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Witnesses: S. Yang



(U 933-E)

Mountain View Fire Cost Recovery Application

Before the California Public Utilities Commission

Liberty-05: Litigation and Claims Resolution

Tahoe Vista, California

June 20, 2025

Liberty-05: Litigation and Claims Resolution

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1 I.

2 Executive Summary

3 This chapter of testimony discusses lawsuits brought against Liberty Utilities (CalPeco Electric)
4 LLC (“Liberty”) related to the Mountain View Fire, and Liberty’s reasonable resolution of those claims.

5 From December 2020 through November 2023, roughly 380 individuals and entities filed
6 lawsuits against Liberty for damages allegedly sustained due to the Mountain View Fire. These
7 plaintiffs fall into three categories: (1) public entities; (2) subrogated insurers; and (3) individual
8 plaintiffs. Liberty faced significant exposure had plaintiffs’ claims proceeded to trial. This is because,
9 in addition to the risk inherent in litigating dozens of trials, California’s inverse condemnation doctrine
10 exposes investor-owned utilities like Liberty to claims based on purported strict liability for property
11 damage, and associated litigation costs, even absent any showing of fault.

12 As of June 2025, Liberty has reached settlements with all subrogation plaintiffs and the vast
13 majority of public entity plaintiffs and individual plaintiffs. By pursuing reasonable settlements, Liberty
14 resolved claims for significantly less than the amounts plaintiffs had demanded, and avoided additional
15 attorneys’ fees and interest. These settlements also expedited resolution of the claims.

16 Liberty was able to reach reasonable settlements with several plaintiff groups through party-led
17 settlement negotiations. For certain plaintiff groups, Liberty worked with experienced mediators to
18 facilitate settlement negotiations. Liberty’s settlement strategy was prudent because it allowed Liberty
19 to avoid the risks, uncertainties, delay, and expense of litigation while reaching reasonable resolutions of
20 claims. Neutralizing such risks through pre-trial settlement is not only prudent but is also common
21 practice for handling lawsuits of this nature.¹

22 II.

23 Background on Litigation and Plaintiff Groups

24 The Mountain View Fire began on November 17, 2020, and was declared 100% contained on
25 December 11, 2020. According to the fire agency report, the fire ultimately burned more than 20,000
26 acres, damaged nearly 100 structures, and resulted in one civilian fatality. Shortly after the fire was
27 contained, plaintiffs began filing lawsuits against Liberty to seek recovery for damages arising from the
28 fire. In total, twenty-two lawsuits were filed between December 2020 and November 2023, involving

¹ See Jeffrey Johnson, J.D. & Adam Ramirez, J.D., Personal Injury Settlement Amounts Examples (2023 Guide), FORBES, Sept. 22, 2022 (estimating that approximately 95 percent of civil personal injury cases reach settlement).

1 roughly 380 plaintiffs. These lawsuits alleged that Liberty bore legal responsibility for the Mountain
2 View Fire under the inverse condemnation doctrine and other claims and sought recovery of allegedly
3 resulting damages, and in some cases punitive damages.

4 Three primary categories of plaintiffs brought suits: (1) public entity plaintiffs; (2) subrogation
5 plaintiffs; and (3) individual plaintiffs, each of which is addressed below.

6 **A. Public Entity Plaintiffs**

7 On January 19, 2021, various public entities that incurred expenses as a result of the Mountain
8 View Fire brought suit in Los Angeles County Superior Court. The public entities included the County
9 of Mono, Antelope Valley Fire Protection District, Toiyabe Indian Health Project, Inc., and Bridgeport
10 Indian Colony. Liberty removed this suit to the federal district court in the Central District of California
11 on the basis of federal question jurisdiction, as Bridgeport Indian Colony is a federally-recognized
12 Indian tribe and brought a claim for damages related to possession of tribal lands. The court denied
13 plaintiffs' motion to remand and granted Liberty's motion to transfer venue to the Eastern District of
14 California. This suit alleged inverse condemnation, negligence, and other statutory and common law
15 tort claims, seeking damages and expenses the entities incurred as a result of the fire.

16 The United States Department of Agriculture ("USDA") and the Bureau of Land Management
17 ("BLM") have sent potential claims to Liberty, seeking recovery for fire suppression related expenses
18 and damages for trespass to land. Neither USDA nor BLM has filed a lawsuit.

19 **B. Subrogation Plaintiffs**

20 Subrogation plaintiffs are insurance companies who paid out claims to their insureds for damage
21 stemming from the Mountain View Fire. Roughly 40 subrogation plaintiffs brought suit against Liberty.
22 These lawsuits alleged inverse condemnation and negligence, wherein insurers sought reimbursement
23 for money paid to their insureds (home, auto, commercial, and property policies) from claims related to
24 the Mountain View Fire. These subrogation lawsuits were filed between January 26, 2021 and
25 November 13, 2023.

26 Liberty removed these subrogation suits to federal court in the Eastern District of California.
27 The claims were remanded to state court. All subrogation claims were consolidated with a Judicial
28 Council Coordinated Proceeding ("JCCP") in Los Angeles County Superior Court.

29 **C. Individual Plaintiffs**

30 Individual plaintiffs with property losses and other damages also brought claims against Liberty
31 related to the Mountain View Fire. The individual plaintiffs comprised roughly 340 individual plaintiffs

1 from approximately 150 households and several businesses affiliated with some of the individuals.
2 They filed suit between December 16, 2020 and November 16, 2023.

3 The individual plaintiffs brought inverse condemnation, negligence, and other statutory and
4 common law tort claims against Liberty,² seeking damages and expenses they incurred as a result of the
5 fire. One case involved a wrongful death claim. Liberty attempted to dismiss claims and reduce the
6 alleged damages where possible. Liberty removed the early batch of suits to federal court in the Eastern
7 District of California. The claims were ultimately remanded to state court. All individual lawsuits were
8 eventually consolidated with a JCCP in Los Angeles County Superior Court. Liberty advocated for
9 consolidation of plaintiffs' actions as it allowed for a more efficient litigation process, including
10 coordinated discovery and bellwether trials. This allowed Liberty to achieve efficiencies in cost and
11 time by handling plaintiffs' claims on a more global basis.

12 The JCCP court selected four bellwether trials and set them for March 2024. The bellwethers
13 would have focused on liability related to the inverse condemnation cause of action only, and in
14 particular, whether Liberty's facilities were the cause of the Mountain View Fire. The bellwether cases
15 were settled prior to trial.

16 **D. Settling Claims Was Reasonable in Light of Liberty's Litigation Risk**

17 Liberty faced significant litigation risks. In particular, plaintiffs alleged that Liberty was strictly
18 liable under the inverse condemnation doctrine.³ Although Liberty contended that plaintiffs could not
19 meet their burden to prove that Liberty's facilities were the cause of the Mountain View Fire, that
20 question ultimately would be decided by a jury. If Liberty had been found liable for inverse
21 condemnation, it faced not only claims for damages to property, but also claims for attorney's fees and
22 other litigation costs (such as experts fees), plus prejudgment interest. In addition to inverse
23 condemnation claims, plaintiffs also alleged negligence and other claims. Again, Liberty would have
24 defended against such claims, but it faced litigation risk since those claims ultimately would have been

² Some plaintiffs asserted claims against Western Weather and PAR Electric as a tactic to defeat diversity jurisdiction. Neither the plaintiffs nor Liberty could find any evidence to support any impleader, cross-claim, or counter-claims against any other party. After the cases were remanded to state court, plaintiffs dismissed their claims against Western Weather and PAR Electric.

³ See *Pacific Bell Tel. Co. v. S. Cal. Edison Co.* 208 Cal. App. 4th 1400, 1408 (2012) (holding that a strict liability standard applies to inverse condemnation claim against investor-owned utility). Liberty did not concede that it was subject to an inverse condemnation claim, or that strict liability governed, but comments by the trial court suggested that Liberty was unlikely to prevail at the trial court level on the merits of the inverse condemnation claims.

1 decided by a judge or jury. Liberty was cognizant of the risk of outsized jury verdicts, as have been
2 observed in other cases against utilities. Liberty's assessment of risk was also influenced by the trial
3 judge's unfavorable discovery ruling and by comments from the trial judge that implied significant
4 exposure under an unfavorable inverse condemnation standard.

5 In these circumstances, it was reasonable and prudent for Liberty to settle legal claims rather
6 than proceed to lengthy trials with uncertain outcomes.

7 III.

8 Liberty Undertook a Reasonable Process to Settle Plaintiffs' Claims in Order to Minimize 9 Litigation Risk

10 As of May 31, 2025, Liberty has settled the claims brought by all but a handful of individual
11 plaintiffs, all subrogation plaintiffs, and all public entity plaintiffs except for the USDA and BLM's
12 potential claims.⁴ These settlements were built on developing a strong record of the strength of the
13 various claims and engaging in sound processes designed to facilitate settlements.

14 To support both litigation and settlement efforts, Liberty retained experienced damages experts
15 to evaluate plaintiffs' claims and the reasonableness of settlement demands.⁵ Liberty also retained
16 experts to assist in the rebuttal of plaintiffs' liability claims. Liberty used these experts' knowledge to
17 determine the settlement values of plaintiffs' claims and to advocate for lower settlement figures where
18 plaintiffs sought higher recoveries than justified.

19 Liberty and some plaintiff groups engaged mediators, where helpful. Liberty also directly settled
20 with plaintiffs outside of mediation where parties were able to agree between themselves on an
21 acceptable settlement figure. Liberty worked hard to negotiate reasonable settlements in an efficient
22 manner and reached global settlements with the Subrogation Plaintiffs, the Public Entity Plaintiffs, and,
23 where possible, with groups of individual plaintiffs represented by the same plaintiffs' counsel. Liberty

⁴ USDA and BLM have sent potential claims but have not filed lawsuits. Liberty will provide an update in its rebuttal testimony if the settlement status of these claims has changed.

⁵ In particular, Liberty retained and worked with several qualified experts in disciplines relevant to the various categories of claims. For instance, for subrogated insurer claims, Liberty engaged an expert experienced in review and analysis of insurer claims files. For individual plaintiffs' claims, Liberty engaged experienced appraisers and arborists (among others) to review and evaluate plaintiffs' damages. For public entity claims, Liberty retained and worked with experts experienced in analyzing economic and environmental impacts on public agencies.

1 did not admit liability or any wrongdoing in these settlements. The key elements of Liberty's overall
2 settlements are described below.

3 **A. County of Mono Public Entity Plaintiffs Settlement**

4 Liberty reasonably settled with the County of Mono Public Entity Plaintiffs for \$[REDACTED] million.
5 Liberty received a breakdown of the Public Entity Plaintiffs' claimed damages in preparation for a
6 planned mediation. Liberty carefully assessed the reasonableness of these claims with the help of its
7 damages experts. Ultimately, Liberty and the Public Entity Plaintiffs entered into a settlement outside of
8 mediation for \$[REDACTED] million, less than half of these plaintiffs' originally-claimed damages. This
9 settlement was reasonable given the litigation risks faced by Liberty described above.

10 **B. USDA and BLM Potential Claims**

11 The USDA submitted a potential claim seeking damages of \$[REDACTED] for fire suppression
12 costs relating to the Mountain View Fire. Liberty obtained some preliminary information about this
13 potential claim via a FOIA request, but USDA has not filed a lawsuit and this potential claim remains
14 unresolved. The BLM sought recovery of \$[REDACTED] million in damages for trespass to land, primarily for
15 wages and personnel costs, as well as for contracts, fleet costs, Burned Area Emergency Response
16 assessment and implementation, and forest service flights. The BLM's potential claim is also
17 unresolved.⁶

18 **C. Subrogation Claims Settlement**

19 Liberty reasonably settled with the Subrogation Plaintiffs for \$[REDACTED] million. The Subrogation
20 Plaintiffs proposed using retired Judge Peter Lichtman as a mediator. Liberty agreed that Judge
21 Lichtman would be a capable and experienced mediator for the claims, particularly in light of his prior
22 successful mediation of wildfire claims against Southern California Edison.

23 Liberty obtained the Subrogation Plaintiffs' claims data, broken down by carrier and category,
24 including claims paid (\$[REDACTED] million) and claims reserved (\$[REDACTED] million). Liberty carefully assessed
25 the reasonableness of these claims with the help of a damages expert. After exchanging several
26 confidential demands outside of mediation, the parties reached a settlement for \$[REDACTED] million,
27 approximately \$[REDACTED] of each dollar that the Subrogation Plaintiffs paid to their insureds and set aside in
28 reserves, and less than [REDACTED]% of the claimed amounts including attorneys' fees and costs. In light of the

⁶ *Liberty-07: Cost Recovery* sets forth Liberty's proposal for addressing claims paid after May 31, 2025.

1 millions more in damages that the Subrogation Plaintiffs would have sought at trial, this settlement was
2 a reasonable compromise recognizing the risks of litigation.

3 **D. Individual Plaintiffs Settlements**

4 Liberty negotiated with the individual plaintiffs in groups, usually based on the law firm
5 representing them. This process allowed Liberty to efficiently resolve multiple claims as part of the
6 same process. Liberty received settlement demand packages from each plaintiff group. Liberty
7 carefully evaluated these claims to determine their merit, including the supporting evidence and other
8 individualized factors, and analyzed the size of the damages on each claim with the help of damages
9 experts.

10 Liberty also engaged in vigorous arms-length negotiations with the individual plaintiff groups.
11 Liberty came to a reasonable resolution of some of those groups' claims without the help of a mediator.
12 For other plaintiff groups, Liberty engaged several well-qualified and experienced mediators familiar
13 with wildfire cases, in particular Judge Jay Gandhi, Lexi Myers-Wolfe, and Judge Peter Lichtman. In
14 some instances, these mediators helped facilitate reasonable resolution of the claims by offering
15 proposals that were accepted by the parties.

16 Liberty reached settlements with various plaintiffs groups in stages between July 2024 and May
17 2025. Only claims brought by three plaintiffs remain unsettled.⁷

18 In total, Liberty has paid \$ [REDACTED] in settlements with individual plaintiffs. Cumulatively,
19 the settlements that Liberty reached with individual plaintiff groups were less than one-third of the
20 plaintiffs' alleged damages. This is a reasonable amount, given the substantial risk of loss and
21 prospective damages that Liberty faced at trial.

22 **E. Cumulative Settlements**

23 The table below summarizes the total of the above-referenced settlements, all reached through
24 the reasonable claims and risk analyses and processes discussed herein:

⁷ The Frantz Law Group filed a motion to withdraw as their counsel due to lack of communication; that motion was recently withdrawn as to two plaintiffs and granted as to the third. Liberty will provide an update in its rebuttal testimony if the settlement status of these claims has changed.

Table 1: Aggregate Settlement Amounts by Plaintiff Type

Settlement Group	Amount
Subrogation plaintiffs	\$ [REDACTED]
Public entities plaintiffs	\$ [REDACTED]
Individual plaintiffs	\$ [REDACTED]
Total	\$174,850,000

In addition to these settlement costs, Liberty has necessarily incurred litigation expenses and financing costs as a result of the Mountain View Fire claims, as discussed in *Liberty-06*. As set forth in *Liberty-07*, Liberty had insurance policies providing a total of \$116 million of coverage, minus a \$250,000 deductible. The insurers have paid the full coverage amounts, and those payments have been credited to Liberty's WEMA (\$750,000 credited against early litigation expenses, the remainder against claims settlement payments), correspondingly reducing the amount requested from customers in this Application. Thus, Liberty's *net* payments with respect to the Mountain View Fire claims settlements, as reflected in its WEMA, are \$59,850,000.⁸

⁸ The primary layer insurer paid \$750,000 (on a \$1 million policy, net of its \$250,000 deductible) to reimburse early litigation expenses, and the remaining \$115 million in coverage was paid to reimburse claims settlements payments. Liberty's net claim amount is not affected by whether the entire insurance proceeds are attributed against claims settlements or whether the first \$750,000 is attributed against Liberty's attorneys' fees (as it currently is).