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16 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

17 **FOR THE COUNTY OF SAN FRANCISCO**

18 JUSTICE JOHN TROTTER (RET.),  
19 TRUSTEE OF THE PG&E FIRE VICTIM  
20 TRUST,

21 Plaintiff,

22 v.

23 LEWIS CHEW,  
24 ANTHONY F. EARLEY JR.,  
25 FRED J. FOWLER,  
26 MARYELLEN C. HERRINGER,  
27 CHRISTOPHER P. JOHNS,  
28 RICHARD C. KELLY,  
ROGER H. KIMMEL,  
RICHARD A. MESERVE.  
FORREST E. MILLER.  
ERIC D. MULLINS,  
ROSENDO (RO) G. PARRA,  
BARBARA L. RAMBO,  
ANNE SHEN SMITH,  
BARRY LAWSON WILLIAMS,  
GEISHA J. WILLIAMS,  
KEVIN DASSO,  
PATRICK M. HOGAN,  
JULIE M. KANE,  
GREGG L. LEMLER,

Case No. CGC-18-572326

AMENDED COMPLAINT

Hon. Andrew Y.S. Cheng  
Dept. 613

Trial Date: None set

**AMENDED COMPLAINT**

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STEVE E. MALNIGHT,  
DINYAR B. MISTRY, and  
JASON P. WELLS,  
and Does 4-50 Inclusive,  
  
Defendants.

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1 Plaintiff Justice John Trotter (Ret.)<sup>1</sup>, Trustee of the PG&E Fire Victim Trust (“Plaintiff”),  
2 by his attorneys, hereby submits this Amended Complaint (the “Complaint”) against certain former  
3 Officers and Directors (collectively, “the Defendants” or the “Officer and Director Defendants”)  
4 of PG&E Corporation and/or Pacific Gas and Electric Company (“Utility” and with PG&E  
5 Corporation, “PG&E”). Plaintiff was appointed by the United States Bankruptcy Court for the  
6 Northern District of California as Trustee of the PG&E Fire Victims Trust and was assigned certain  
7 claims and causes of action through PG&E’s plan of reorganization.<sup>2</sup>

8 **I. NATURE AND SUMMARY OF THE ACTION**

9 1. This is a direct action brought by the Trustee against certain former Officers and  
10 Directors of PG&E for causing (1) the 2017 North Bay Fires and (2) the 2018 Camp Fire as a result  
11 of separate breaches of fiduciary duties. Both events were massive wildfires that cost people’s  
12 lives and caused catastrophic harm. However, they were the outgrowth of separate and distinct  
13 wrongful acts and omissions by the Defendants in breach of the Defendants’ fiduciary duties of  
14 care and loyalty to the Company.

15 2. PG&E is one of the largest combination natural gas and electric utilities in the  
16 United States. It provides natural gas and electric services to approximately 16 million people  
17 throughout a 70,000-square mile service area in northern and central California. PG&E  
18 CORPORATION, COMPANY PROFILE, [https://www.pge.com/en\\_US/about-pge/company-](https://www.pge.com/en_US/about-pge/company-information/profile/profile.page)  
19 [information/profile/profile.page](https://www.pge.com/en_US/about-pge/company-information/profile/profile.page). PG&E operates 18,466 circuit miles of transmission lines, which  
20 are part of the interstate transmission infrastructure that delivers electricity throughout the western  
21 United States. PG&E also operates 106,681 circuit miles of intrastate electric distribution lines.

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25 <sup>1</sup> Justice Trotter is a retired Presiding Justice of the California Court of Appeal, Fourth  
Appellate District.

26 <sup>2</sup> Although these cases were initially filed as shareholders derivative suits, on behalf of  
27 PG&E, the claims became property of the Company’s bankruptcy estate upon the bankruptcy  
28 filing. PG&E’s claims were subsequently assigned to the Fire Victims’ Trust by Order of the  
Bankruptcy Court, and Plaintiff was appointed as Trustee of the Fire Victims’ Trust to the pursue  
the claims in this case. Thus, the claims are now pursued as a direct action, not a derivative action.

1           3.       At the time of the North Bay Fires, in October 2017, Defendants failed to install  
2 and implement a power shutoff system at PG&E that was used by other utilities, and urgently  
3 needed because of PG&E’s failure to maintain a vegetation management program, during times of  
4 high winds, where trees were making contact with the distribution lines and causing fires. By  
5 2017, PG&E was *6 years behind* on its vegetation management program, and the only way to  
6 prevent a catastrophic wildfire was to shut power off. Defendants knew that the conditions posed  
7 an unacceptable risk and that PG&E should have had a system to shut power off during times of  
8 extreme fire danger conditions, but failed to do so.

9           4.       The 2018 Camp Fire was the result of an entirely different governance failure by  
10 Defendants relating to equipment failures on PG&E’s long range transmission lines equipment,  
11 including the Caribou Palmero Line running in the Sierra Nevada foothills of Butte County. The  
12 site of ignition of the 2018 Camp Fire is roughly 150 miles away from the origin of the North Bay  
13 Fires. The California Public Utilities Commission (“CPUC”) found that the 2018 Camp Fire had  
14 started because of a C-hook mounted on a transmission tower had worn down over the course of  
15 nearly a century and eventually failed. As a result, an uninsulated energized piece of equipment  
16 called a transposition jumper made contact with a steel structure, causing an electrical arc and  
17 igniting a fire. The CPUC determined that PG&E’s management, Defendants herein, failed to  
18 implement a system to detect and replace this C-hook as part of its transmission infrastructure  
19 patrols and inspection program. The 2018 Camp Fire was caused by PG&E’s failure to inspect  
20 and repair the 100 year-old equipment on its long-range transmission lines, and or implement a  
21 proactive system to replace the equipment to avoid material fatigue, corrosion and subsequent  
22 failures.

23           5.       The two fires, the 2017 North Fires and the separate 2018 Camp Fire, were caused  
24 for different reasons, involving different conduct by different people in different PG&E business  
25 units involving different policies and procedures and in different physical locations. Accordingly,  
26 the two separate incidents involve different wrongful conduct, acts and omissions by the former  
27 officers and directors of PG&E as Defendants herein.

28

1           6.       The North Bay Fires and the Camp Fire are separate occurrences that have no  
2 common nexus or cause. The corrective actions that should have been undertaken to prevent either  
3 of these occurrences would have been insufficient to prevent the other. For the same reasons that  
4 the prior fires and gas explosions going back to 1981 were all separate occurrences, the two  
5 wildfires that occurred in PG&E’s service territory in 2017 and 2018 were separate occurrences,  
6 caused by independent acts and omissions by the Defendants.

7           7.       Regarding the 2017 North Bay Fires, the Defendants had a duty to exercise  
8 reasonable care and implement and follow PG&E’s own criteria for shutting the power off to  
9 prevent harm, i.e., implementing and following a de-energization program. Defendants failed to  
10 comply with applicable CPUC regulations for keeping vegetation properly trimmed and  
11 maintained so as to prevent foreseeable contact with PG&E’s electrical equipment. Having failed  
12 to maintain a vegetation management budget, Defendants should have instituted and implemented  
13 a de-energization program to prevent catastrophic fires from occurring. In addition to not adopting  
14 a de-energization program, Defendants did not reprogram its reclosers during wildfire season in  
15 2017. Reclosers are circuit breakers that “open” or stop sending electrical pulses “downstream”  
16 through power lines when service is interrupted due to a “fault” and then automatically “closes”  
17 or reenergizes the power line after it has been “opened” due to a fault. If the fault was transient or  
18 temporary, the recloser allows the line to remain energized. However, if the fault was caused by  
19 a downed power line or a tree or limb contacting a power line, when the recloser reenergizes the  
20 power line it can start a fire.

21           8.       Regarding the 2018 Camp Fire, Defendants had a duty to exercise reasonable care  
22 and follow CPUC regulations regarding the design, construction, inspection and maintenance of  
23 overhead electric lines to ensure adequate service and safety (G0 95). Defendants failed to  
24 properly inspect PG&E’s equipment on its electric lines, specifically transmission lines and tower  
25 equipment. Defendants also failed to properly identify equipment on its electric transmission lines  
26 in need of maintenance as replacement before its failure due to age, corrosion or material fatigue.  
27 Defendants knew they needed to address their asset management and replacement program with  
28 regard to aging equipment and infrastructure but failed to do so. Defendants also failed to provide



1 a proper budget to allow PG&E to inspect, maintain and replace its equipment, or to institute a  
2 proper asset management program. Defendants did all this negligently and/or recklessly  
3 disregarding PG&E's increased exposure to the risk of equipment failure fires, which did in fact  
4 occur in the 2018 Camp Fire.

5 9. For these reasons and as set forth more fully herein, Plaintiff seeks money damages  
6 based on the Defendants' independent breaches of fiduciary duty, which were substantial factors  
7 in the 2017 North Bay Fires and the 2018 Camp Fire.

8 **II. JURISDICTION AND VENUE**

9 10. This Court has subject matter jurisdiction over this matter pursuant to California  
10 Code of Civil Procedure section 395(a) because the amount in controversy, exclusive of interest  
11 and costs, exceeds the jurisdictional minimum of this Court. This case involves the Officers and  
12 Directors of a California corporation that conducts substantial operations in this jurisdiction. The  
13 major incidents that gave rise to this action are the 2017 North Bay Fires and 2018 Camp Fire,  
14 which separately caused substantial damages in this jurisdiction. As the primary provider of power  
15 and energy to the majority of individuals, businesses, and entities in northern and central  
16 California, PG&E has and will continue to have a substantial impact on the California economy.  
17 Each Defendant has sufficient contacts with California as a director and/or officer of PG&E to  
18 make proper this Court's exercise of personal jurisdiction over them.

19 11. Venue is proper in this Court. A substantial part of the events or omissions giving  
20 rise to the claims alleged occurred in San Francisco, California, which is located within this  
21 jurisdiction. Because a significant amount of the harm, as well as important evidence, is located  
22 within this jurisdiction, this is the best venue for this action. Each Defendant has sufficient contacts  
23 with this jurisdiction that venue in this jurisdiction is appropriate. Several Defendants reside  
24 within the County of San Francisco such that the exercise of jurisdiction by this Court is  
25 appropriate.

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1 **III. PARTIES**

2 **A. Plaintiff**

3 12. Plaintiff Justice John Trotter (Ret.) is the Trustee of the PG&E Fire Victims Trust  
4 and is a citizen and resident of California. The PG&E Fire Victims Trust is a Delaware trust  
5 established by the United States Bankruptcy Court for the Northern District of California.

6 **B. Defendants**

7 **1. Directors**

8 13. Defendant Lewis Chew (“Chew”) served as director of PG&E Corporation and the  
9 Utility from 2009 to 2019. Chew was a member of the Executive, Audit and Compliance & Public  
10 Policy Committees from 2015 to 2019. Chew served as Compliance & Public Policy Committee  
11 Chair from 2015 to 2017 and Audit Committee Chair in 2018.

12 14. Defendant Anthony F. Earley Jr. (“Earley”) was PG&E’s President, CEO, and  
13 Chairman of the Board from 2011 until March 1, 2017, after which he served as PG&E’s Executive  
14 Chairman of the Board until his retirement from PG&E on December 15, 2017. He also served as  
15 a director of Utility from 2012 to 2017.

16 15. Defendant Fred J. Fowler (“Fowler”) served as a director of PG&E Corporation  
17 and Utility from 2012 to 2020. Fowler served as a member of the Nuclear, Operations, and Safety  
18 Finance Committees from 2015 to 2020.

19 16. Defendant Maryellen C. Herringer (“Herringer”) served as a PG&E Corporation  
20 director and as a Utility director from 2005 to 2017. Herringer served as member of the Executive,  
21 Audit, Compensation, and Nominating & Governance Committees from 2015 until her retirement  
22 from PG&E Corporation and Utility boards in 2017. Herringer served as Nominating &  
23 Governance Committee Chair from 2015 to 2017.

24 17. Defendant Christopher P. Johns (“Johns”) served as the President of Utility from  
25 2009 to 2015, and the Vice Chairman of Utility in 2015. Johns joined PG&E Corporation in 1996  
26 as Vice President and Controller. He was named PG&E Corporation’s Chief Financial Officer in  
27 2005 and named President of Utility in 2009. Johns also served as a director and Executive  
28 Committee member of Utility from 2010 to 2015.

1           18. Defendant Richard C. Kelly (“Kelly”) served as a director of PG&E Corporation  
2 and Utility from 2013 to 2019. Kelly served as the independent non-executive Chair of the Board  
3 of PG&E Corporation from 2017 to 2019. Kelly served as a member of the Audit and Nuclear,  
4 Operations, & Safety, Executive and Nominating & Governance Committees from 2015 to 2017.  
5 Kelly served as Chair of the Executive Committee of the PG&E Corporation board in 2017 and  
6 Chair of the Nominating & Governance Committee for both boards in 2017.

7           19. Defendant Roger H. Kimmel (“Kimmel”) served as a director of PG&E  
8 Corporation and Utility from 2009 to 2019. Kimmel served as member of the Compliance &  
9 Public Policy, Finance and Nominating & Governance Committees from 2015 to 2018. Kimmel  
10 served as Chair of the PG&E Corporation Compliance & Public Policy Committee and a member  
11 of the Executive Committee of both boards from 2017 to 2018.

12           20. Defendant Richard A. Meserve (“Meserve”) served as a director of PG&E  
13 Corporation and Utility from 2006 to 2019. Meserve served as member of the Executive,  
14 Compliance & Public Policy, Nominating & Governance, and Nuclear, Operations, & Safety  
15 Committees from 2015 to 2018. Meserve served as Chair of the Nuclear, Operations & Safety  
16 Committee from 2015 to 2018.

17           21. Defendant Forrest E. Miller (“Miller”) served as a director of PG&E Corporation  
18 and Pacific Gas & Electric Company from 2009 to 2019. Miller served as independent lead  
19 director of PG&E Corporation, independent non-executive Chair of the Board of the Utility, and  
20 Chair of the PG&E Corporation Compensation Committee in 2017. Miller also served as Chair  
21 of the PG&E Corporation and Utility Audit Committees from 2015 to 2017.

22           22. Defendant Eric D. Mullins (“Mullins”) served as a director of PG&E Corporation  
23 and Utility from 2016 to 2019. Mullins served as a member of the Audit and Safety & Nuclear  
24 Oversight Committee from 2017 to 2019.

25           23. Defendant Rosendo (Ro) G. Parra (“Parra”) served as a director of PG&E  
26 Corporation and Utility from 2009 to 2019. Parra served as a member of the Nominating &  
27 Governance and Nuclear, Operations, & Safety Committees from 2015 to 2018, Finance  
28 Committee from 2015 to 2016 and the Compensation Committee from 2017 to 2018.

1           24. Defendant Barbara L. Rambo (“Rambo”) served as a director of PG&E Corporation  
2 and Utility from 2005 to 2019. Rambo served as a member of the Executive, Compensation,  
3 Nominating & Governance, Finance Committees from 2015 to 2018. Rambo served as the Chair  
4 of the Finance Committee from 2015 to 2018.

5           25. Defendant Anne Shen Smith (“Smith”) served as a director of PG&E Corporation  
6 and Utility from 2015 to 2019. Smith served as a member of the Compliance & Public Policy,  
7 Nuclear, Operations & Safety Committees from 2015 to 2018, and the Finance Committee from  
8 2017 to 2018.

9           26. Defendant Barry Lawson Williams (“B.L. Williams”) served as a PG&E Corp.  
10 director from 1996 to 2017 and was a member of the Audit Committee of both boards. He served  
11 as the lead director of PG&E Corporation and independent non-executive Chairman of the Board  
12 of the Utility from 2015 until his retirement in 2017. He also served as a Utility director from 1990  
13 to 2017.

14           27. Defendant Geisha J. Williams (“Williams”) served as Chief Executive Officer and  
15 President of PG&E Corporation from 2016 to 2019. Geisha served as a member of the Utility  
16 board’s Executive Committee in 2016 and became a member of both PG&E Corporation and  
17 Utility’s Executive Committee from 2017 to 2018. She joined the company in 2007.

18           28. Defendants Chew, Earley, Fowler, Herringer, Johns, Kelly, Kimmel, Meserve,  
19 Miller, Mullins, Parra, Rambo, Smith, B.L. Williams, and Williams are referred to herein as the  
20 “Director Defendants.”

21                           **2. Officers**

22           29. Kevin Dasso (“Dasso”) is hereby named as a defendant to replace previously named  
23 Doe Defendant Number One. Dasso served as Vice President of Electric Asset Management for  
24 Utility from 1981 to 2019.

25           30. Defendant Patrick M. Hogan (“Hogan”) served as Utility’s Senior Vice President  
26 of Electric Operations from 2016 to 2019, before which he served as its Vice President of Electric  
27 Operations Asset Management, starting in 2013.

1           31. Defendant Julie M. Kane (“Kane”) served as Senior Vice President, Chief Ethics  
2 and Compliance Officer, and Deputy General Counsel of PG&E Corporation and Utility from  
3 2015 to 2020.

4           32. Defendant Gregg L. Lemler (“Lemler”) is hereby named as a defendant to replace  
5 previously named Doe Defendant Number Two. Lemler served as Utility’s Vice President of  
6 Electric Transmissions from 2013 to 2019 and was an Officer from 1983 to 2019.

7           33. Steve E. Malnight (“Malnight”) is hereby named as a defendant to replace  
8 previously named Doe Defendant Number Three. Malnight served as Senior Vice President,  
9 Energy Supply and Policy from 2018 to 2019, as Senior Vice President, Strategy and Policy for  
10 PG&E Corporation and Utility from 2017 to 2018, and as Senior Vice President Regulatory Affairs  
11 from 2014 to 2017.

12           34. Defendant Dinyar B. Mistry (“Mistry”) served as Senior Vice President for Human  
13 Resources and its Chief Diversity Officer for PG&E Corporation and Utility from 2016 to 2020.  
14 Mistry joined PG&E in 1994 and held leadership positions in the Finance and Regulatory  
15 organizations of PG&E Corporation and Utility, including Vice President of Regulations and Rates  
16 of Utility from 2005 to 2008, Vice President and Chief Risk and Audit Officer of PG&E  
17 Corporation from 2009 to 2010, and Vice President, Controller and CFO of Utility from 2010 to  
18 2016.

19           35. Defendant Jason P. Wells (“J. Wells”) served as PG&E Corp.’s CFO and Senior  
20 Vice President from 2016 to 2020. Prior to becoming PG&E Corp.’s CFO, Wells served in various  
21 roles at Utility from 2007 to 2015, including as its Vice President, Business Finance from 2013 to  
22 2016, overseeing Utility’s financial planning, budgeting, economic analysis, and performance  
23 improvement.

24           36. Defendants Dasso, Earley, Hogan, Johns, Kane, Lemler, Malnight, Mistry, J. Wells  
25 and Williams are referred to herein as the “Officer Defendants.”

26           **C. Doe Allegations**

27           37. Except as described herein, Plaintiff is ignorant of the true names of defendants  
28 sued as Does 4-50, inclusive, and, therefore, Plaintiff sues these defendants by such fictitious

1 names. Additionally, the names of certain responsible persons have been wrongfully redacted and  
2 hidden from the public record, and the information is therefore within Defendants' exclusive  
3 control. Following further investigation and discovery, Plaintiff will seek leave of this Court to  
4 amend this Complaint to allege their true names and capacities when ascertained. These  
5 fictitiously named defendants are Company officers, other members of management, employees  
6 and/or consultants who were involved in the separate incidents of wrongdoing detailed herein.  
7 These defendants aided and abetted and/or conspired with the named defendants in the separate  
8 and independent wrongful acts and course of conduct described herein, or otherwise caused the  
9 damages and injuries claimed herein, and are responsible in some manner for the acts, occurrences  
10 and events alleged in this Complaint.

11 **D. Agency & Concert of Action**

12 38. At all times herein mentioned herein, Defendants, and/or each of them,  
13 hereinabove, were the agents, servants, employees, partners, aiders and abettors, co-conspirators,  
14 and/or joint venturers of each of the other Defendants named herein and were at all times operating  
15 and acting within the purpose and scope of said agency, service, employment, partnership,  
16 enterprise, conspiracy, and/or joint venture, and each Defendant has ratified and approved the acts  
17 of each of the remaining Defendant. Each of the Defendants aided and abetted, encouraged, and  
18 rendered substantial assistance to the other Defendants in breaching their obligations to Plaintiff.  
19 In taking action to aid and abet and substantially assist the commission of these separate wrongful  
20 acts and other wrongdoings complained of, as alleged herein, each of the Defendants acted with  
21 an awareness of his/her/its primary wrongdoing and realized that his/her/its conduct would  
22 substantially assist the accomplishment of the numerous occasions of wrongful conduct, wrongful  
23 goals, and wrongdoing.

24 **IV. STATEMENT OF FACTS**

25 **A. PG&E's Business**

26 39. PG&E is one of the major providers of natural gas, electricity and power in the  
27 State of California and is the principal provider of such services in northern and central California.  
28

1           40.     As a utility, PG&E is subject to extensive regulation and regulatory oversight from  
2 both the federal government and from the State of California.

3           41.     PG&E is regulated by the California Public Utilities Commission (“CPUC”). The  
4 CPUC’s mission is to ensure safe, reliable utility service at reasonable rates. It has jurisdiction to  
5 set the rates, terms, and conditions of service for PG&E.

6           42.     Based on information and representations made to it by PG&E, the CPUC sets the  
7 fees or rates that it may charge to California customers. Every three years, PG&E presents to the  
8 CPUC how much revenue it needs to provide safe and reliable utility service, which includes how  
9 much it will likely receive in revenue from its assets. The CPUC adopts an expected revenue  
10 figure based on the information provided by PG&E and sets reasonable rates that may be charged  
11 to PG&E’s customers.

12           43.     Public Utilities Code § 451 mandates that “[e]very public utility shall furnish and  
13 maintain such adequate, efficient, just and reasonable service, instrumentalities, equipment, and  
14 facilities . . . as are necessary to promote the safety, health, comfort and convenience of its patrons,  
15 employees[,] and the public.”

16           44.     These regulations were known to the Defendants. As the top officers and directors  
17 of PG&E during the relevant time period, each of the Defendants had a separate responsibility of  
18 ensuring that these regulations were met and that safety was made a top priority at PG&E, to  
19 protect human lives and property, and to ensure that there were no serious events that would  
20 significantly impact and harm PG&E’s patrons, employees and the public. As detailed below, the  
21 Defendants each failed in his or her obligations to ensure that PG&E complied with federal and  
22 California state regulations in breach of his or her fiduciary duties.

23           **B.     PGE’S Corporate Structure and Risk Management Committees**

24           45.     PG&E Corporation is an energy-based holding company headquartered in San  
25 Francisco. It is the parent company of Utility. PG&E Corporation and Utility operate as a single  
26 business operating out of the same building location. PG&E Corporation has control and authority  
27 to choose and appoint Utility’s board members as well as its other top officers and managers.  
28 PG&E Corporation, and Utility have overlapping boards of directors.

1           46. In the Company’s 2016 Proxy Statement at 2, PG&E stated that “the PG&E  
 2 Corporation Board believes that having Mr. Earley serve concurrently as PG&E Corporation’s  
 3 Chairman and CEO is the appropriate Board leadership structure at this time. Mr. Earley’s  
 4 extensive utility and leadership experience allows him to serve as an effective link between the  
 5 Board and management, and to raise key issues (including those related to various business risks  
 6 overseen by the Board and stakeholder interests to the Board’s attention.)” Defendant Earley  
 7 served as a link between the Board and management by serving as both Chairman of PG&E’s  
 8 Board and as CEO responsible for management of the Utility.

9           47. Moreover, management was required to provide reports to the Board on different  
 10 elements of corporate risk management. Among other things, managements’ enterprise risk  
 11 management program focuses on identifying and addressing the largest risks facing the Utility.  
 12 PG&E also has a Chief Risk and Audit Officer who functionally reports to the Audit Committees  
 13 of PG&E Corporation and the Utility.

14           48. The 2015 Corporate Responsibility and Sustainability Report stressed the duties of  
 15 the full Board in ensuring PG&E’s compliance with the law through a system of risk management.  
 16 The Report stated:

**Boards of Directors**

17  
 18 The PG&E Corporation and Utility Boards and their committees have specific oversight  
 19 responsibility for risk and compliance management in their respective areas:  
 20

**Entity**

**Risk Oversight Responsibilities**

- | <b>Entity</b> | <b>Risk Oversight Responsibilities</b>   |
|---------------|--|
| Boards        | <ul style="list-style-type: none"> <li>• Evaluate risks associated with major investments and strategic initiatives (with assistance from the Finance Committee)</li> <li>• Oversee the implementation and effectiveness of overall legal compliance and ethics programs (with assistance from the Audit Committees and the Compliance and Public Policy Committee)</li> </ul> |



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**Entity**

**Risk Oversight Responsibilities**

Compliance and  
Public Policy  
Committee

- Assist the Boards of Directors and their respective Audit Committees in fulfilling the Boards’ oversight responsibility for *compliance with legal and regulatory requirements*

Audit Committees

- Coordinate the compliance-related oversight work of the various committees of the Boards
- Advise and assist the Boards with respect to public policy and corporate sustainability issues which could affect significantly the interests of customers, shareholders or employees
- Discuss the guidelines and policies that govern the processes for assessing and managing major risks
- Allocate to other Board committees the specific responsibility to oversee identified enterprise risks
- Consider risk issues associated with overall financial reporting and disclosure processes
- Discuss programs to monitor compliance with laws, regulations, policies and programs

Finance Committee

- Discuss risk exposures related to energy procurement, including energy commodities and derivatives, and other enterprise risks, as assigned by the Audit Committees

Nuclear, Operations  
and Safety  
Committee

- Advise and assist the Boards of Directors with respect to the oversight and review of compliance issues and risk management practices related to the Utility’s nuclear, generation, gas and electric transmission, and gas and electric distribution operations and facilities

Compensation  
Committee

- Oversee other enterprise risks, as assigned by the Audit Committees
- Oversee potential risks arising from compensation policies and practices

1 49. PG&E’s Nuclear, Operations and Safety Committee was renamed the Safety and  
2 Nuclear Oversight Committee effective September 19, 2017. It was responsible for the following  
3 specific duties:

<b>Safety and Nuclear Oversight</b>	PG&E Corporation and Utility	Oversees matters relating to safety, operational performance, and compliance issues related to the Utility’s nuclear, generation, gas and electric transmission, and gas and electric distribution operations and facilities (“Operations and Facilities”), including: <ul style="list-style-type: none"><li>•Principal risks arising out of the Operations and Facilities, the process used by management to analyze and identify these risks, and the effectiveness of programs to manage or mitigate these risks</li><li>•The Corporation’s and the Utility’s goals, programs, policies, and practices with respect to promoting a strong safety culture</li><li>•Periodically visiting the Utility’s nuclear and other operating facilities</li></ul>
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14 50. The Director Defendants named herein were all members of the Board and/or one  
15 or more relevant Board committees at the time and had responsibility for ensuring PG&E’s  
16 compliance with applicable laws, including those designed to prevent wildfires.

17 51. As part of their Board-level oversight of risk management, PG&E Corporation and  
18 PG&E Company’s Boards, the Director Defendants, oversee the companies’ risk management  
19 policies and programs. Enterprise risks are reviewed regularly by the Audit Committees and  
20 reviewed for specific risk categories, which is allocated to various Board committees, consistent  
21 with the substantive scope of each committee’s charter. Each such committee provides reports of  
22 its activities to the applicable board.

23 52. The Audit Committees are responsible for compliance with laws, regulations and  
24 policies, and for managing and assessing major risks. The Audit Committees are obligated to  
25 provide risk assessment and management and to anchor Board Committee review of processes by  
26 which such risk assessment and management are undertaken. The Audit Committee includes 6  
27 Independent Directors, including at the relevant times, Richard Kelly, Lewis Chew, Maryellen  
28

1 Herringer, Forest Miller, Barry Williams and Eric Mullins. The Audit Committee met five times  
2 in the years from 2015 to 2017 and met 8 times in 2018. The members of the Audit Committees  
3 of PG&E Corporation and the Utility are identical.

4 53. In 2011, PG&E expanded their Enterprise Risk Management program in order to  
5 increase Board review of risk management. The program was renamed as the Enterprise and  
6 Operational Risk Management (“EORM”) program in 2013 to reflect its expanded scope. The  
7 companies’ EORM program is implemented by management and overseen by the Audit  
8 Committees.

9 54. The Finance Committee is responsible for, among other things, major financial risk  
10 exposures with risks identified through PG&E’s enterprise risk management program ... as well  
11 as the overall steps that management has taken to monitor and control such exposures. The Finance  
12 Committee includes 6 Independent Directors, at the relevant times: Fred Fowler, Roger Kimmel,  
13 Rosendo Parra, Anne Shen Smith, Barbara Rambo and Barry Williams. The Finance Committee  
14 met five times in 2015 and 2016. It met 8 times in 2017 and met 6 times in 2018.

15 55. The Safety and Nuclear Oversight Committees oversees matters relating to safety,  
16 operational performance, and compliance issues related to, among other things, the Utility’s  
17 electric transmission. It oversees the principal risks arising out of the Operations and Facilities, the  
18 process used by management to analyze and identify these risks and the effectiveness of programs  
19 to manage or mitigate these risks. The Safety and Nuclear Oversight Committee included 9  
20 members, including, at the relevant times: Fred Fowler, Richard Kelly, Richard Meserve, Rosendo  
21 Parra, Anne Shen Smith, Jeh Johnson, Eric Mullins, Barbara Rambo, Maryellen Herringer and  
22 Roger Kimmel. The Safety and Nuclear Oversight Committee met 6 times in 2016, 8 times in  
23 2017<sup>3</sup> and 2 times in 2018.

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27 <sup>3</sup> The 2017 Proxy states that the Safety and Nuclear Oversight Committee of the PG&E  
28 Corp. Board met 8 times in 2017, but that the same committee of the Pacific Gas & Electric  
Company board only met 2 times in 2017.

1           56. Each Officer Defendant was also directly responsible for safety issues at PG&E.  
 2 With respect to all the officers and directors of both the Utility and PG&E Corporation, the 2018  
 3 Proxy provided the following graph depicting the combined experience of all officers and  
 4 directors of both the Utility and PG&E Corporation:



20           57. This graph is telling for what it reveals. The officers’ and directors’ experience in  
 21 safety and legal compliance was among the very lowest of all experience possessed by the  
 22 defendants. Crisis Response/Management was also among the lowest level of experience  
 23 possessed by the officers and directors of both the Utility and PG&E Corporation. In stark contrast,  
 24 the ranks of PG&E’s officers and directors were stacked with persons who excelled at awarding  
 25 “Executive Compensation.”

26           58. The Director Defendants, who were members of the Board committees, report to  
 27 the Boards, and ensure compliance with laws and regulations by providing (1) policies for  
 28 managing, assessing, and mitigating risk; (2) assessments of financial risk associating with risk

1 identified through PG&E’s enterprise risk management program; and (3) oversight of PG&E’s risk  
2 management policies and programs. The Defendants have a fiduciary obligation to institute and  
3 follow an effective risk management program with respect to the Utility’s electric transmission.

4 59. PG&E’s website identifies a program called the “Enterprise Risk Management  
5 (ERM)” program that purportedly takes a holistic approach to managing risk. This ERM program  
6 is led by PG&E’s Chief Risk and Audit Officer. As the website states:

7 PG&E’s Enterprise Risk Management (ERM) program . . . takes a holistic  
8 approach to managing these risks. For potentially catastrophic risks, cross-  
9 functional teams, guided by subject matter experts and experienced managers,  
10 follow a systematic method to identify the risks, evaluate the likelihood and  
11 severity of consequences as well as develop mitigation activities and controls.

12 **Oversight by senior officers helps ensure risk management activities are**  
13 **consistent with** the company’s overall corporate strategy. **Regular**  
14 **communication to the PG&E Corporation and Utility Boards of Directors**  
15 **enhances accountability and reinforces the importance of risk management at**  
16 **all levels of the company.**

17 [www.pgecorp.com/corp\\_responsibility/reports/2010/bu05\\_risk.jsp](http://www.pgecorp.com/corp_responsibility/reports/2010/bu05_risk.jsp) (emphasis added).

18 60. Defendants knew and understood that it was their responsibility to manage risk and  
19 ensure that safety was a priority for everyone associated with PG&E’s business. Instead, in  
20 connection with the 2017 North Bay Fires, Defendants failed to provide oversight, namely by  
21 failing to institute and comply with a de-energization program.

22 61. Separately, in connection with the 2018 Camp Fire, Defendants failed to fund and  
23 implement an asset management program in order to inspect, identify, maintain and replace  
24 equipment and infrastructure.

25 62. In each separate instance, the Defendants put profits before safety, which has  
26 resulted in the two separate catastrophic events which are the subject of this lawsuit. The PG&E  
27 website goes on to state that PG&E’s **senior leadership**, including the Defendants constantly  
28 identify and evaluate the top risks facing the company in two to three-year cycles. Defendants did  
not identify the risks associated with failing to implement a de-energization program which caused  
the 2017 North Bay Fires. Defendants also did not identify the risks associated with failing to  
replace aging equipment, which caused the 2018 Camp Fire.

1 63. PG&E’s 2018 corporate responsibility report states that PG&E takes an integrated  
2 approach to risk management. PG&E’s, “*Together, Building a Better California—Corporate*  
3 *Responsibility and Sustainability Report (2018)*” at 30–31, available at  
4 [http://www.pgecorp.com/corp\\_responsibility/reports/2018/assets/PGE\\_CRSR\\_2018.pdf](http://www.pgecorp.com/corp_responsibility/reports/2018/assets/PGE_CRSR_2018.pdf). This is  
5 defined to include catastrophic risks, as well as risks associated with operations and regulatory  
6 compliance. *Id.* at 34 (sidebar). PG&E’s corporate responsibility report further reassures  
7 shareholders: “Nothing is more important to PG&E than the safety of our customers, employees,  
8 and the public” *Id.* at 33.

9 **C. PGE’s History of Repeated Risk Management Failures and Safety Violations**

10 64. PG&E has a long history of risk management failures stemming from a variety of  
11 different causes, but often due to its prioritization of profits over safety. As Judge Alsup stated in  
12 a February 19, 2020 hearing, “If you just pause and think about that for a second, that a public  
13 utility as important to California as PG&E would have caused 17 major fires. Those fires, alone,  
14 killed 22 people. ... Meanwhile, the dividends were flowing out to investors. ... What had  
15 happened was that in order to pump more dividends out to – and pay higher bonuses and so forth,  
16 PG&E had neglected the maintenance budgets.”

17 65. More recently, at a February 3, 2021 hearing, Judge Alsup stated,

18 PG&E has been a terror, T-E-R-R-O-R, to the people of the State of California.  
19 And why is that? Why is it that PG&E can't organize itself to do what it did for  
20 many, many decades? ... And so we are -- we've had a long time to adapt and to  
21 organize ourselves to be able to deal with the problem of climate change, which  
22 definitely makes the wildfires worse, but climate change doesn't start the wildfire.  
23 PG&E starts the wildfire. Then it's worse than it would have been maybe, but  
24 PG&E is the one that's starting the wildfires.

25 66. PG&E has been a “terror” because, rather than spend the monopolistic profits it  
26 earns for infrastructure maintenance and safety, PG&E’s leadership (including Defendants) has a  
27 history of redirecting the money to enhancing its reputation as a utility dedicated to customer safety  
28 and reliability and paying lavish corporate bonuses – irrespective of the catastrophic losses  
suffered by victims of wildfires in recent years. This pattern and practice of favoring profits over  
having a safe and well-maintained infrastructure occurred long before the events that are subject

1 to this Complaint, and paved the way to the increased risk of the catastrophic events that gave rise  
2 to the separate 2017 North Bay Fires and 2018 Camp Fire.

3 67. For example, according to documents released by The Utility Reform Network  
4 (“TURN”), PG&E planned to replace a segment of the San Bruno pipeline in 2007 that it identified  
5 as one of the riskiest pipelines in PG&E’s system. PG&E collected \$5 million from its customers  
6 to complete the project by 2009, but instead deferred the project until it was too late and repurposed  
7 the money to other priorities. That same year, PG&E spent nearly \$5 million on bonuses for six  
8 of its top executives.

9 68. Moreover, PG&E implemented multiple programs that provide financial incentives  
10 to its employees, agents, and/or contractors to not protect public safety. Prior to the 2015 Butte  
11 Fire, PG&E chose to provide a monetary incentive to its contractors to cut fewer trees, even though  
12 PG&E was required to have an inspection program in place that removed dangerous trees and  
13 reduced the risk of wildfires. Robert Urban, a regional officer for a PG&E contractor, stated that  
14 he had a concern that the bonus system incentivized his employees to not do their job, but PG&E  
15 chose to keep this program despite knowing this risk. Similarly, prior to the San Bruno explosion,  
16 PG&E had a program that provided financial incentives to employees to not report or fix gas leaks  
17 and keep repair costs down. This program resulted in the failure to detect a significant number of  
18 gas leaks, many of which were considered serious leaks. According to Richard Kuprewicz, an  
19 independent pipeline safety expert, PG&E’s incentive system was “training and rewarding people  
20 to do the wrong thing,” emblematic of “a seriously broken process,” and “explains many of the  
21 systemic problems in this operation that contributed to the [San Bruno] tragedy.”<sup>4</sup>

22 69. Over the past forty-plus years, PG&E has been subject to numerous fines, penalties,  
23 and/or convictions as a result of its failure to abide by safety rules and regulations, including the  
24 fines, penalties, and/or convictions noted below.

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28 <sup>4</sup> <http://www.sfgate.com/news/article/PG-E-incentive-system-blamed-for-leak-oversights-2424430.php>.

1           70. As detailed below, the 2018 Camp Fire and the 2017 North Bay Fires are two  
2 separate occurrences but fall in a long line of tragedies that have resulted from PG&E’s enduring  
3 failure to protect the public from the dangers associated with its operations. Despite these recurring  
4 punishments, PG&E’s leadership has driven the company into bankruptcy by refusing to modify  
5 its behavior, and prior to its January 2019 bankruptcy conducted its business with a conscious  
6 disregard for the safety of the public and the well-being of the company. To understand the culture  
7 of indifference and greed that PG&E’s leadership (including Defendants) created, it is helpful to  
8 revisit some of the most egregious breaches of PG&E’s leadership’s duties.

9                           **1. The 1981 San Francisco Gas Explosion**

10           71. A PG&E gas main in downtown San Francisco exploded in 1981, forcing 30,000  
11 people to evacuate. It took workers nine hours to shut off the gas main’s manual shut-off valves  
12 and stop the flow of gas that continued to feed the flames in the interim.

13                           **2. The 1991 Santa Rosa Gas Explosion**

14           72. Two people were killed, and three others were injured when a PG&E gas line  
15 exploded in Santa Rosa in December 1991. The pipeline was improperly marked, failing to give  
16 proper notice to contractors working in the area. A contractor hit the pipe with a backhoe, causing  
17 the pipe to leak and explode several months later.

18                           **3. The 1994 Trauner Fire**

19           73. In 1994, PG&E’s failure to maintain the vegetation surrounding its electrical  
20 equipment caused a devastating wildfire in Nevada County, California. This Fire, commonly  
21 known as the “Trauner Fire” or the “Rough and Ready Fire,” burned approximately 500 acres in  
22 and around the town of Rough and Ready, destroyed 12 homes, and burned 22 structures, including  
23 a historic schoolhouse that was built in 1868.

24           74. Investigators determined that the Trauner Fire began when a 21,000-volt power line  
25 brushed against a tree limb that PG&E was supposed to keep trimmed. Through random spot  
26 inspections, the investigators found several hundred safety violations in the area near the Trauner  
27 Fire. Approximately 200 of these violations involved contact between vegetation and one of  
28



1 PG&E's power lines. As a result, on or around June 19, 1997, PG&E was convicted of 739 counts  
2 of criminal negligence and required to pay \$24 million in penalties.

3 75. After the trial, a 1998 CPUC report revealed that PG&E diverted \$77.6 million  
4 from its tree-trimming budget to other uses from 1987 to 1994. During that same time, PG&E  
5 under spent its authorized budgets for maintaining its systems by \$495 million and instead, used  
6 this money to boost corporate profits. Despite this public outing, PG&E continued its corporate  
7 culture of putting profits before safety.

#### 8 **4. The 1996 Mission Substation Electrical Fire**

9 76. At approximately 1:00 a.m. on November 27, 1996, a cable splice at PG&E's  
10 Mission Substation in San Francisco short-circuited, burning and melting the insulation around the  
11 splice. Smoke from the fire rose through a floor opening above the splice into a switch cabinet.  
12 That smoke was so thick that it caused a flashover between phases of the bus bars connecting the  
13 overhead N bus to the switch. This caused insulation on the N bus to ignite and a circuit breaker  
14 to open, resulting in the loss of power to a group of PG&E customers. The substation was  
15 unmanned at the time and the fire was only discovered by chance by an employee who had stopped  
16 by the substation to use the restroom.

#### 17 **5. The 1999 Pendola Fire**

18 77. A rotten pine, which the federal government determined PG&E should have  
19 removed, fell on a power line, starting the Pendola Fire in 1999. It burned for 11 days and scorched  
20 11,725 acres, mainly in the Tahoe and Plumas National Forests. PG&E paid a \$14.75 million  
21 settlement to the U.S. Forest Service in 2009. That year, the utility also reached a \$22.7 million  
22 settlement with the CPUC after regulators found PG&E had not spent money earmarked for tree  
23 trimming and removal toward those purposes.

#### 24 **6. The 2003 Mission District Substation Fire**

25 78. In December 2003, a fire broke out at PG&E's Mission District Substation in San  
26 Francisco. Despite signs of trouble appearing at control centers, the fire burned for nearly two  
27 hours before PG&E operators showed up at the Substation, found it full of smoke, and finally  
28 called the fire department. The source of the fire was not located until five hours after it began.

1 As a result, nearly one-third of San Francisco's residents and business owners lost power, with  
2 some waiting over 24 hours for their power to be restored.

3 79. The CPUC report of the investigation, which was released in 2004, illustrated  
4 PG&E's careless approach to safety and apparent inability to learn from its past mistakes. An  
5 excerpt from the report describes the following:

6           Soon after undertaking the investigation of the 2003 fire, CPSD [CPUC's  
7 Consumer Protection and Safety Division] discovered that another fire had  
8 occurred at Mission Substation in 1996. CPSD's investigation team conducted a  
9 thorough analysis of both fires and found strikingly similar contributing factors and  
10 root causes. CPSD's team further determined that PG&E had not implemented the  
11 recommendations resulting from its own investigation of the 1996 fire. . . . **CPSD  
12 finds it quite troubling that PG&E did not implement its own  
13 recommendations from its own investigation of the 1996 fire.**<sup>5</sup>

14 PG&E's focus remained on corporate profits, while safety was relegated to the backburner.

#### 15           **7. The 2004 Sims Fire**

16 80. In July 2004, the Sims Fire burned over 4,000 acres of forest land in the Six Rivers  
17 and Trinity National Forests. A federal lawsuit alleged that PG&E failed to remove a decaying  
18 tree, which fell on a transmission line and ignited the blaze.

#### 19           **8. The 2004 Freds Fire**

20 81. The Freds Fire started in October 2004 near Kyburz, El Dorado County, California.  
21 A lawsuit filed by the United States Government claimed that employees of PG&E's contractor  
22 lost control of a large tree they were cutting down. It fell onto a PG&E power line and caused a  
23 fire that burned over 7,500 acres. PG&E and its contractors paid \$29.5 million to settle the lawsuits  
24 over the Freds Fire and the Sims Fire.

#### 25           **9. The 2004 Power Fire**

26 82. In October 2004, the Power Fire burned approximately 17,000 acres on the  
27 Eldorado National Forest and on private timberlands. A federal lawsuit alleged that the Power  
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<sup>5</sup> <http://docs.cpuc.ca.gov/publishedDocs/published/Report/40886.PDF> (last accessed February 12, 2018).

1 Fire was ignited by a lit cigarette that was dropped by a PG&E tree trimming contractor. PG&E  
2 and its contractor paid the federal government \$45 million to settle the lawsuit.

### 3 **10. The 2005 San Francisco Electrical Explosion**

4 83. In August 2005, a PG&E electrical transformer exploded in the San Francisco  
5 financial district at Kearny and Post Streets, severely burning a woman who had been walking by.  
6 A lawsuit by the injured woman settled for an undisclosed sum.

### 7 **11. The 2008 Rancho Cordova Explosion**

8 84. In December 2008, a gas leak from a PG&E pipe caused an explosion in Rancho  
9 Cordova, California. This explosion left one person dead, injured several others, and caused over  
10 \$260,000 in property damage.

11 85. A National Transportation Safety Board (“NTSB”) investigation revealed that the  
12 leak was caused by incorrect repairs performed by PG&E in 2006, at which time PG&E installed  
13 a piece of pipe to patch up an earlier leak. The investigative report for the incident concluded that  
14 the walls of the new pipe were too thin, allowing gas to leak from the pipe, and that PG&E failed  
15 to timely send properly trained personnel to check out the leak, even though PG&E had been told  
16 several months earlier that its emergency plans fell below required standards. Specifically, the  
17 report noted the following: Contributing to the accident was the 2-hour 47-minute delay in the  
18 arrival at the job site of a Utility crew that was properly trained and equipped to identify and  
19 classify outdoor leaks and to begin response activities to ensure the safety of the residents and  
20 public.<sup>6</sup>

21 86. In November 2010, the CPUC filed administrative charges against PG&E in  
22 connection with the Rancho Cordova explosion, alleging that PG&E was at fault for the blast and  
23 that PG&E should have discovered the improper repair job that caused the explosion, but failed to  
24 timely do so. As a result, the CPUC required PG&E to pay a \$38 million fine.

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28 <sup>6</sup> [http://docs.cpuc.ca.gov/published/Final\\_decision/146914-03.htm](http://docs.cpuc.ca.gov/published/Final_decision/146914-03.htm) (last accessed  
February 12, 2018).

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**12. The 2008 Whiskey Fire**

87. The June 2008 Whiskey Fire burned more than 5,000 acres of land in the Mendocino National Forest. The fire started when a gray pine tree that did not have the required clearance from a PG&E transmission line came into contact with the line. PG&E and its contractors agreed to pay \$5.5 million to settle a federal lawsuit.

**13. The 2009 San Francisco Electrical Explosion**

88. In June 2009, a PG&E underground electrical vault exploded in San Francisco’s Tenderloin neighborhood, sending 30-foot flames and smoke into the air for two hours. This explosion left thousands of people without power.

**14. The 2010 San Bruno Explosion**

89. On September 9, 2010, PG&E’s continued disregard of public safety caused the death of eight people, injured 58 people, and destroyed an entire neighborhood in San Bruno, California when one of its gas pipelines exploded and burst into flames. Subsequent to the explosion, the NTSB issued a report that blamed the disaster on PG&E’s poor management of its pipeline. In January 2011, federal investigators reported that the probable cause of the accident was: (i) PG&E’s inadequate quality assurance and quality control during its Line 132 pipeline relocation project, which allowed the installation of a substandard and poorly welded pipe section; and (ii) PG&E’s inadequate pipeline integrity management program, which failed to detect and remove the defective pipe section.

90. As a result, PG&E was required to pay substantial fines for its massive safety violations. In April 2015, the CPUC slapped PG&E with a \$1.6 billion fine for causing the explosion and diverting maintenance funds into stockholder dividends and executive bonuses. Further, in January 2017, a federal judge convicted PG&E of six felony charges and ordered it to pay \$3 million in fines for causing the explosion.

91. The CPUC launched an investigation into the manner by which PG&E officers, directors, and/or managing agents establish safety policies and practices to prevent catastrophic events. At the beginning of the investigation, the CPUC President called out PG&E’s ongoing safety violations:

1 92. Despite major public attention, ongoing CPUC investigations (OII) and  
2 rulemakings (OIRs) into PG&E's actions and operations, including the investigations we voted on  
3 today, federal grand jury, and California Department of Justice investigation, continued safety  
4 lapses at PG&E continue to occur.<sup>7</sup>

### 5 **15. The 2011 Cupertino Explosion**

6 93. After the San Bruno explosion, in September 2011, PG&E caused a gas explosion  
7 that partially engulfed a condominium in Cupertino, California. The explosion was the result of  
8 cracked Aldyl-A plastic pipe.

9 94. Prior to the explosion, the manufacture of Aldyl-A, the NTSB, and the federal  
10 Pipeline and Hazardous Materials Safety Administration had all issued warnings about this type  
11 of plastic pipe that was prone to premature brittleness, cracking, and failure dating back to at least  
12 2002. Despite these warnings and PG&E's knowledge of this risk, PG&E did nothing to prevent  
13 the explosion. Although some utilities around the United States had been replacing Aldyl-A pipes,  
14 PG&E had not yet created a replacement program to phase them out and adequately protect the  
15 public.

### 16 **16. The 2014 Carmel Explosion**

17 95. In March 2014, a home in Carmel, California was destroyed due to a gas explosion  
18 caused by PG&E. Prior to the explosion, PG&E was attempting to replace a gas distribution line,  
19 but PG&E's legally inadequate records did not show that the steel pipe had a plastic insert. When  
20 crews dug into the steel pipe to perform the replacement, the unknown plastic insert was pierced,  
21 allowing gas to leak through the pipe and into the residence.

22 96. The CPUC required PG&E to pay a massive fine because of their wrongdoing. In  
23 August 2016, the CPUC imposed a \$25.6 million fine on PG&E. With a \$10.85 million citation  
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27 <sup>7</sup> [http://www.cpuc.ca.gov/uploadedFiles/CPUC\\_Public\\_Website/Content/About\\_Us/  
28 Organization/Commissioners/Michael\\_J\\_Picker/PresidentPickerCommentsonPGESafetyCulture  
andEnforcementTheory.pdf](http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/About_Us/Organization/Commissioners/Michael_J_Picker/PresidentPickerCommentsonPGESafetyCultureandEnforcementTheory.pdf) (last accessed February 12, 2018).

1 previously paid by PG&E in 2015 for the explosion, PG&E was required to pay a total of over \$36  
2 million in penalties for its shoddy recordkeeping and disregard of public safety.

### 3 **17. The 2015 Butte Fire**

4 97. Tragedy struck yet again in September 2015, when PG&E's inadequate and  
5 ineffective vegetation management programs resulted in the Butte Fire in the Sierra foothills. The  
6 Butte Fire burned for 22 days across Amador and Calaveras Counties, killed two people, destroyed  
7 921 homes and/or structures, and charred over 70,000 acres.

8 98. The Butte Fire was ignited by a gray pine tree that grew and came into contact with  
9 one of PG&E's power lines. PG&E knew that gray pines posed the highest risk of catastrophic  
10 wildfires but failed to identify and/or remove the dangerous tree pursuant to its vegetation  
11 management practices. Instead, PG&E removed the two trees surrounding the gray pine at issue,  
12 which exposed the gray pine to sunlight and allowed it to quickly come into contact with PG&E's  
13 power line.

14 99. PG&E made several decisions leading up to the Butte Fire that illustrate its failure  
15 to maintain proper risk management regarding vegetation. First, PG&E's Risk & Compliance  
16 Management Committee chose to not confirm their assumption that properly qualified and trained  
17 inspectors were being used by its contractors to identify hazard trees. Similarly, PG&E chose not  
18 to verify that its quality assurance audits were properly conducted. Moreover, PG&E Vegetation  
19 Management managers directed its contractor to hire inspectors that they knew did not meet the  
20 minimum qualifications required by PG&E's own specifications. Furthermore, PG&E managing  
21 agents chose to not train inspectors on PG&E's hazardous tree rating system ("HTRS"), verify that  
22 its contractor trained inspectors on the HTRS, or require inspectors to use PG&E's HTRS. Finally,  
23 PG&E conducts annual quality assurance audits that identify a select number of hazardous trees  
24 from a small sample but chose to not look for additional dangerous trees despite knowing that its  
25 statistical sample warned of the likelihood that thousands more hazardous trees existed in the larger  
26 population.

27 100. Subsequent to the Butte Fire, in April 2017, the CPUC fined PG&E a total of \$8.3  
28 million for "failing to maintain its 12kV overhead conductors safely and properly" and failing to

1 maintain a minimum distance between its power lines and vegetation. Cal Fire also sent PG&E a  
2 bill for \$90 million to cover state firefighting costs.

3 **V. The 2017 North Bay Fires Could Have Been Prevented If PG&E Had Implemented**  
4 **A De-Energization Program**

5 101. On October 8, 2017, the North Bay Fires ignited near the coastal agricultural  
6 regions of Napa and Sonoma, California. In just a few weeks, the fires caused the deaths of at least  
7 44 people, hospitalized over 185 individuals, displaced about 100,000 people who were forced to  
8 leave their homes and search for safety, burned over 245,000 acres, and damaged or destroyed an  
9 estimated 14,700 homes, 3,600 vehicles, and 728 businesses. Until the Camp Fire of 2018, the  
10 North Bay Fires were collectively the most destructive fires in California’s history.

11 102. In 2012, the Public Utilities Commission (“PUC”) issued a Decision Adopting  
12 Regulations to reduce Fire Hazards Associated with Overhead Power Lines and Communication  
13 Facilities. The PUC’s Decision, which PG&E gave comments and participated in, adopted new  
14 regulations to reduce the risk of wildfires. One of the regulations provided that a utility may shut  
15 off power where the benefits of a net reduction of fires outweigh the substantial burdens of shutting  
16 off that power.

17 103. The San Diego Gas & Electric Company (“SDG&E”) applied for and received  
18 authority from the PUC to shut off power as part of its fire-prevention plan. As a result, territory  
19 in SDG&E has not had catastrophic wildfires. SDG&E can serve as a policy precedent and a  
20 standard of care for the Officers and Directors of PG&E who are the Defendants in this case. The  
21 SDG&E supplies power to a population of 1.4 million business and residential customers in a  
22 4,100 square mile serve areas spanning 2 counties and 25 communities.

23 104. SDG&E de-energization program identifies where its equipment will be at risk for  
24 causing a massive wildfire and identifies when its equipment will be at risk from its own weather  
25 stations, and then provides 3 days in advance notice for when it will turn off power to specific  
26 areas to prevent a massive wildfire. This program has been effective in preventing mass wildfires.

27 105. PG&E knew about the 2012 CPUC decision, and about the SDG&E program, but  
28 chose not to effectively implement one, not even after the 2015 Butte fire. The first recorded

1 Public Safety Power Shutoff (“PSPS”) Event for PG&E was recorded on October 17, 2018. The  
2 outage lasted for 44.75 hours, or 2 days, 12 hours and 23 minutes, and impacted 1131 customers.

3 106. Judge Alsup agreed that the SDG&E’s program of de-energization should have  
4 served as a model for PG&E. He stated, “de-energizing, as inconvenient as it is, is better than  
5 death and destruction by leaving the power on in a windstorm.” January 30, 2019 Hearing on  
6 Probation, Tr. At p. 96. The Officers and Directors failed to implement and follow a similar de-  
7 energization program in 2017, which was clearly known to them, and doing so was a breach of  
8 their fiduciary duties.

9 107. PG&E represented to the public that they did an evaluation and developed factors  
10 to assess when a shutdown of power was warranted. They call this preemptive shutdown a “Public  
11 Safety Power Shutoff” or “PSPS.” According to PG&E, **no single factor is determinative** in  
12 PG&E’s decision to initiate a PSPS. When the 2017 North Bay Fires ignited, many of PG&E’s  
13 factors supported the cutting of power.

<i>Factors</i>
• “Extreme” fire danger threat level, as classified by the National Fire Danger Rating System
• A Red Flag Warning declared by the National Weather Service
• Low humidity levels, generally 20 percent and below
• Sustained winds above approx. 25 mph and wind gusts in excess of approx. 45 mph
• Site-specific conditions such as temperature, terrain and local climate
• Critically dry vegetation that could serve as fuel for a wildfire
• On-the-ground, real-time observations from PG&E field crew

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26 108. PG&E claims that its PSPS plan applies to power lines that are 70kV or lower. The  
27 North Bay Fires involved trees contacting distribution lines, which are approximately 13kV volts.  
28 Under PG&E’s own PSPS protocols, it should have preemptively shut off power before the 2017



1 North Bay Fires started, but PG&E did not shut off power on these lower voltage distribution lines,  
2 despite the fire conditions listed above.

3 109. Other power utilities, such as SDG&E, even include long-distance transmission  
4 lines in its de-energization protocol.<sup>8</sup> PG&E’s PSPS plan only applies to lower voltage lines. Still,  
5 the North Bay Fires would never had occurred had PG&E heeded its own warnings and protocols,  
6 and preemptively shut off power on these lines.

7 110. A key finding of the 2013 Liberty Report was that upon review of PG&E’s  
8 documents, on a daily basis and in 36 percent of cases, PG&E cannot remotely de-energize a  
9 downed line and must send someone on-scene to manually turn off the feed. During that time, the  
10 downed line is a hazard, and according to the 2013 Liberty Report, this hazard has “contributed to  
11 a number of fatalities and injuries.”

12 **A. PG&E Should Have Cut Off Power Because It Had Failed to Maintain**  
13 **Vegetation in Violation of Applicable Regulations**

14 111. Under applicable regulations, PG&E has a duty to keep vegetation properly  
15 trimmed and maintained so as to prevent foreseeable contact with such electrical equipment. In  
16 the construction, inspection, repair, maintenance, management, ownership, and/or operation of its  
17 power lines and other electrical equipment, Defendants had an obligation to ensure that the Utility  
18 comply with a number of statutes, regulations, and standards, including the following relating to  
19 vegetation.

20 112. Defendants must ensure that PG&E complies with the following standards to  
21 protect the public from the consequences of vegetation and/or trees coming into contact with its  
22 power lines and other electrical equipment. Pursuant to Public Resources Code § 4292, PG&E is  
23 required to “maintain around and adjacent to any pole or tower which supports a switch, fuse,  
24 transformer, lightning arrester, line junction, or dead end or corner pole, a firebreak which consists  
25 of a clearing of not less than 10 feet in each direction from the outer circumference of such pole

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28 <sup>8</sup> <https://www.bloomberg.com/news/articles/2018-11-28/pg-e-chose-not-to-cut-power-as-winds-raged-before-deadliest-fire>

1 or tower.” Also, Public Resources Code § 4293 mandates PG&E to maintain clearances of four  
2 to 10 feet for all of its power lines, depending on their voltage. In addition, “Dead trees, old  
3 decadent or rotten trees, trees weakened by decay or disease and trees or portions thereof that are  
4 leaning toward the line which may contact the line from the side or may fall on the line shall be  
5 felled, cut, or trimmed so as to remove such hazard.”

6 113. Pursuant to CPUC General Order 165, PG&E is also required to inspect its  
7 distribution facilities to maintain a safe and reliable electric system. In particular, PG&E must  
8 conduct “detailed” inspections of all of its overhead transformers in urban areas at least every five  
9 years. PG&E is also required to conduct “intrusive” inspections of its wooden poles that have not  
10 already been inspected and are over 15 years old every 10 years.

11 114. It has been reported that PG&E accepts a non-compliance rate of 1 out of every 100  
12 trees, and engages in selective auditing practices to ensure that it meets that goal. In a November  
13 6, 2017 article entitled, “PG&E’s Vegetation Management Program Under Fire After North Bay  
14 Blazes,” NBC reported that “PG&E auditors allow one out of 100 trees they check to violate state  
15 power line clearance standards.”

16 115. PG&E did not change, revise, or improve any of its vegetation management  
17 practices after the Butte Fire, discussed above, and as a result, when high winds occur, trees make  
18 contact with PG&E’s uninsulated distribution lines. Knowing this, the Defendants should have  
19 implemented a proper risk management program so as to shut off the power in October 2017 to  
20 avoid another tragic massive set of serial wildfires in 2017, which in fact occurred, the North Bay  
21 Fires.

22 116. In the CPUC’s “Decision Approving the Proposed Settlement Agreement with  
23 Modifications,” filed on May 7, 2020, the CPUC found that PG&E violated its vegetation safety  
24 regulations, in particular multiple violations of PRC 4293, in connection with the North Bay Fires.

25 117. During a hearing on February 19, 2020, Judge Alsup criticized PG&E for its  
26 vegetation management program, and specifically, its failing to hire and train tree cutters.  
27 February 19, 2020 hearing, p. 29. Judge Alsup refuted PG&E’s claims to be in compliance with  
28 its vegetation management plan. The Court stated,

1 You are so far behind on the – you know, you have no credibility. If you’re going  
2 to stand there and tell me that you are in compliance with the state law on  
3 vegetation, your wrong. ... You put out all that money to the investors, \$5 billion  
4 in five years. Most of that should have been used to come into compliance with the  
5 vegetation. *People died as a result of that decision.*

5 Feb. 19, 2020 Hearing on Probation, p. 19 (referring to the North Bay Fires) (emphasis added).

6 118. During a hearing on May 7, 2019, the Court ordered the Board of Directors and  
7 senior executives to take a bus tour of the damage that occurred in Paradise and San Bruno so they  
8 could see the damage with their own eyes. The Court also ordered the Board of Directors to track  
9 and report, in writing, the progress of PG&E in meeting its own wildfire mitigation plan.

10 **B. PG&E Failed to Reprogram Reclosers**

11 119. Cal Fire also faulted the North Bay Fires on PG&E practices with respect to  
12 reclosures, circuit-breakers on distribution lines, the re-programming of which is another way to  
13 shut power off.

14 120. Reclosers are circuit breakers attached to utility poles that send electrical pulses  
15 through power lines after service is interrupted. PG&E has a long-standing practice of using  
16 reclosers throughout its system to automatically restart power after interruptions, even though it  
17 knows these devices may cause wildfires. Reclosers are equipped with a mechanism that can  
18 automatically “reclose” the breaker and reenergize a power line after it has been “opened” due to  
19 a fault. Many of PG&E’s reclosers are set to reenergize the line up to three times after a fault.

20 121. Reclosers are key tools to prevent power blackouts, but if a fault occurs from  
21 contact between a line and a tree or vegetation, reenergizing the line can ignite fires. This danger  
22 is so significant that the other two major utilities in California, SDG&E and Southern California  
23 Edison, have reprogrammed their electrical systems during fire seasons to ensure that reclosers do  
24 not automatically restart electrical currents after a service interruption.

25 122. PG&E knew that its reclosers posed a great risk of wildfire but has only taken slow  
26 and incomplete steps to eliminate that risk. At a Congressional hearing in 2015, PG&E’s Senior  
27 Vice President of Electrical Operations, Patrick Hogan, stated that PG&E had the ability to  
28

1 reprogram its reclosers during fire season to not restart power. Patrick Hogan claimed that shutting  
2 down power means “you take the reliability hit, but you gain the wildfire benefit.”<sup>9</sup>

3 123. In contrast to SDG&E and Southern California Edison having disabled all of their  
4 reclosers from reenergizing lines during fire season, and despite its own knowledge of the dangers  
5 posed by reclosers, PG&E began an experimental pilot program in 2017 to reprogram its reclosers  
6 that only affected a limited area of California.

7 124. Even before the Butte Fire in 2015, PG&E began a process of replacing all reclosers  
8 that can only be programmed or controlled on-site with reclosers that can be remotely programmed  
9 and controlled. However, that process has been so slow and deliberate many of its reclosers must  
10 still be programmed or controlled only at the site where they are installed.

11 125. It was reported that that a safety lead for PG&E, Todd Hearn, was fired after he  
12 complained that “TripSavers,” a cheaper form of reclosers that cannot be controlled remotely, were  
13 improperly being installed in high fire areas over the objection of local PG&E supervisors.<sup>10</sup>

14 126. Cal Fire found that during the 2017 fire season, certain of PG&E’s lines in the area  
15 of the 2017 North Bay Fires were set to try and restart power between one and three times before  
16 locking down the lines if unsuccessful at restoring function.

17 127. After the 2017 North Bay Fires, PG&E set up protocols for disabling reclosers and  
18 de-energization. Even so, as late as 2019, many of the manually set reclosers were not disabled  
19 and were still set to reclose multiple times after detecting a fault.

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26 <sup>9</sup> <http://www.sfchronicle.com/bayarea/article/Power-line-restart-device-implicated-in-past-12324764.php> (last accessed February 12, 2018).

27 <sup>10</sup> <https://abc7news.com/pge-employee-suing-lawsuit/5719125/> (last accessed February  
28 20, 2021).

1           **C. Defendants Breached Their Fiduciary Duties By Failing to Implement a**  
2           **Power Shutoff System**

3           128. The fiduciary breach with respect to the 2017 North Bay Fires was the Defendants’  
4 failure to implement a de-energization program. Judge Alsup criticized PG&E for not de-  
5 energizing when there were high winds. During the January 30, 2019 hearings, the court stated:

6           “We should -- shouldn't PG&E know the safety limits of its own system, for goodness  
7 sakes? And when some wind event occurs or any other event, maybe an earthquake, some  
8 event occurs that taxes the limits, safety limits, that PG&E just turns the power off the  
9 grid?”

10          129. The Officers and Directors put their heads in the sand and ignored the red flags that,  
11 if they had paid attention to, could have avoided the North Bay Fires. First, Defendants knew  
12 PG&E was years behind on its program for cutting back hazardous trees. As a result, Defendants  
13 should have cut off the power during high fire conditions. Defendants were on notice of their  
14 substandard vegetation management program after the Butte Fire burned for 22 days across  
15 Amador and Calaveras Counties, killed two people, destroyed 921 homes and/or structures, and  
16 charred over 70,000 acres. As a result, Defendants knew that PG&E’s vegetation management  
17 system was not capable of preventing catastrophic wildfires and that PG&E therefore needed to  
18 implement a power shutoff system. Had they had done so, the 2017 North Bay Fires would have  
19 been avoided. The Audit Committee, a Board Committee composed of Defendants, is obligated  
20 to provide risk assessment and management. After the Butte Fire, the Audit Committee met 12  
21 times from 2015-2018, and yet no changes were made to PG&E’s vegetation management system  
22 and the Board failed to order the design and implementation of a power shutoff system. This was  
23 a breach of the Defendants’ fiduciary duties to avoid known risks of catastrophic wildfires.

24          130. The Directors’ abdication of responsibility for assessing the effectiveness of their  
25 risk management practices to prevent catastrophic wildfires is exacerbated by the fact that those  
26 charged with managing wildfire risks chose to ignore the lessons learned from previous safety  
27 violations caused by PG&E. These events exposed serious problems with the efficacy of the  
28 practices PG&E relies upon to prevent wildfires. As described by one senior officer of PG&E

1 charged with assessing PG&E's overall Risk Management Program prior to the San Bruno  
2 explosion in 2010, "PG&E lacks a well-defined documented risk policy/standard at the enterprise  
3 level. One that explains PG&E's overall risk assessment methodology; defines the lines of  
4 business roles and responsibility; specifies the requirements for performing and documenting risks;  
5 links risk assessments to controls, self-assessment, reviews and audits; and specifies the  
6 requirements for metrics to track the risks."

7 131. Defendants also breached their fiduciary duty by failing to include in its risk  
8 management program a policy of reprogramming its reclosures during fire season. Defendants knew  
9 that its reclosers posed a great risk of wildfire but has only taken slow and incomplete steps to  
10 eliminate that risk. This was raised at a 2015 Congressional hearing in which PG&E Senior Vice  
11 President of Electrical Operations, Patrick Hogan, testified that PG&E had the ability to reprogram  
12 its reclosers during fire season to not restart power. Yet, as Cal Fire found, PG&E failed to  
13 reprogram its reclosures during the 2017 fire season in which the North Bay Fires occurred.

14 132. The Defendants breached their fiduciary duties by failing to fully inform  
15 themselves about important vegetation management deficiencies at PG&E and/or knowingly or  
16 recklessly failing to cause PG&E to comply with the law after deficiencies in vegetation  
17 management were brought to their attention. Specifically, Defendants knew that, due to the  
18 deficient vegetation management practices, the only way for PG&E to avoid catastrophic wildfires  
19 was to implement a power shutoff system. Despite the ease of doing so, and the fact that the San  
20 Diego Gas & Energy had previously implemented such a system and that San Diego Gas &  
21 Energy's power shutoff system had effectively prevented wildfires, Defendants failed to cause  
22 PG&E to implement a power shutoff system. As a result, Director Defendants breached their duties  
23 to PG&E and subjected PG&E to billions of dollars in damages when the failure to design and  
24 implement a power shutoff system resulted in the 2017 North Bay Fires.

25 **D. The North Bay Fires Caused Loss of Lives and Billions in Damages**

26 133. The 2017 North Bay Fires started on the evening of October 8, 2017 into the  
27 morning of October 9, 2017. At the peak of the 2017 wildfires, there were 21 major wildfires that,  
28 in total, burned 245,000 acres. Eleven thousand firefighters battled the fires that, at one time, forced

1 100,000 people to evacuate, destroyed an estimated 8,900 structures (as of October 30, 2017) and  
2 took the lives of 44 people: 2 the Atlas Fire (Napa, 6 fatalities), the Cascade Fire (Yuba, 4  
3 fatalities), the Nuns Fire (Napa/Sonoma, 3 fatalities), the Redwood Valley Fire (Mendocino, 9  
4 fatalities), and the Tubbs Fire (Sonoma, 22 fatalities).

5 134. It was reported that the North Bay Fires caused insurance claims of \$9.4 billion

6 **VI. The 2018 Camp Fire Was Caused by The Defendants' Failure to Inspect and**  
7 **Maintain Equipment**

8 135. Another catastrophe occurred a year later and almost 150 miles away. It is only  
9 similar to the North Bay Fires in that it was another massive wildfire caused by PG&E. But the  
10 2018 Camp Fire was otherwise dissimilar from the North Bay Fires and caused by a completely  
11 separate set of wrongful acts and breaches of duty. The 2018 Camp Fire was caused by Defendants'  
12 failure to implement policies and procedures to monitor and maintain equipment. The Camp Fire  
13 was caused by an equipment failure on a PG&E long-range transmission line in the Sierra Nevada  
14 foothills of Butte County. The CPUC found that the fire started when a 100-year-old, outdated,  
15 and worn "C-hook" broke, allowing the energized uninsulated transpositional jumper wire to drop,  
16 come into contact with a transmission tower, cause an electrical arc, and ignite the Camp Fire. The  
17 CPUC further determined that PG&E failed to detect the wear on the C-hook and replace it as part  
18 of its transmission infrastructure patrols and inspection.

19 136. The facts of the Camp Fire are as follows: On November 7, 2018, PG&E emailed  
20 a customer who owns property near the location where the Camp Fire is suspected of originating.  
21 The PG&E e-mail notified the customer that crews would need to access the PG&E equipment on  
22 her land because PG&E was "having problems with sparks."<sup>11</sup>

23 137. The following morning at 6:15 a.m., PG&E reported a power outage on its  
24 "Caribou-Palermo 115kV Transmission line" in the same area. Just eighteen minutes later, at 6:33  
25 a.m., the Camp Fire was first reported.

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28 <sup>11</sup> <https://sacramento.cbslocal.com/2018/11/12/pge-sparks-power-lines-camp-fire/>

1           138. Later that day, PG&E conducted an aerial patrol of the area and observed damage  
2 to the transmission tower on the same Caribou-Palermo 115kV Transmission line, approximately  
3 one mile north-east of the town of Pulga, “in the area of the Camp Fire.”<sup>12</sup> Five of the transmission  
4 towers in this exact area completely collapsed during a 2012 storm and required replacement. The  
5 project took years longer than planned and was not completed until 2016.<sup>13</sup>

6           139. Dispatch reports initially described the Camp Fire as a fire “under the high-tension  
7 power lines” near the Feather River and Poe Dam. Firefighters arrived at the scene around 6:43  
8 a.m. and confirmed that the fire was in fact located “underneath the transmission lines.”



18                   **The Black Arrow Follows the Path of PG&E Transmission Lines with the  
19                   Black Circle Depicting the Suspected Area of Origin of the Camp Fire** <sup>14</sup>

20           140. The first firefighter on the scene immediately realized the danger presented by the  
21 fire. He reported to dispatch that “this has got the potential for a major incident” and requested an  
22 additional 15 engines, four bulldozers, two water tenders, four strike teams and hand crews. He  
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26           <sup>12</sup> Ibid.

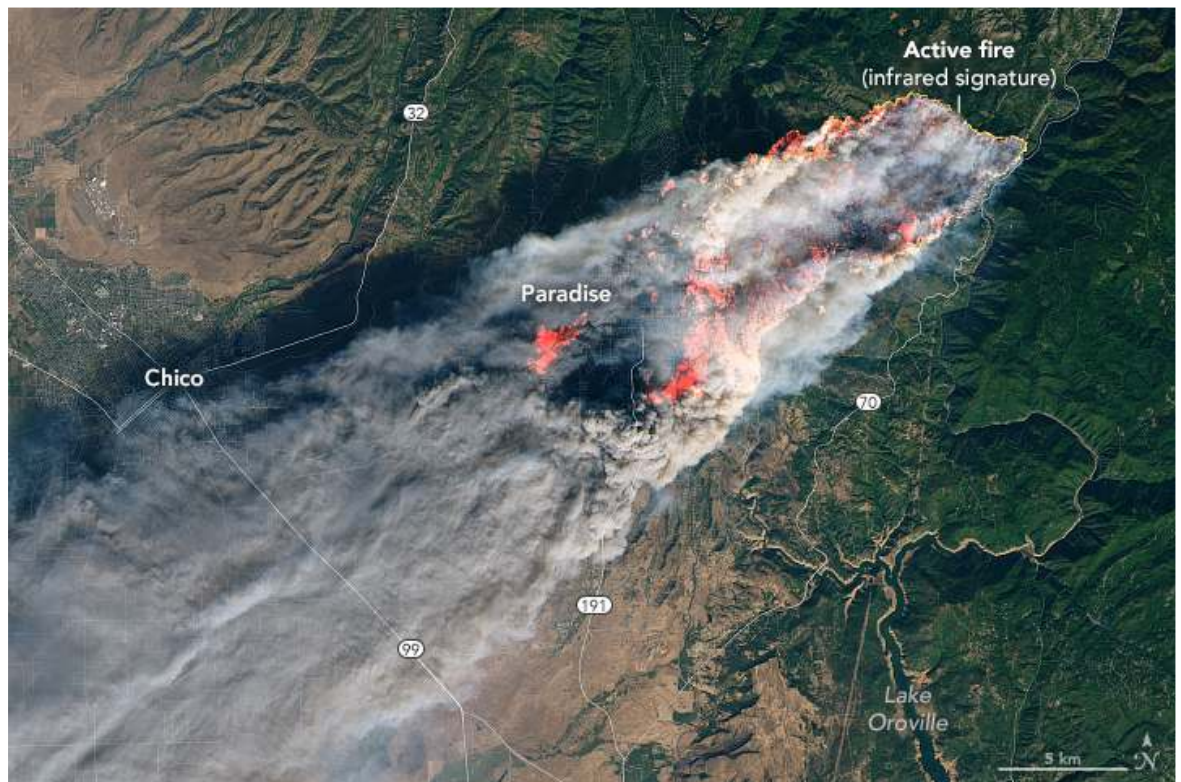
27           <sup>13</sup> <https://www.mercurynews.com/2018/11/19/pge-transmission-line-eyed-in-camp-fire-had-collapsed-during-2012-storm/>

28           <sup>14</sup> <https://www.kqed.org/news/11705306/pge-transmission-line-may-be-tied-to-disastrous-butte-county-fire>



1 further recommended the evacuation of the nearby town of Pulga and requested air support.<sup>15</sup>  
2 Shortly after arriving at the scene, another firefighter estimated the growing fire to be about 10  
3 acres with a “really good wind on it.”<sup>16</sup>

4 141. Aided by high winds, the fire spread quickly and soon endangered populated areas.  
5 By the night of November 8, an estimated 80 to 90 percent of the nearby town of Paradise was  
6 destroyed.<sup>17</sup> Residents of the town had only a matter of moments to gather their families and  
7 attempt to escape the blaze. Many could not escape and tragically perished.



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23 **Satellite View of Camp Fire, November 8, 2018<sup>18</sup>**

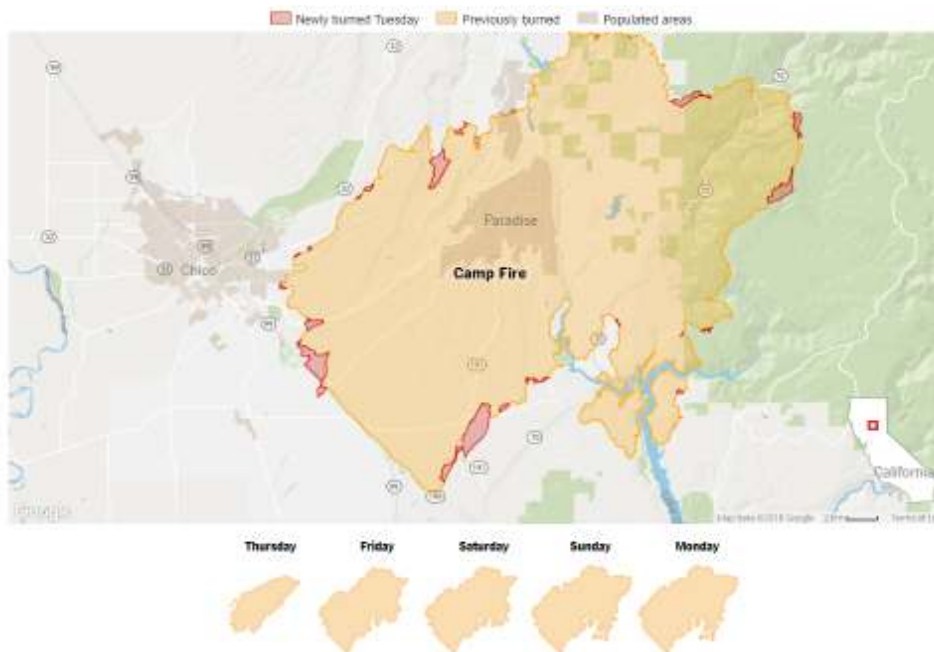
24  
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26 <sup>15</sup> Id.

27 <sup>16</sup> Id.

28 <sup>17</sup> <https://weather.com/news/news/2018-11-09-northern-california-wildfire-camp-fire-paradise>

<sup>18</sup> <https://earthobservatory.nasa.gov/images/144225/camp-fire-rages-in-california>

1           142. The Camp Fire was not 100% contained until November 25 and not until it  
2 consumed more than 153,000 acres and destroyed nearly 14,000 homes and more than 4,800  
3 additional structures.<sup>19</sup> The official search for those that died in the blaze was concluded on  
4 November 29, with 88 confirmed dead and nearly 200 still listed as missing.<sup>20</sup>



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17           **Spread of the Camp Fire November 8<sup>th</sup> – 12<sup>th</sup>**<sup>21</sup>

18           **A. The C-Hook on the Incident Tower Was Worn and PG&E Decided to Not**  
19           **Replace It.**

20           143. PG&E knew as early as 1987 that the type of hook, a C-hook, used for the Caribou  
21 Palmero line wears down and has a potential for failure. A C-hook is hardware and is part of an  
22 insulator assembly that is used to attach an insulator assembly to a structure or a tower.

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27           <sup>19</sup> <https://www.mercurynews.com/2018/11/25/deadly-camp-fire-now-100-percent-contained-fire-officials-say/>

28           <sup>20</sup> <https://www.nytimes.com/2018/11/29/us/victims-california-fires-missing.html>

<sup>21</sup> <https://www.nytimes.com/interactive/2018/11/11/us/california-fires-tracker.html>

1           144. As transmission lineman expert, Mr. Scott Hylton, testified before Judge Alsup on  
2 February 19, 2020, that a C-hook will become gouged by the insulator swinging back and forth in  
3 the wind, and that is inevitably going to cause wear because there is metal on metal. Mr. Hylton  
4 testified that if C-hooks were 30 percent worn out, that they should be replaced. (p. 61).

5           145. At the February 19, 2020 hearing, PG&E countered that if a hook exhibits wear of  
6 less than 50 percent but more than 30 percent, it's given what is called an "E tag," which means it  
7 must be repaired in a 12-month window. (p. 56). PG&E's transmission inspection procedures,  
8 effective prior to and at the time of the Camp Fire, state that "components displaying material loss  
9 greater than 50% should receive a Priority Code A maintenance notification and be immediately  
10 repaired or made safe."

11           146. PG&E knew how bad the wear of its transmission tower equipment had become.  
12 An internal PG&E lab report concluded that, "additional inspections should be conducted at  
13 selected locations" on PG&E's power grid to look for similar problems. However, those  
14 inspections failed to identify the problem with the C-hook at Tower :27/222.

15           147. In a September 11, 2018 inspection, PG&E found the right phase insulator hold-  
16 down anchor at Tower :27/222 (the Incident Tower that caused the Camp Fire) was disconnected,  
17 and assigned it a Priority Code E, which means it had to be addressed in 12 months. The report of  
18 this inspection shows no record that there was any climbing inspection of the Incident Tower, i.e.,  
19 a technician physically climbing the tower to inspect the equipment.

20           148. In CPUC's "Decision Approving the Proposed Settlement Agreement with  
21 Modifications," filed on May 7, 2020, the Safety and Enforcement Division, ("SED") found that  
22 the Camp Fire was caused by the failure to inspect and maintain equipment, namely, a C-hook on  
23 a transmission line, which failed, and the pole, wires, and other equipment fell to the ground.

24           149. According to the Butte County DA's "The Camp Fire Public Report, A Summary  
25 of the Camp Fire Investigation" dated June 16, 2020, "Investigators also noted there were original  
26 hanger holes on both the left and right transposition arms that showed extensive wear. It was  
27 obvious the bolted-on hanger plates with their holes were replacements for these original hanger  
28 holes indicating that PG&E was aware that the hooks and holes were rubbing on each other causing

1 wear. The wear patterns observed on the hanger holes is described as ‘keyholing.’” This means  
2 that at some time before the Camp Fire, PGE replaced the hanger plates on the tower because of  
3 wear but did not replace the C-hooks that would have also been worn at that time.

4 150. The SED found that PG&E assigned an incorrect priority for an immediate Safety  
5 Hazard, a disconnected insulator hold-down anchor, the C-hook on Tower :27/221, the Incident  
6 Tower that caused the Camp Fire, by assigning it an E tag (repair in 12 months) rather than an A  
7 tag (immediate repair).

8 151. A piece of the actual failed C-hook on the Caribou Palmero line has not been able  
9 to be located for inspection. According to the Stipulated Facts Relevant to the 2018 Camp Fire,  
10 which is Exhibit A to the CPUC’s Settlement Agreement, “During evidence collection in  
11 November 2018, CAL FIRE took possession of that portion of the incident hook that remained  
12 attached to the insulator. PG&E gained access to the area near Tower :27/222 after CAL FIRE  
13 collected evidence that it deemed relevant to its investigation. PG&E and SED have been unable  
14 to locate the remainder of the incident hook.”

15 152. PG&E knew that the Caribou Palmero line was approximately 100 years old, and  
16 well past its projected 65-year work life expectancy, and upon inspection, assessed it should be  
17 given maintenance in 12 months (assigned it the E tag). Still, astonishingly, PG&E’s risk  
18 management program approved the cancellation of maintenance on the line in 2014. PG&E  
19 reasoned that if the structures fail, it will likely be due to heavy rain and no wildfires are possible  
20 then. It also reasoned that there would be no public safety issue with live wires down because it  
21 is in a remote area. PG&E concluded that while the likelihood of a failed structure happening was  
22 high, the affected customers are likely to be in the order of less than 1,000. The Defendants  
23 approved a deferral of the maintenance project for the Caribou Palermo line.

24 153. It has been reported that PG&E requires its engineers to inaccurately give years of  
25 remaining life to its aging equipment even when, in reality, there are no more remaining years to  
26 give because the equipment is so old.

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1           154. In the CPUC’s Settlement Agreement, the SED found that, with respect to the Camp  
2 Fire, there were 12 violations of GO 95, GO 165, Resolution E-4184, and Public Utilities Code §  
3 451:

- 4           (i) “GO 95, Rule 44.3 – Failure to replace or reinforce the C-hook on Tower :27/222  
5 (Incident Tower) before its safety factor was reduced to less than two-thirds of the  
6 safety factor specified in Rule 44.1, Table 4, which is a violation of Rule 44.3.”
- 7           (ii) “GO 95, Rule 31.1 – Failure to maintain the C-hook supporting the transposition  
8 jumper on the Incident Tower :27/222 for its intended use and regard being given to  
9 the conditions under which it was to be operated.”
- 10           (iii) “GO 95, Rule 31.2 – Failure to inspect Incident Tower thoroughly and failure to  
11 detect an immediate Safety Hazard or Priority A condition on the incident C-hook.”
- 12           (iv) “GO 165, Section IV – PG&E failed to follow its procedures by failing to document  
13 the factors and reasons that led to the delay in the repair work on the Incident  
14 Tower.”
- 15           (v) “GO 165, Section IV – Failure to conduct detailed climbing inspections when  
16 conditions to trigger climbing inspections were evident as specified by internal  
17 procedures. Wear on the original working eyes that remained on the Incident  
18 Tower is an indication of a known condition with potential to recur on the added  
19 hanger plates with working eyes, which should have triggered detailed climbing  
20 inspection to examine the added hanger plates.”
- 21           (vi) “GO 95, Rule 31.1 – The condition of the C-hook (material loss > 50%) supporting  
22 the transposition jumper on Tower :24/199 demonstrates that PG&E did not  
23 maintain the tower for its intended use.”
- 24           (vii) “GO 95, Rule 31.2 – Failure to inspect Tower :24/199 thoroughly and failure to  
25 detect an immediate Safety Hazard or Priority A Condition on the C-hook.”
- 26           (viii) “GO 165, Section IV – C-hook on Tower :24/199 had material loss of over 50%.  
27 PG&E failed to detect and correct the Priority A condition as specified in PG&E’s  
28 procedures.”
- (ix) “GO 95, Rule 18 – PG&E assigned an incorrect priority for an immediate Safety  
Hazard (disconnected insulator hold-down anchor on Tower :27/221).”
- (x) “GO 165, Section IV – PG&E failed to follow its procedures by using an outdated  
inspection form during the detailed climbing inspections that PG&E conducted  
from September 19 to November 6, 2018.”
- (xi) “Decision (D.) 06-04-055, as amended by Resolution E-4184 – PG&E failed to  
report the reportable incident on the Big Bend 1101 12kV Distribution Circuit in a  
timely manner.”
- (xii) “CA Pub. Util. Code § 451 – Failure to maintain an effective inspection and  
maintenance program to identify and correct hazardous conditions on its  
transmission lines in order to furnish and maintain service and facilities, as are  
necessary to promote the safety and health of its patrons and the public.”

1 CPUC’s “Decision Approving the Proposed Settlement Agreement with Modifications,” filed on  
2 May 7, 2020, pp. 11-13.

3 155. As Judge Alsup stated in the February 19, 2020 probation hearing of PG&E with  
4 respect to equipment failure: “You always fall back on: We do inspections, we do inspections. But  
5 the inspections aren't working. They're not catching these problems. Then the Kincade Fire starts,  
6 or the Butte County Fire starts, as a result of not having done an adequate inspection.” (p. 59).

7 **1. PG&E Failed to Provide Accurate Recordkeeping and Inspections**

8 156. PG&E’s record keeping is so poor that it, in some cases, it has no idea how old its  
9 equipment is. It has been reported that a 2018 lab report from another transmission line, the  
10 Parkway-Moraga transmission line, shows that PG&E had no records of how old that transmission  
11 line was. PG&E was estimating and guessing the age of its transmission line equipment.

12 157. Furthermore, as was discussed by Ms. Sandoval, an energy law professor and a  
13 former commissioner at the CPUC, during a February 3, 2021 probation hearing in front of Judge  
14 Alsup, PG&E has recklessly poor recordkeeping which hinders its ability to conduct inspections.  
15 For example, PG&E’s inspectors were scheduling inspections *in the past*. She testified, “By  
16 scheduling an inspection that happened in the past, it essentially created a false record that made  
17 it look like the inspection already happened when it never happened. And, to the extent that there  
18 is a cycle that would be triggered by period inspections, the cycle wouldn’t be triggered because  
19 it already looked like the inspection had happened.” (p.32).

20 158. It has also been reported that PG&E cut back its climbing inspection policy from a  
21 regular rotation that required towers to be climbed after a set number of years to a policy that only  
22 required climbing based on “triggers” to send crews up for a closer look. PG&E said that it still  
23 plans to conduct climbing inspections only on “an as-needed basis” for most of its transmission  
24 lines, but added that it plans to do what it calls “enhanced” inspections in state-defined areas of  
25 fire danger. The “enhanced inspections can be done by drone, helicopter, or climbing under PG&E  
26 policies.” If the Incident Tower had been inspected with a climbing inspection in 2014, PG&E  
27 could have noticed the worn C-hook and replaced it. Instead, PG&E used drone inspections.

1           159. These drone inspections are not as accurate as climbing inspections. A transmission  
2 line expert Mr. Scott Hylton testified to Judge Alsup during a February 19, 2020 probation hearing  
3 that he had eye-balled a dangerously worn C-hook in an adjacent tower to the tower that caused  
4 the Camp Fire that was not picked up by PG&E’s drone inspection. The expert saw with his own  
5 eyes what an “enhanced” inspection did not find.

6           160. In addition to cutting down inspections, PG&E tied bonuses to inspectors keeping  
7 their costs down. It was reported that Camp Fire prosecutors say PG&E also squeezed inspection  
8 budgets, tracking which power line supervisors went over or under budget on monthly inspection  
9 costs in red and green color-coded lists and then tying their bonuses to whether they kept costs  
10 low.

11                           **2. PG & E Failed to Maintain and Upgrade Its Infrastructure**

12           161. PG&E also has a well-documented history of implementing a “run to failure”  
13 approach with its aging infrastructure, whereby it ignores necessary maintenance in order to line  
14 its own pockets with excessive profits. A former PG&E engineer confirms PG&E's maintenance  
15 policy: “Run to failure was the policy that I knew about,” former PG&E engineer Nick Bantz has  
16 reportedly said. “That was talked about as company policy.”

17           162. According to a filing by the CPUC in May 2013:

18                           [T]he Overland Audit explains how PG&E systematically underfunded GT&S<sup>22</sup>  
19 integrity management and maintenance operations for the years 2008 through 2010.  
20 PG&E engaged in a “run to failure” strategy whereby it deferred needed  
21 maintenance projects and changed the assessment method for several pipelines from  
ILI to the less informative ECDA approach - all to increase its profits even further  
beyond its already generous authorized rate of return, which averaged 11.2%  
between 1996 and 2010.

22           163. Given PG&E’s excessive profits over the period of the Overland Audit, there is no  
23 reason to believe that Overland’s example regarding GT&S operations between 2008 and 2010  
24 was unique. The IRP Report supplements the Overland Audit findings with additional examples  
25 of PG&E management’s commitment to profits over safety. Thus, it is evident that while the

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<sup>22</sup> “GT&S” means Gas Transmission & Storage

1 example of GT&S underfunding between 2008 and 2010 might be extreme, it was not an isolated  
2 incident; rather, it represents the culmination of PG&E management’s long-standing policy to  
3 squeeze every nickel it could from PG&E gas operations and maintenance, regardless of the long  
4 term “run to failure” impacts. And PG&E has offered no evidence to the contrary.

5 164. Immediately after the Camp Fire, executives attempted to hide this “Run to Failure”  
6 policy. One Principle of Electric Asset Excellence requested a change in certain documents of the  
7 phrase “Run to Failure” to a “Run To Maintenance” policy regarding transmission line insulators.

8 165. On May 6, 2013, a report was sent to the Safety and Enforcement Division of the  
9 CPUC from the **Liberty Consulting Group** who had been retained to conduct an independent  
10 review of capital and operations and maintenance expenditures proposed by PG&E (the “2013  
11 Liberty Report”).<sup>23</sup> The **2013 Liberty Report** concluded that: “several aspects of the PG&E  
12 distribution system present significant safety issues.” It also found: (a) “addressing risks  
13 associated with electrical distribution components has been overshadowed by electric transmission  
14 and gas facilities;” and (b) “addressing aging infrastructure and adding SCADA to the system  
15 comprise the major focuses of safety initiatives for the distribution system”.

16 166. One of the first key findings of the 2013 Liberty Report was that PG&E had a “large  
17 amount of small size obsolete conductor remaining on PG&E’s system.” PG&E has 113,000 miles  
18 of conductors (a.k.a. wires), and according to the report, over 60 percent of those conductors are  
19 highly susceptible to failure. The conductors are very small, and generally more susceptible to  
20 breaking than standard size conductors. As the conductor ages, it becomes even more susceptible  
21 to breaking. Weather conditions, such as winds and lightning strikes, will also wear a small  
22 conductor more than larger ones. For these reasons, “[t]his conductor was once popular, but is  
23 now recognized as obsolete, due to its small size.”

24 167. Another recommendation of the 2013 Liberty Report was “the establishment of a  
25 formal asset management program in Electric Operations.” According to the report, “aging  
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28 <sup>23</sup> <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M065/K394/65394210.PDF>.



1 infrastructure is best addressed by having a strategic asset management program in place. These  
2 types of programs, such as the British Standards Institute’s “Publicly Available Specification 55”  
3 program, force a detailed and thorough condition assessment survey of the major assets. These  
4 types of formal programs also take failure models into consideration. Long term sustainable plans  
5 can then be prepared to address the asset conditions. A sustainable asset management will mitigate  
6 system safety risks from aging infrastructure, which constituted a major portion of the safety items  
7 in this GRC.”

8 168. The 2013 Liberty Report was so concerned about the state of PG&E’s aging  
9 infrastructure that it advised: **“[w]e also recommend that PG&E treat aging infrastructure as**  
10 **an enterprise-level risk.”**

11 **3. PG&E Knew that Its Down-Guy Design Was Flawed and Could Cause**  
12 **Ground Currents That Create Arcing**

13 169. The 2018 Camp Fire was caused by electrical arcing after the equipment failed.  
14 Electrical arcing is a process by which guy wires or “down-guys,” when designed improperly  
15 and/or installed according to improper design, conduct ground current at ground level during high  
16 winds, igniting fires. Guy wires are the metal support cables that are used to tie electrical poles to  
17 the ground. PG&E utilizes an inverted “V” shape design without any separation or in-line  
18 insulators as an attempt to help its poles withstand high wind. However, in PG&E’s sub-  
19 transmission design, PG&E does not separate the connection at the pole by 12 inches, utilize any  
20 in-line insulator to prevent ground current from flowing, or utilize a shunt so when ground current  
21 exists it does not cause an electrical arc. In addition, if not properly maintained, the down-guys  
22 become loose. In high wind conditions, when the poles sway and ground currents exist, arcing  
23 occurs. With the combination of high winds, swaying poles, loose connections, two down-guys  
24 attached by a common bolt, and ground current, electrical arcing occurs.

25 170. It is believed that arcing from SDG&E wires led to the 2007 San Diego “Witch  
26 Creek” Fires, in addition to the 2003 Cedar and Paradise Fires.

27 171. The down-guy design utilized by PG&E is a violation of GO 95. Industry experts  
28 have demonstrated to the CPUC and California utilities how the dangerous design causes arcing

1 and fires for over a decade. They believe this design is unreasonably dangerous and that the fix is  
2 cheap and easy. General Order 95 sets forth two possible solutions: either have a 12-inch  
3 separation on a pole; or add an in-line insulator. An additional solution is adding a shunt from the  
4 down-guy anchor to the down-guy itself. All three inexpensive solutions prevent electrical arcs at  
5 ground levels that ignite fires.

6 **B. PG&E was fined \$2 Billion on Penalties and Sentenced to Homicide for its**  
7 **Role in the 2018 Camp Fire**

8 172. On June 27, 2019, the CPUC opened a formal investigation into the maintenance,  
9 operations, and practices of PG&E with respect to its electric facilities that were involved in  
10 igniting the 2018 Camp Fire, and to determine the appropriate penalties for violation of CPUC  
11 rules and regulations that were found by the SED.

12 173. On May 7, 2020, the CPUC imposed \$1.937 billion in penalties against PG&E, the  
13 largest penalty ever assessed by the CPUC. “The scope of the devastation caused by PG&E’s  
14 misconduct demands this record penalty,” said Commissioner Clifford Rechtschaffen. “It is one  
15 of many aggressive steps being taken by the CPUC to hold PG&E accountable for failing to keep  
16 public safety a top priority.”

17 174. The Camp Fire burned approximately 153,336 acres, destroyed 18,804 structures,  
18 and resulted in 85 fatalities.

19 175. The penalties consist of (1) \$2.137 billion in disallowances for wildfire-related  
20 expenditures meaning that PG&E shareholders will pay the cost of expenditures that it would  
21 otherwise seek to recover from customers (2) \$114 million in System Enhancement Initiatives and  
22 corrective actions to further protect public safety. As part of this settlement, the CPUC also  
23 imposed a \$200 million suspended fine, given PG&E’s bankruptcy.

24 176. After the Camp Fire, as evidence of their failure to inspect, maintain and replace  
25 equipment, PG&E tagged 13 towers on the line as Priority A where “similar visible wear on the  
26 working eyes of the hanger plate was detected,” according to the CPUC’s investigation.

27 177. On June 18, 2020, Butte County Superior Court Judge Michael R. Deems sentenced  
28 PG&E for 84 counts of manslaughter and a maximum fine of \$3.5 million relating to the 2018

1 Camp Fire, and reportedly stated, “If there was ever a corporation that deserved to go to prison, its  
2 PG&E.” Of course, corporations cannot go to prison. However, the Defendants in this case, who  
3 were responsible for the risk management failures that caused the 2018 Camp Fire can and should  
4 be held liable for the breaches of their fiduciary duties resulting in the Company’s failure to inspect  
5 and maintain aging equipment.

6 **C. The Defendants’ Failure to Inspect and Maintain Equipment was in Breach**  
7 **of their Fiduciary Duties**

8 178. Defendants breached their fiduciary duties by failing to provide oversight and  
9 create operational and safety inspection and equipment maintenance programs. In 2016, PG&E  
10 self-reported in a 2016 Session D Risk Assessment that the number of overhead wires down, 427,  
11 was considered “off track and not recoverable as of now.” PG&E further acknowledged in 2016  
12 that it was not going to achieve a significant volume of conductor replacement over the next 5  
13 years at the current replacement. The Defendants were aware that the Company was not  
14 maintaining its equipment at its current maintenance rate, yet sat on its hands and did not require  
15 the Company to implement an improved equipment inspection and maintenance program.

16 179. Defendants had a duty to manage, maintain, repair and/or replace its aging  
17 infrastructure to protect public safety. These objectives could and should have been accomplished  
18 in a number of ways, including but not limited to providing accurate record keeping for  
19 inspections; increasing inspections, modernizing infrastructure and/or obtaining an independent  
20 audit of its asset management program to ensure effectiveness.

21 180. Defendants failure to correct the falsification of records, failure to inspect its  
22 equipment, failure to maintain and replace its equipment, and failure to provide a proper budget to  
23 provide for an safe asset management program regarding its equipment was a breach of their  
24 fiduciary duties.

25 **D. Defendants Have Inflicted Massive Damages Upon PG&E for the Camp Fire**

26 181. Defendants’ gross failure to provide oversight and intervention, which caused  
27 PG&E’s mismanagement, has led to billions of dollars in corporate liability in excess of the entire  
28

1 market capitalization of the Company. Defendants' conduct, in leading to this outcome, was a  
2 breach of their fiduciary duty to PG&E and of their duties of loyalty and care.

3 182. In the immediate wake of the Camp Fire, PG&E's stock price plummeted by over  
4 50%, wiping out \$12 billion in market capitalization. Ciara Linnane, *PG&E Stock At Its Lowest In*  
5 *15 Years On Concern Over California Utility's Wildfire Liability*, MARKETWATCH, Nov. 15, 2018,  
6 [https://www.marketwatch.com/story/pge-stocks-and-bonds-hammered-on-worry-it-may-be-](https://www.marketwatch.com/story/pge-stocks-and-bonds-hammered-on-worry-it-may-be-liable-for-california-wildfire-2018-11-14)  
7 [liable-for-california-wildfire-2018-11-14](https://www.marketwatch.com/story/pge-stocks-and-bonds-hammered-on-worry-it-may-be-liable-for-california-wildfire-2018-11-14). Given PG&E's long history of corporate malfeasance,  
8 this was a foreseeable and likely consequence of any Camp-Fire-like catastrophe. Defendants  
9 should have done everything possible to prevent such a fire. Instead, they delayed necessary safety  
10 and maintenance investments and diverted money to Defendants' compensation. Thus, Defendants  
11 violated their duties of care and loyalty to PG&E by creating a loss in value of at least  
12 \$12,000,000,000 USD, which was the stock market's initial estimate of PG&E's potential liability  
13 for the Camp Fire.

14 **E. Defendants Paid Themselves Millions of Dollars in Bonuses Instead of**  
15 **Spending Money for Safety at PG&E**

16 183. As Judge Alsup stated in the February 19, 2020 probation hearing of PG&E: "It  
17 just offends the sensibilities of, at least me and maybe a lot of people in California to know that  
18 PG&E has neglected this problem for so long, and yet continue to pay out huge dividends and  
19 bonuses" (p. 64.)

20 184. PG&E filed a Proxy Statement for fiscal year 2016 on April 18, 2017. The Proxy  
21 was personally signed by Defendants Williams, and Earley and reviewed and approved by the  
22 other members of the Board. The Proxy disclosed lavish compensation to the Company's  
23 executives based in substantial part on supposedly achieving 84% of safety goals, and stated:

24 For 2016, the Committee adopted a STIP<sup>24</sup> structure that continued PG&E  
25 Corporation's and the Utility's focus on improving public and employee safety and  
26 customer satisfaction. The weights of the components - Safety, Customer Satisfaction, and

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27  
28 <sup>24</sup> "STIP" means Short Term Incentive Plan.

1 Financial - were unchanged from 2015 at 50 percent, 25 percent, and 25 percent,  
2 respectively.

3 **The Safety component was structured to provide a strong focus on the safety**  
4 **of employees, customers, and communities. It was made up of four subcomponents:**  
5 (1) Nuclear Operations Safety, (2) **Electric Operations Safety**, (3) Gas Operations  
6 Safety, and (4) Employee Safety.

7 185. The Proxy further stated the following with respect to how compliance with electric  
8 safety goals and the STIP was factored into compensation of executives:

9 Each STIP measure has a threshold, target, and maximum level of performance  
10 used to arrive at a score ranging from zero to 2.0 for that measure. Performance below the  
11 minimum performance level, or threshold, results in a zero score. Performance at the  
12 threshold results in a STIP score of 0.5. **Target performance results in a STIP score of**  
13 **1.0, and performance at or above the maximum established level results in a score of**  
14 **2.0. A score of 1.0 provides 100 percent of an executive's target payout.** Performance at  
15 the threshold and maximum levels delivers 50 percent and 200 percent of targeted  
16 payout, respectively. Linear interpolation is used to determine scores for performance  
17 between threshold and target, and between target and maximum.

18 The STIP overall performance score is the sum of the weighted cumulative  
19 average scores for performance on each of the STIP measures.

20 186. Significantly, notwithstanding the fact that PG&E had suffered tens of millions of  
21 dollars in damages alone in 2015 from the Butte wildfires, Electrical Safety was given a weight  
22 of just 5% in the overall STIP score, while “Financial Performance” was given five times as much  
23 weight (25%), as reflected by the following chart from the Proxy:

24 For 2016, the measures and related weightings, thresholds, targets, maximums, and results for calculating  
25 the STIP performance score were as follows:

2016 STIP Measures	Weight	Threshold	Target	Maximum	Result	Score	Weighted Average Score
<b>SAFETY COMPONENT (50%)</b>							
<u>Nuclear Operations Safety</u>							
Diablo Canyon Power Plant Reliability and Safety Indicator							
Unit 1 Reliability and Safety Indicator	4%	94.2	98.7	100.0	100.0	2.000	0.080
Unit 2 Reliability and Safety Indicator	4%	94.2	98.7	100.0	90.0	0.000	0.000
<u>Electric Operations Safety</u>							
Transmission and Distribution (T&D) Wires Down							
	5%	3,000	2,572	2,400	3,299	0.000	0.000
911 Emergency Response	5%	95.0%	97.5%	98.5%	98.3%	1.800	0.090
<u>Gas Operations Safety</u>							
In-Line Inspection and Upgrade Index	6%	0.50	1.00	2.00	0.88	0.880	0.053
Gas Dig-ins Reduction	5%	2.18	2.03	1.96	2.02	1.143	0.057
Gas Emergency Response	5%	21.5	21.0	20.0	20.0	2.000	0.100
<u>Employee Safety</u>							
Lost Workday Case Rate							
	6%	0.353	0.320	0.275	0.402	0.000	0.000
Serious Preventable Motor Vehicle Incident (SPMVI) Rate							
	6%	0.252	0.239	0.226	0.280	0.000	0.000
Timely Reporting of Injuries							
	4%	64.0%	67.1%	70.2%	67.3%	1.065	0.043

CUSTOMER SATISFACTION COMPONENT (25%)							
Customer Satisfaction Score	15%	75.5	75.7	76.3	76.1	1.667	0.250
System Average Interruption Duration Index (SAIDI)	10%	101.1	96.3	93.9	109.0	0.000	0.000
<b>FINANCIAL COMPONENT (25%)</b>							
<b>Earnings from Operations (EFO) (in millions)</b>	<b>25%</b>	95% of Budget	105% of \$1,884.0	1.053	0.263		
		Budget	Budget				
	100%				0.936		

187. Shockingly, the Proxy claimed that PG&E had achieved 98.5% of its Electrical Safety goals. However, it also stated that it had achieved 105% of its “Financial Component” goals, and based in part on the attainment of such goals the Compensation Committee of the Board (comprised of Defendants Williams (Chair), Herringer, Miller, Parra, and Rambo) approved the following compensation:

This table summarizes the principal components of compensation paid or granted during 2016 (including cash incentives earned for corporate performance in 2016 but paid in 2017). This table also includes information disclosed in the 2016 and 2015 Joint Proxy Statements for compensation paid or granted to certain officers during 2015 and 2014, respectively.

Name and Principal Position	Year	Salary (\$) <sup>(1)</sup>	Stock Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(3)</sup>	Total (\$)
<b>Anthony F. Earley, Jr.</b> <sup>(a)</sup> Chairman, Chief Executive Officer, and President, PG&E Corporation	2016	1,318,750	7,500,072	1,928,672	11,730,646
	2015	1,281,250	7,500,080	2,245,365	12,198,394
	2014	1,250,000	7,500,007	1,825,200	11,627,216
<b>Geisha J. Williams</b> <sup>(a)</sup> President, Electric, Pacific Gas and Electric Company	2016	695,833	2,250,072	610,594	4,164,230
	2015	634,183	2,000,115	620,585	3,723,207
<b>Jason P. Wells</b> Senior Vice President and Chief Financial Officer, PG&E Corporation	2016	500,000	2,000,101	371,250	3,129,976
<b>David S. Thomason</b> <sup>(b)</sup> Vice President, Chief Financial Officer, and Controller, Pacific Gas and Electric Company	2016	257,432	300,206	87,302	776,177
<b>John R. Simon</b> <sup>(c)</sup> Executive Vice President, Corporate Services and Human Resources, PG&E Corporation	2016	512,500	1,500,102	419,738	2,843,177
	2015	453,393	1,250,149	405,240	2,326,272
	2014	424,994	750,104	387,756	1,931,282
<b>Edward D. Halpin</b> Senior Vice President, Generation and Chief Nuclear Officer, Pacific Gas and Electric Company	2016	572,000	1,700,119	325,611	2,876,566
<b>Dinyar B. Mistry</b> <sup>(d)</sup> Senior Vice President, Human Resources, Pacific Gas and Electric Company	2016	405,700	1,100,120	273,082	2,209,029
	2015	381,433	400,131	229,781	1,243,071
	2014	373,046	350,074	277,988	1,649,668

1 188. In awarding such compensation, the Compensation Committee included the  
 2 following statement in the Proxy: “The Compensation Committee believes that the amount and  
 3 design of executive compensation provided for 2016 to the NEOs of PG&E Corporation and the  
 4 Utility are consistent with the Committee’s compensation objectives and policies to (1) provide  
 5 long-term incentives to align shareholders’ and officers’ interests and enhance total return for  
 6 shareholders, (2) attract, retain, and motivate officers with the necessary mix of skills and  
 7 experience for the development and successful operation of the Corporation’s and the Utility’s  
 8 businesses, and (3) compensate NEOs in a competitive, cost-efficient, and transparent manner.”

9 189. The Compensation Committee similarly awarded the following lavish  
 10 compensation to the Company’s executives in 2017, Defendants in this case, as reflected in the  
 11 Proxy Statement filed with the SEC on March 26, 2018:

Name and Principal Position	Year	Salary (\$) <sup>(1)</sup>	Stock Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(3)</sup>	Total (\$)
<b>Geisha J. Williams<sup>(a)</sup></b> Chief Executive Officer and President, PG&E Corporation	2017	991,667	6,500,168	0	8,597,220
	2016	695,833	2,250,072	610,594	4,164,230
	2015	634,183	2,000,115	620,585	3,723,207
<b>Jason P. Wells</b> Senior Vice President and Chief Financial Officer, PG&E Corporation	2017	583,333	2,000,079	0	3,108,134
	2016	500,000	2,000,101	371,250	3,129,976
<b>David S. Thomason</b> Vice President, Chief Financial Officer, and Controller, Pacific Gas and Electric Company	2017	301,650	300,086	113,482	941,475
	2016	257,432	300,206	87,302	776,177
<b>John R. Simon<sup>(a)</sup></b> Executive Vice President and General Counsel, PG&E Corporation	2017	594,582	2,000,079	558,130	3,760,933
	2016	512,500	1,500,102	419,738	2,843,177
	2015	453,393	1,250,149	405,240	2,326,272
<b>Dinyar B. Mistry</b> Senior Vice President, Human Resources and Chief Diversity Officer, PG&E Corporation	2017	471,208	800,162	360,644	2,408,823
	2016	405,700	1,100,120	273,082	2,209,029
	2015	381,433	400,131	229,781	1,243,071
<b>Karen A. Austin</b> Senior Vice President, and Chief Information Officer, Pacific Gas and Electric Company	2017	555,800	850,131	432,572	2,228,463
<b>Anthony F. Earley, Jr.<sup>(b)</sup></b> Executive Chair of the Board, PG&E Corporation	2017	1,026,363	3,000,153	1,025,835	6,012,329
	2016	1,318,750	7,500,072	1,928,672	11,730,646
	2015	1,281,250	7,500,080	2,245,365	12,198,394
<b>Hyun Park<sup>(c)</sup></b> Senior Vice President and Special Counsel to the Chairman, PG&E Corporation	2017	601,069	1,000,074	267,044	3,513,492
	2016	638,800	1,200,091	385,398	2,702,052
	2015	637,132	1,500,071	503,266	2,915,084

27 190. PG&E has a **Clawback Policy** pursuant to which the Company can claw back  
 28 compensation to executive officers based on improper conduct during the preceding three years.

1 However, despite the billions of dollars in liability which the Defendants' misconduct has created  
2 for PG&E – liability which has brought PG&E to the brink of bankruptcy and necessitated the  
3 passage of a state law in September 2018 (SB 901) that consumer advocates decried as a ratepayer  
4 bailout of PG&E, the Board of Directors has taken no steps whatsoever to claw back any of the  
5 millions of dollars in compensation paid to themselves and the Company's executives in recent  
6 years.

7 **VII. CAUSES OF ACTION**

8 **A. First Cause of Action: Breach of Fiduciary Duty – 2017 North Bay Fires**

9 **(Against All Defendants)**

10 192. Plaintiff incorporates by reference the allegations set forth above related to the  
11 2017 North Bay Fires, as though fully restated herein.

12 193. Defendants, as PG&E's directors and officers, owed fiduciary duties to PG&E, and  
13 were required to use their abilities to control and manage PG&E in a reasonable manner and to  
14 ensure that the Company complied with applicable laws and standards.

15 194. As alleged in the Complaint, due to their acts and omissions related to the 2017  
16 North Bay Fires, Defendants breached their fiduciary duties to PG&E.

17 195. Defendants' wrongful conduct particularized herein was negligent and without  
18 reasonable and ordinary care owed to PG&E and/or grossly negligent and/or in reckless disregard  
19 for duties owed to PG&E in circumstances in which Defendants' were aware, or should have been  
20 aware, in the ordinary course of performing their duties, of a risk of serious injury to PG&E.  
21 Defendants aided, encouraged, cooperated and/or participated in, and substantially assisted the  
22 other Defendants in the breaches of their fiduciary duties.

23 196. By reason of the foregoing, PG&E has sustained and will continue to sustain  
24 damages and injuries including from claims for compensation by victims of the 2017 North Bay  
25 Fires, along with fees, expenses, and injuries to PG&E's reputation from the 2017 North Bay Fires,  
26 for which it has no adequate remedy at law.



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**B.       Second Cause of Action: Breach of Fiduciary Duty – 2018 Camp Fire**  
**(Against All Defendants)**

197.   Plaintiff incorporates by reference the allegations set forth above related to the 2018 Camp Fire, as though fully restated herein.

192.   Defendants, as PG&E’s directors and officers, owed fiduciary duties to PG&E, and were required to use their abilities to control and manage PG&E in a reasonable manner and to ensure that the Company complied with applicable laws and standards.

193.   As alleged in the Complaint, due to their acts and omissions related to the 2018 Camp Fire, Defendants breached their fiduciary duties to PG&E.

194.   Defendants’ wrongful conduct particularized herein was negligent and without reasonable and ordinary care owed to PG&E and/or grossly negligent and/or in reckless disregard for duties owed to PG&E in circumstances in which Defendants’ were aware, or should have been aware, in the ordinary course of performing their duties, of a risk of serious injury to PG&E. Defendants aided, encouraged, cooperated and/or participated in, and substantially assisted the other Defendants in the breaches of their fiduciary duties.

195.   By reason of the foregoing, PG&E has sustained and will continue to sustain damages and injuries including from claims for compensation by victims of the 2018 Camp Fire, along with fees, expenses, and injuries to PG&E’s reputation from the 2018 Camp Fire, for which it has no adequate remedy at law.

**VIII.   PRAYER FOR RELIEF**

Plaintiff, on behalf of himself and PG&E, prays for relief and judgment as set forth below:

1.       Awarding compensatory damages against all Defendants, jointly and severally, in an amount to be proven at trial;
2.       Awarding appropriate equitable relief;
3.       Awarding pre-judgment interest, as well as reasonable attorneys’ fees and other costs; and
4.       Awarding such other relief as this Court may deem just and proper.

1 Dated: March 24, 2021

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*Attorneys for Plaintiff Justice John Trotter  
(Ret.), Trustee of the PG&E Fire Victim Trust*

1 **PROOF OF SERVICE**

2 I am employed in the County of San Mateo. I am over the age of 18 years and not a party to  
3 this action. My business address is the Law Offices of Cotchett, Pitre & McCarthy, LLP, San  
4 Francisco Airport Office Center, 840 Malcolm Road, Burlingame, California, 94010. On this day, I  
5 served the following document(s) in the manner described below:

6 **AMENDED COMPLAINT**

7  **VIA ELECTRONIC TRANSMISSION:** By electronically transmitting the document(s)  
8 listed above on the parties in this action through File & ServeXpress.

9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28	MCDERMOTT WILL & EMERY LLP Jason D. Strabo Gregory R. Jones 2049 Century Park East, 38th Floor Los Angeles, CA 90067 gjones@mwe.com jstrabo@mwe.com	Counsel for Defendants G. Williams, Wells, Earley
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I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed at Burlingame, California, on March 24, 2021.



JEANINE ACOSTA