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Wineries sue PacifiCorp (Warren Buffett), alleging smoke from utility-sparked wildfires ruined harvests

Oregon wineries take on utility giant, seeking compensation for wildfire damage

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Berkshire Hathaway's PacifiCorp, owned by Warren Buffett, the most significant electricity grid operator in the Western United States, faces new legal challenges as Oregon wineries file lawsuits. The plaintiffs, including Brigadoon Vineyards, Retraite, Samuel Robert, and Elk Cove, allege the utility's negligence in preventing wildfires in 2020 led to significant losses in grape harvests and wine sales, totaling tens of millions of dollars.

These legal proceedings commenced on Friday in state courts across three counties within the Willamette Valley region—Oregon's viticultural heartland. The development comes hot on the heels of a groundbreaking jury verdict in June, which found PacifiCorp negligent for failing to prevent the annihilation of approximately 2,500 properties across four Labor Day fires in 2020. PacifiCorp predicts the overall cost of the litigation could reach an astonishing $11 billion but maintains an optimistic view that the verdict will be successfully overturned on appeal.

A request for comment to a spokesperson for PacifiCorp did not receive an immediate response.

According to the complaints, the utility-sparked wildfires negatively impacted the wineries in several ways. Grapes were damaged, harvests destroyed, and wine sales plummeted, resulting in significant revenue and profit losses for the wineries in subsequent years.

Brigadoon Vineyards' complaint sheds more light on the issue: "The fires each produced smoke and soot particles that inundated the Willamette Valley where plaintiff's property is located for more than two weeks." These particles, the winery further alleges, "landed on and infused the grapes" intended for the 2020 harvest and wine vintages. Consequently, this adversely affected the quality of the produce, leading to financial losses for the winery.

In addition, Brigadoon contends the devastating wildfires could have been prevented had PacifiCorp complied with state officials' requests to cut off power in the service area adjacent to the Willamette Valley. This claim further intensifies the conflict between the utility and the wineries, drawing into sharp focus the question of corporate responsibility in the face of environmental disasters.

In its defense, PacifiCorp insists the litigation is based on hindsight. The company argues it's reductionist to pin the blame solely on the utility's decision-making amid the intricacies of climate change. Furthermore, it challenges the plaintiffs' claims, stating there isn't enough evidence to connect its equipment to the initiation and spread of the fires.

This scenario draws parallels with Pacific Gas and Electric Company's experience, another utility which faced extensive litigation over wildfires that blazed through California's wine region north of San Francisco in 2017. After being bombarded with damage claims, the company was driven into bankruptcy in 2019 and agreed to a hefty settlement of $25.5 billion to resolve claims arising from a series of fatal fires tied to its equipment.

The ongoing saga highlights a critical issue facing utilities in an era of increasingly severe wildfires and extreme weather events amplified by climate change. These proceedings will be closely monitored, given their potential to set a precedent for similar future litigations. As climate change continues to affect traditional business models, the intersection of utility management, environmental stewardship, and corporate responsibility is becoming more critical than ever before.

The outcomes of these lawsuits could have significant implications for utilities and businesses alike. The pressure is mounting on utilities to adopt proactive, rigorous measures to prevent similar occurrences in the future. Meanwhile, industries—particularly those highly dependent on specific environmental conditions like the wine industry—must also strategize to mitigate the risks and adapt to the new normal of a climate-impacted world.