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## PG&E Trust Inks \$117M Deal For Calif. Wildfire Victims

By **Lauren Berg**

Law360 (September 29, 2022, 8:42 PM EDT) -- The PG&E Fire Victim Trust announced Thursday it reached a \$117 million settlement resolving claims accusing PG&E's former officers and directors of failing to ensure precautions were in place that could have prevented two deadly California wildfires or lessened the extensive damage.

The trust — which was created in 2020 to compensate victims of fires spanning from 2015 to 2018, as part of PG&E's **Chapter 11 reorganization** — said the settlement took more than a year to negotiate and was first reached in May, before being finalized in July. It will still need to be approved by the bankruptcy court.

"It is our hope that in holding PG&E's past officers and directors accountable in connection with the damage inflicted on thousands of fire victims in California, the current board and new leadership of PG&E charts a different course where safety and the protection of customers is the central operating principle of the company," trustee Cathy Yanni said in a statement Thursday.

In a statement Thursday, PG&E said the agreement is consistent with the terms in the company's reorganization plan.

The deal is "another step forward in PG&E's ongoing effort to resolve issues outstanding from before its bankruptcy and to move forward focused on our commitments to deliver safe, clean and reliable energy to our customers, and to continue the important work of reducing risk across our energy system," the company said.

The settlement stems from an **amended complaint** filed in February 2021 by trustee John K. Trotter, a retired California appeals court justice, who effectively revamped a suit that was initially filed by a company shareholder in December 2018. The case, along with similar federal and state suits, was stayed for more than two years while the utility's bankruptcy proceedings played out.

The suit blamed former executives of both PG&E and subsidiary Pacific Gas and Electric Co. for negligent decisions that eventually resulted in the devastating 2017 North Bay Fires and the 2018 Camp Fire.

The trustee said the company leaders didn't ensure a power shutoff system was installed for the PG&E grid. Poor vegetation management made the shutoff system essential to ensure plant life didn't interact with power lines and cause a fire, as was the case in the North Bay Fires, according to the suit.

The Camp Fire the following year was caused by different factors "involving different conduct by different people in different PG&E business units involving different policies and procedures and in different physical locations," the trustee said.

The trustee alleged the 2018 blaze was caused by executives' failure to make sure the utility was aware of and appropriately handling aging equipment. Not doing so resulted in a fire when a component of a 100-year-old transmission tower failed, according to the suit.

Frank M. Pitre of Cotchett Pitre & McCarthy LLP, an attorney for the Fire Victim Trust — or FVT — and a member of the Trust Oversight Committee, said in a statement that the deal is one of the largest settlements of its kind.

"These funds will be used to satisfy the vast majority of outstanding fire victim claims held by certain federal agencies that assisted in battling the fires and providing assistance to victims," Pitre said.

Pro se plaintiff William B. Abrams, who has been an **outspoken critic** of PG&E's bankruptcy proceeding for years, called the settlement announcement "pure spin," telling Law360 in an email Thursday that the deal doesn't actually hold PG&E's former officers accountable.

"Even before the lawsuit was pursued, PG&E made sure that the trust only went after the insurance monies paid by the company so the individual officers were not held accountable at all and not one dime came out of their pockets by the design of PG&E and the FVT," said Abrams, whose home was destroyed by the devastating 2017 Tubbs Fire sparked by an electrical wire.

In May, Abrams filed a motion asking U.S. Bankruptcy Judge Dennis Montali to allow him and other victims to serve discovery on the trustee and to hold a hearing allowing victims to get their questions answered regarding the expenses, management and oversight of the FVT. The trustee objected to Abrams' motion, saying all disclosure obligations have been fulfilled and that the trust has publicly provided information about its activities.

Judge Montali in August partially granted the request, instructing the trustee to provide documents and answers to questions, according to the order. The trustee then asked for a deadline extension, which Judge Montali granted, but Abrams said the trustee and PG&E have used their objections to block discovery.

And with the announcement of the \$117 million settlement, Abrams said the trustee's "spin" is detrimental to fire victims.

"As victim try to rebuild their homes and their lives, they deserve straight talk and not this spin and deception that only serves to let PG&E past executives off the hook and line the pockets of the attorneys that were paid to represent the interests of victims," Abrams said. "Is this the 'Fire Victim Trust' or the Fire Victim Attorney Slush Fund?"

Although solvent, PG&E Corp. **filed for Chapter 11** in January 2019, buckling under liabilities tied to allegations its equipment played a role in causing multiple wildfires that killed 130 people and caused billions of dollars in property damage.

Judge Montali **confirmed** a multibillion-dollar reorganization plan in June 2020 as the nation's largest investor-owned utility raced against a deadline to exit bankruptcy and receive state funds.

The plan included a **\$13.5 billion settlement** with Northern California wildfire survivors, **paid partially in PG&E stock**. Neutrals with the for-profit mediation company JAMS were appointed to oversee the claims administration and the claims appeals process.

PG&E is currently facing a **federal criminal investigation** of its potential role in causing a major and ongoing Northern California wildfire, according to a public filing the company made Monday with the U.S. Securities and Exchange Commission.

The U.S. Forest Service indicated to Pacific Gas and Electric Co. that the September Mosquito Fire started in an area of the utility's power line and that the agency is performing a criminal investigation, according to the Form 8-K filing.

And in June, PG&E **pled not guilty** to four felony involuntary manslaughter charges and 27 other charges alleging it played a role in causing the Zogg Fire, which burned 56,000 acres in two California counties in 2020.

Counsel for the former officers and directors did not immediately respond to requests for comment Thursday.

The trustee is represented in the lawsuit by Cotchett Pitre & McCarthy LLP, Dreyer Babich Buccola Wood Campora LLP, Walkup Melodia Kelly & Schoenberger, Bottini & Bottini Inc., and Corey Luzaich De Ghetaldi & Riddle LLP.

The director defendants are represented by Simpson Thacher & Bartlett LLP.

The officer defendants are represented by McDermott Will & Emery LLP.

PG&E is represented in the bankruptcy proceedings by Weil Gotshal & Manges LLP, Pillsbury Winthrop Shaw Pittman LLP, Cravath Swaine & Moore LLP, Keller Benvenuti Kim LLP and Groom Law Group.

Abrams is representing himself.

The lawsuit is Justice John Trotter (Ret.), Trustee of the PG &E Fire Victim Trust v. Williams et al., case number CGC-17-562591, in the Superior Court of the State of California, County of San Francisco.

The bankruptcy case is In Re: PG&E Corp., case number 3:19-bk-30088, in the U.S. Bankruptcy Court for the Northern District of California.

--Additional reporting by Hannah Albarazi, Juan Carlos Rodriguez, Keith Goldberg, Craig Clough and Dave Simpson. Editing by Michael Watanabe.

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