

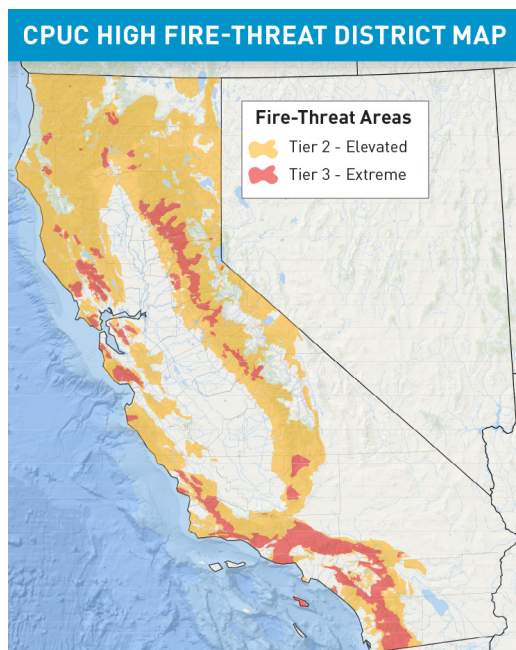
ALERT: PG&E Public Safety Power Shutoff

OCTOBER 10, 2019

The National Weather Service has predicted high wind gusts across Northern and Central California on Oct. 8-9. The winds and dry ground conditions represent an elevated risk of wildfires. To reduce the risk of its equipment sparking fires, PG&E is enacting planned power outages that may affect as many as 800,000 customers in these areas.

According to PG&E, its customers in parts of 34 of 58 counties throughout the region could be without electricity from the morning of Wed. Oct. 9 through the afternoon of Thurs. Oct. 10. That includes every county in the Bay Area, except San Francisco. PG&E began shutting off power in some areas shortly after midnight on Oct. 9 and indicated outages will occur in stages, depending on local weather. Future outages may also be implemented.

Potentially Impacted Areas



Source: California Public Utilities Commission
cpuc.ca.gov/FireThreatMaps

Here are details from PG&E:

- **Power shut-offs focused on areas at high risk for wildfires.** According to PG&E, the most likely electric lines to be considered for shutting off for safety will be those that pass through areas that have been designated by the California Public Utilities Commission (CPUC) as at elevated (Tier 2) or extreme (Tier 3) risk for wildfire. This includes both distribution and transmission lines.
- **Weather conditions trigger shut-offs.** PG&E stated that the specific area and number of affected customers will depend on forecasted weather conditions and which circuits PG&E needs to turn off for public safety.
- **Shut-offs outside high-risk areas.** According to PG&E, although a customer may not live or work in a high fire-threat area, their power may also be shut off if their community relies upon a line that passes through an area experiencing extreme fire danger conditions. Thus, any customer receiving electric service from PG&E should be prepared for a possible power outage.

We're here to empower results:

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Commercial Insurance Implications

Commercial property insurance policies may have unique coverage characteristics causing them to address the same situation differently. That stated, property policies customarily require a direct physical loss or at least an accidental event to respond in most cases. PG&E's scheduled and voluntary actions are unlikely to satisfy these policy triggers.

The terms of policy extensions such as *service interruption*, *contingent time element*, and *protection of property* may impact whether and how a property policy may respond to an off-premises event. Coverage issues that are likely to impact the availability of coverage for PG&E's actions under these extensions include:

- **Service Interruption Time Element (TE) cover.**
If the planned outages were not caused by property damage of the type insured to, or an accidental event at the facilities of the service supplier, this coverage may not be available under most policy forms.
- **Service Interruption Property Damage cover.**
If the planned outages were not caused by property damage of the type insured, or an accidental event at the facilities of the service supplier, this coverage may not be available under most policy forms.
- **Contingent TE cover.** Similarly, if the planned outage was not caused by property damage of the type insured to a supplier or customer location, this coverage may not be available under most policy forms.
- **Protection of Property/Sue and Labor cover.**
If this policy coverage is only triggered by the insured taking action to protect its own property from an impending loss or damage, the coverage may not be available in this case because PG&E is taking the action due to the risk of fire in the region.

It is critical to review each policy of insurance in its entirety to determine the extent, if any, of potential coverage. Each situation should be reviewed on a case-by-case basis. If your company is impacted, contact an Aon Property Claims Advocate to help determine how and whether any of your policies might respond.

Power company liability. Under certain circumstances, it's conceivable that if a utility shuts off power, it could become liable for losses, including business interruption. However, such an outcome may depend on whether individual businesses have existing contracts with the utility and how the contracts allocate the risk of imminent dangers, such as potential threats posed by wildfires.

Activate Business Continuity Plans

Any business that may be affected by the outages should take steps to mitigate any potential impact to their business. Businesses and other entities in areas that may be affected by outages should take steps to activate their business continuity plans, including notifying all personnel involved to take appropriate actions. In the absence of an applicable extended coverage endorsement, the costs to implement these plans including emergency and extra expenses (e.g. generator expenses, moving property, and spoilage) may not be covered.

Actions During a Power Outage

- Turn off and unplug all electrical equipment to avoid damage from power spikes when electrical service is resumed.
- Leave one light turned on so you'll know when the power comes back on.
- NEVER run a generator inside or connect a generator to the electrical system unless prior steps have been taken to ensure it is safe to do so.
- Ensure you know your generator's fuel consumption rate and set up regular fuel deliveries ahead of time to ensure you never run out.
- Do not touch any downed electrical power lines and keep your employees away from them. Report downed lines to the appropriate officials in your area.
- Leave doors closed on refrigerators and freezers as much as possible during outages. Food will keep much longer if the doors are left closed.

- Follow these steps to prevent generator theft:
 - Place the generator in a well-lit area
 - Install security cameras at the generator site
 - Consider running a metal ring into the ground and securing the generator with a chain
 - If you have to store the generator on its trailer, secure the trailer by chaining the wheels, defensive parking (surrounding with other cars, etc.), and removing the hitch
 - Chain or padlock the generator to other heavy equipment
- Make sure any generator you arrange includes the following:
 - Transportation to your building site
 - The appropriate amount of Cam Lock Cabling (standard is 250' unless more is requested)
 - Pigtails to connect the generator
 - Starter fuel for the first few days of recovery
 - A set of operating instructions
 - A walk through of the basic operating instructions with your vendor

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