, San Diego Gas and Electric, and Southern California Edison in the Los Angeles area. I will focus on PG&E here, but much of what is said about that company applies to the other two.

PG&E is the largest U.S. privately owned utility with publicly traded stock. PG&E provides natural gas and electricity to most of the northern half of California, regulated by the California Public Utilities Commission. All power companies in the country are regulated by both the federal and state governments and have been since the

passage by Congress and signing by President Franklin Roosevelt of the Public Utility Holding Company Act of 1935 (PUHCA).

PUHCA gave the federal government the power to eliminate holding companies that "served no demonstrable purpose," and it required the strict federal regulation of the remaining ones. Most important, ownership of controlling shares by Wall Street firms was prohibited. The act also gave the Federal Power Commission regulatory control over both the interstate shipments of electricity and the accounting procedures of the utilities. The framework of regulation established under FDR's guidance created the regulatory compact by which, in exchange for being granted an exclusive franchise to provide electric power for a certain geographic region, a utility had the legal obligation to provide reasonably priced, reliable electric power to every customer in the area they serve.

Up until the late 1960s, PG&E was the pride of the state and its employees enjoyed not only high wages but an environment that made the company almost like their family. That all began to change with the rise of the environmentalist movement in the late 1960s and the shift nationally from an economy based on production to one based on financier speculation. PG&E's nuclear power plants were the target of the environmentalists and began creating financial problems for the

company as lawsuits delayed construction of the plants, sometimes for years, doubling or tripling the costs. This greenie sabcontinued has otage worsened, such that today environmentalist lawsuits, not only have made the building of nuclear power plants prohibitive, but the never-ending suits have also been used to delay or stop virtually anything power companies seek to build, except solar and wind farms.

In 1976 a California state law prohibited the construction

of new nuclear power plants, and with the closure of the San Onofre plant in 2013, California now has only one operating nuclear plant, Diablo Canyon. In 2016, PG&E announced that the Diablo Canyon plant, once the jewel of California's electric grid, will be shut down in 2024-2025.

None of this insane attack on the California power grid has anything to do with the cost of electricity or what is technologically feasible. In 2018 Governor

Jerry Brown signed into law a bill that requires that 50 percent of California's electricity be powered by renewable resources by 2025 and 60 percent by 2030, while setting the goal of 100 percent zero-carbon electricity by 2045. Currently, the State of California classifies nuclear energy as not "qualified renewable," which means that the nuclear energy generated by the Diablo Canyon plant cannot be counted toward the "renewable" targets that must be met in 2025 and 2030.

In order to meet the 2030 target of 60 percent renewable, the current plan is to cut Diablo Canyon's elec-

tricity output in half by that date. Since the plant operates at a fixed cost, the cost of the electricity produced will rise sharply, perhaps double.

Cascading Lunacy

Most bizarre, in 2045 nuclear power will be reclassified as "qualified renewable," at which time nuclear

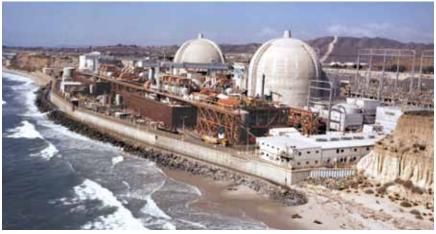


CC/Chad Ben-Joseph California Governor Jerry Brown, April 10, 2010.

generated electricity will be counted toward the 100 percent "renewable" target. However, if the current proposal to close Diablo Canyon goes through, by 2045 there will be zero nuclear power plants left in the state.

The insanity just keeps cascading. Current estimates are that California's population will rise from its present 40 million to 50-55 million by 2050. In the face of this, California has now literally outlawed scientific progress, as well as the best source of clean, abundant, inex-

pensive electricity. In order to replace the electricity they are not producing, PG&E now relies increasingly on buying electricity from outside sources. Currently, more than 30 percent of California's electricity is wheeled in from out of state, of which about a third originates at the Columbia River with the Bonneville Power Administration, which sends its power directly to the Los Angeles area, a distance of more than 1,000 miles. The construction of several large nuclear reac-



NRC

The San Onofre Nuclear Power Generating Station, owned jointly by Southern California Edison, San Diego Gas & Electric and the city of Riverside, California.

tors throughout California, together perhaps with other smaller modular nuclear reactors, would eliminate the need for almost all of this.

The environmentalist Malthusianism and the policy of financial deregulation have always functioned as one operation, and the various environmentalist laws have always been integrated with the deregulation of the economy. The 1978 Public Utility Regulatory Policies Act (PURPA) forced the electric utilities to purchase power from new, non-regulated plants, called "qualifying facilities," which used "renewable energy," whether the utilities needed the electricity or not. Forced into long-term contracts with these "renewable energy" producers, for energy they did not need, they were paying double or triple the cost of what it would cost to generate it themselves.

The National Energy Policy Act of 1992 (NEPA) continued subsidizing "alternative energy" sources by providing a 10 percent investment tax credit for solar and geothermal power systems. Also, the 1992 Act created yet another class of non-regulated electricity producers, known as "exempt wholesale generators," and broadened the authority of the Federal Energy Regulatory Commission (FERC) to order the utilities to provide transmission services to them. This meant that virtually any business could generate electricity and sell it wholesale, with guaranteed access to the highly complex transmission grid that companies like PG&E had built over almost a century.

The California power companies are being looted by this setup, to the tune of hundreds of millions of dollars per year, and they are paying as much as five times the cost that they would have incurred by producing the electricity themselves.

Reverse Robin Hoods

As reported by Marsha Freeman in the October 6, 1995 *EIR* article, "Deregulating U.S. Electric Utilities: the 'Kill Factor'":

... [G]enerating capacity that is not spoken for through long-term contracts, was to be available through a spot market. Under some scenarios, the market price for electricity will be calculated on an hourly basis. A central, or "pool" dispatch organization would have to match customers to available capacity. In between, there would be brokers, merchants, and other middlemen, who would try to drum up business for utilities, and find available capacity for consumers, for a fee. Analysts expect to see price hedging, futures markets, and a place for electricity on the Mercantile Exchange.

But it was to stop this kind of financial manipulation that the industry was regulated to begin with....

When surveyed last year by Fitch Investors Service, Inc., 38% of the nation's state public utility commissioners believed that competition will lead to bankruptcies in their state. In the 60 years since the industry was regulated, there have been only two bankruptcies. One was due to the 17-year battle to obtain an operating license for the Seabrook nuclear plant, and the other from bad savings and loan and real estate investments made by the El Paso Electric company.

How Deregulation Did-In PG&E

With the continuing electricity market deregulation in the late 1990s, though a set of byzantine regulations, PG&E was forced to sell off most of its natural gas plants, thus stripping itself of much of its generating capacity. The utility was redefined, by law, as a "supplier" of electricity, as opposed to being a producer of electricity. PG&E, and other utilities, were then forced to buy back power from private companies generating power at fluctuating prices, while still forced to sell the power to its customers at a price fixed by state regulators.

The market which PG&E and others bought from was dominated by the Enron Corporation, which "gamed" the market, shutting down generating plants to create an artificial shortage, and thus raising prices that PG&E and the other power companies in the state had to pay by as much as thousands of percent.

Thus the California electricity crisis of 2000 began, with rolling blackouts in the state starting on January 17, 2001. The crisis intensified in the spring of that year, as Enron expanded its manipulation of the market. PG&E was caught in the middle, hemorrhaging money, and finally declared bankruptcy on April 6, 2001 (its first, but not last, bankruptcy). The state then acted to ensure the electrical supply to PG&E's millions of customers but was trapped in the same "gamed" Enrondominated market. Until Enron was eventually brought down with criminal indictments, the State of California, PG&E and other companies paid out more than \$50 billion to these criminals. Since that time the residents of California have been paying the highest electricity rates in the country, partially to pay off the \$50 billion of "Enron debt."

A reorganized PG&E emerged from its first bankruptcy in 2004, but this "new" PG&E has demonstrated itself to be fully submissive to the escalating environmentalist agenda. Each year PG&E now spends at least \$2.2 billion on the state-mandated buying of so-called renewables and has already reached the mandate of 30 percent of the power it buys to be from renewables by 2020.

PG&E has not just been tamed, but also made to kiss many asses including that of the Sierra Club. Coming out of bankruptcy in 2004, PG&E was forced to turn over 140,000 acres of wilderness to government agencies and nonprofit groups, guaranteeing that the land (mostly land around PG&E's dams and reservoirs) will never be developed. Adding insult to injury, PG&E also



California transmission lines stretching to the mountains.

had to pay \$100 million for parks, recreation areas and restoration projects.

Making matters much worse, the post-2004 version of PG&E has also been forcefully refocused around financial decision-making coherent with the current usurious operations of U.S. financial markets. Even before deregulation, by the 1980s PG&E, like most of the U.S. corporate sector, had begun to focus more and more on enhancing "shareholder value," i.e., paying out to stockholders as much as possible, while cutting its workforce, skimping on tree trimming and not maintaining and upgrading its equipment and facilities. In 1997, PG&E was found guilty of 739 counts of negligence and fined \$2 million, after it was shown to have been cutting its

budget for tree trimming and lying about it. Since 2004, this financier-imposed negligence has snow-balled.

In 2010, a natural gas explosion in San Bruno killed eight people, and PG&E was found guilty of multiple felonies, including falsifying inspection and repair records. Nevertheless, PG&E continued its new tradition of neglecting maintenance and tree-trimming and to lie about all of it. After having been convicted and on probation after the San Bruno gas explosion, PG&E was charged again with having falsified gas pipeline records between 2012 and 2017. Then, in

2017 and 2018 nearly 40 of the 315 wildfires in the PG&E service area were caused by PG&E equipment. The largest and most deadly fire (85 people dead), the Camp Fire in 2018, was determined to have been caused by PG&E equipment.

The 2019 Bankruptcy

California state law follows the principle of "inverse condemnation" for wildfire liability. Thus, utilities are responsible for damages from any fire caused by the company's equipment, even if tree trimming and maintenance of equipment have been done to established standards. The 2017 and 2018 fires that were determined to have been caused by PG&E equipment resulted in an unpayable \$30 billion liability for PG&E, and in January 2019, PG&E

once again filed for bankruptcy.

Even before the bankruptcy PG&E had become the target of financial speculators. Vulture funds, like Elliott Management, run by the notorious predator Paul Singer, now own a significant portion of PG&E stock. These so-called hedge funds specialize in taking over debt plagued companies (or even nations, such as Argentina), buying up the debt for pennies on the dollar then selling off assets or suing until they receive full face value of the debt. Even though the main hedge funds holding PG&E stock, including Abrams Capital Management LP, Baupost Group LLC, and Elliott Management Corp., have lost \$4 billion in the past two weeks as a result of the plunge in PG&E's stock value, there are now other vultures circling overhead, and on

October 30, Governor Gavin Newsom invited Warren Buffett's Berkshire Hathaway to make a takeover bid.

Being the largest private utility in the country, with tens of billions of dollars of assets in facilities, equipment and the infrastructure that delivers natural gas and electricity to eight million customers, PG&E is now viewed as both easy prey and a ripe cash cow for the asset strippers and thieves.

Fixing the Problem

There are no short-term fixes to this collapse of productive capabilities. It is a situation created by decades of wrong and even criminal policies. Only a national change, like that outlined in Lyndon LaRouche's "Four New Laws to Save the Nation" can really begin what must be done.

PG&E currently has 107,000 miles of distribution lines, 81,000 miles of which are overhead. The cost to put PG&E's overhead distribution lines underground (at an estimated \$3 million per mile) would be \$240 billion, a staggering figure, which does not even include the higher voltage transmission lines. Since 2012, PG&E has spent \$300 million to begin burying some of these lines.

At the rate this work is being done, as the CEO of PG&E Bill Johnson, said recently, there will be ten more years of cutting off electricity to customers during high winds. No one finds that acceptable, and this has led to talk of the state or the larger cities taking over the company. Making PG&E a public utility is not only difficult, but would take years to do so. At the same time, given the current political climate and culture in California, it is a certainty that any proposed public or stateowned utility would be dominated by an anti-growth green ideology.

On October 27, with new fires starting daily and millions of Californians without electricity, Governor Gavin Newsom declared a State of Emergency. He stated, "There are things that can be done immediately and will be done immediately." The question remains: What will he, and other elected officials, actually do?

Newsom could order an army of electricians and others to move in on PG&E and fix the equipment, hardening it and repairing potentially loose connections and other tasks. The Governor, on his own or in conjunction with the federal government, could also establish a CCC-type program to hire and train 5,000-10,000 youth as a "Tree Trimming Army." There are

other immediate emergency steps of this type that might help.

However, as useful as some of these measures might be, they still amount to putting band-aids on a dying patient riddled with cancer. As President Franklin Roosevelt made clear in his 1933 inauguration speech, action and action now, is demanded—Bold action that will reverse the suicidal decisions of the past five decades.

Change in National Outlook Needed

Since 1971, the United States and Europe have been under the domination of a financial succubus, one which has imposed usurious banking practices and deindustrialization. That is now about to change. The landing by China of a spacecraft on the far side of the Moon, together with President Trump's commitment to the Artemis program and the return of human beings to the Moon by 2024—this time to stay—heralds the arrival of a new direction for human affairs.

California's real concern is not merely to "keep the lights on" or prevent forest fires. Our future is not akin to the legendary boy who placed his finger in the dike to temporarily prevent disaster. Rather, as the nation and the world move into the space-faring age, California must look to dramatically increase its energy production and usage, per-capita and per-square kilometer. This will require a change in the culture, a return to the human optimism and can-do outlook of the Kennedy Apollo era.

This will also require a national change in outlook and policy. The usury, the financial looting and the dead-end murderous green mentality must go. In California, PG&E must be returned to an orientation of producing abundant inexpensive electricity, utilizing the most advanced technologies, including nuclear, modular nuclear and eventual fusion energy approaches. In his "Four New Laws" Lyndon LaRouche specifies the precise measures, and the thinking behind them, which are now required. In his proposal for a "New Bretton Woods System," LaRouche defines the economic methodology necessary to create cooperative relations among nations that will make rapid increases in human productivity a cornerstone for the world economy.

The current PG&E debacle denotes the lawful end of a failed paradigm. The new paradigm is awaiting our intervention.