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14 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

15 **FOR THE COUNTY OF SAN FRANCISCO**

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

17 Plaintiff,

18 v.

19 WILLIAMS, et al.,

20 Defendants.

Lead Case No. CGC-17-562591  
(Consolidated with Case Nos. CGC-17-562553  
and CGC-18-572326)

21 **SECOND AMENDED COMPLAINT**

Hon. Andrew Y.S. Cheng  
Dept. 613

22 Trial Date: June 27, 2022

23 **PUBLIC VERSION – REDACTS MATERIAL FROM CONDITIONALLY**  
24 **SEALED RECORD**

25 **Pursuant to Cal. Rules of Court 2.551 and the Stipulation and Protective Order Regarding**  
26 **Discovery Materials dated June 8, 2021**

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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 Second Amended Complaint (the “Complaint”) against  
3 certain former Officers and Directors (collectively, “the Defendants” or the “Officer and Director  
4 Defendants”) of PG&E Corporation and/or Pacific Gas and Electric Company (“Utility” and with  
5 PG&E Corporation, “PG&E”). Plaintiff was appointed by the United States Bankruptcy Court for  
6 the Northern District of California as Trustee of the PG&E Fire Victims Trust and was assigned  
7 certain 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 breach of their fiduciary duties owed to PG&E. As alleged herein,  
11 Defendants’ conduct, individually and collectively, were substantial factors in causing harm to  
12 PG&E from (1) the 2017 North Bay Fires and (2) the 2018 Camp Fire. Both events were massive  
13 wildfires that cost people’s lives and caused catastrophic harm. However, they were the outgrowth  
14 of separate and distinct wrongful acts and omissions by the Defendants in breach of their fiduciary  
15 duties of care and loyalty to PG&E.

16 2. PG&E is one of the largest combination natural gas and electric utilities in the  
17 United States. It provides natural gas and electric services to approximately 16 million people  
18 throughout a 70,000-square mile service area in northern and central California. PG&E  
19 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)  
20 [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  
21 are part of the interstate transmission infrastructure that delivers electricity throughout the western  
22 United States. PG&E also operates 106,681 circuit miles of intrastate electric distribution lines.

23  
24  
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, including the  
11 Caribou Palmero Line running in the Sierra Nevada foothills of Butte County. The site of ignition  
12 of the 2018 Camp Fire is roughly 150 miles away from the origin of the North Bay Fires. The  
13 California Public Utilities Commission (“CPUC”) found that the 2018 Camp Fire had started  
14 because of a C-hook mounted on a transmission tower had worn down over the course of nearly a  
15 century and eventually failed. As a result, an uninsulated energized piece of equipment called a  
16 transposition jumper made contact with a steel structure, causing an electrical arc and igniting a  
17 fire. The CPUC determined that PG&E’s management, Defendants herein, failed to implement a  
18 system to detect and replace this C-hook as part of its transmission infrastructure patrols and  
19 inspection program. The 2018 Camp Fire was caused by PG&E’s failure to inspect and repair the  
20 100-year-old equipment on its long-range transmission lines, and implement a proactive system to  
21 replace the equipment to avoid material fatigue, corrosion and subsequent failures.

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

27           6.       The North Bay Fires and the Camp Fire are separate occurrences that have no  
28 common nexus or cause. The corrective actions that should have been undertaken to prevent either

1 of these occurrences would have been insufficient to prevent the other. For the same reasons that  
2 the prior fires and gas explosions going back to 1981 were all separate occurrences, the two  
3 wildfires that occurred in PG&E's service territory in 2017 and 2018 were separate occurrences,  
4 caused by independent acts and omissions by the Defendants.

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

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

1 disregarding PG&E's increased exposure to the risk of equipment failure fires, which did in fact  
2 occur in the 2018 Camp Fire.

3 9. For these reasons and as set forth more fully herein, Plaintiff seeks money damages  
4 based on the Defendants' independent breaches of fiduciary duty, which were substantial factors  
5 in causing harm to PG&E from the 2017 North Bay Fires and the 2018 Camp Fire.

6 **II. JURISDICTION AND VENUE**

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

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

24 **III. PARTIES**

25 **A. Plaintiff**

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



1           **B.     Defendants**

2           **1.     Officers**

3           13.     Defendant Kevin Dasso (“Dasso”) is hereby named as a defendant to replace  
4 previously named Doe Defendant Number One. Dasso served as Vice President of Electric Asset  
5 Management for Utility from 1981 to January 2019, with day-to-day oversight and responsibility  
6 over all aspects of asset management and reliability strategies for Utility’s electric operations,  
7 including the implementation of engineering practices, system design, technical services, and  
8 standards. Under California law,<sup>3</sup> as an officer of Utility, Dasso owed fiduciary duties to Utility  
9 and all of Utility’s shareholders, including PG&E Corporation, the sole shareholder of Utility.

10          14.     Defendant Anthony F. Earley Jr. (“Earley”) served as PG&E Corporation’s  
11 President, Chief Executive Officer (“CEO”), and Chair of the Board of Directors, from September  
12 2011 to February 2017, with day-to-day oversight and responsibility over PG&E’s entire  
13 operations. On March 1, 2017, when PG&E Corporation separated the positions of Chair and  
14 CEO, Early became Chair of the Board at PG&E Corporation and Defendant Geisha Williams  
15 became CEO and President. Earley remained Chair of the Board at PG&E Corporation until his  
16 retirement on December 15, 2017. Earley also served as a director of Utility from 2012 to  
17 December 15, 2017, and as Chair of the Executive Committees at both PG&E Corporation and  
18 Utility from 2013 to December 15, 2017. Earley’s compensation as an officer of PG&E  
19 Corporation was directly tied to the financial performance of the Utility. As an officer and director  
20 of PG&E Corporation, Earley owed a fiduciary duty to PG&E Corporation to ensure that PG&E

21  
22 \_\_\_\_\_  
23           <sup>3</sup> Officers and directors owe the highest fiduciary duties of care and loyalty to the  
24 corporation they serve and to all of the corporation’s shareholders. *See Remillard Brick Co. v.*  
25 *Remillard-Dandini Co.*, 109 Cal. App. 2d 405, 419 (1952) (“The concept that a corporation is an  
26 entity cannot operate so as to lessen the duties owed to all of the stockholders. Directors owe a  
27 duty of highest good faith to the corporation and its stockholders.”). *Burt v. Irvine Co.*, 237 Cal.  
28 App. 2d 828, 850 (1965) (“It is hornbook law that directors, while not strictly trustees, are  
fiduciaries, and bear a fiduciary relationship to the corporation, and to all the stockholders. They  
owe a duty to all stockholders . . . The same duty of good faith in dealings, with or on behalf of  
the corporation, is demanded of officers of the corporation”); *see also Jones v. H.F. Ahmanson &*  
*Co.*, 1 Cal. 3d 93, 110 (1969).

1 Corporation and the Utility were prudently operated and managed since the financial performance  
2 and operations of the Utility were the sole source of PG&E Corporation's revenues and any  
3 extraordinary expenses or liabilities incurred by the Utility had to be funded by PG&E  
4 Corporation. In addition, as a director of Utility, Earley owed fiduciary duties to Utility and all of  
5 Utility's shareholders, including PG&E Corporation, the sole shareholder of Utility.

6 15. Defendant Patrick M. Hogan ("Hogan") served as Utility's Vice President of  
7 Electric Operations Asset Management from 2013 to February 2016, and as Utility's Senior Vice  
8 President of Electric Operations from February 2016 to January 2019, with day-to-day oversight  
9 and responsibility over Utility's electric operations. As an officer of Utility, Hogan owed fiduciary  
10 duties to Utility and all of Utility's shareholders, including PG&E Corporation, the sole  
11 shareholder of Utility.

12 16. Defendant Christopher P. Johns ("Johns") served as PG&E Corporation's Vice  
13 President and Controller from 1996 to 2005, PG&E Corporation's Senior Vice President and Chief  
14 Financial Officer from 2005 to August 2009, and Utility's President from August 2009 to  
15 December 2015. As President, Johns had day-to-day oversight and responsibility over all aspects  
16 of Utility's business. Johns also served as a director of Utility from February 2010 to December  
17 2015, Vice Chairman of Utility's Board of Directors from August 2015 until his retirement in  
18 December 2015, and a member of Utility Board's Executive Committee from February 2010 to  
19 December 2015. Johns' compensation as an officer of PG&E Corporation and Utility was directly  
20 tied to the financial performance of Utility. As an officer of PG&E Corporation, Johns owed a  
21 fiduciary duty to PG&E Corporation to ensure that Utility was prudently operated and managed  
22 since the financial performance and operations of the Utility were the sole source of PG&E  
23 Corporation's revenues and any extraordinary expenses or liabilities incurred by the Utility had to  
24 be funded by PG&E Corporation. In addition, as an officer and director of Utility, Johns owed  
25 fiduciary duties to Utility and all of Utility's shareholders, including PG&E Corporation, the sole  
26 shareholder of Utility.

27 17. Defendant Gregg L. Lemler ("Lemler") is hereby named as a defendant to replace  
28 previously named Doe Defendant Number Two. Lemler joined Utility in 1983 and served as

1 Utility's Vice President of Electric Transmissions from 2013 to January 2019, with day-to-day  
2 oversight and responsibility over Utility's electric transmission operations. As an officer of Utility,  
3 Lemler owed fiduciary duties to Utility and all of Utility's shareholders, including PG&E  
4 Corporation, the sole shareholder of Utility.

5 18. Defendant Steve E. Malnight ("Malnight") is hereby named as a defendant to  
6 replace previously named Doe Defendant Number Three. Malnight joined Utility in 2002, and  
7 served as Director, Customer Strategy from January 2005 to February 2006, Director, Finance  
8 from February 2006 to October 2007, Special Assistant to the Chairman from October 2007 to  
9 April 2009, Vice President, Renewable Energy from May 2009 to August 2010, Vice President,  
10 Customer Energy Solutions from July 2010 to September 2014, Senior Vice President, Regulatory  
11 Affairs from September 2014 to March 2017, Senior Vice President, Strategy and Policy from  
12 March 2017 to September 2018, and Senior Vice President, Energy Supply and Policy from  
13 September 2018 to April 2019, with day-to-day oversight and responsibility over Utility's  
14 regulatory affairs and compliance, strategy, supply and policy, including that related to Utility's  
15 electric operations. As an officer of Utility, Malnight owed fiduciary duties to Utility and all of  
16 Utility's shareholders, including PG&E Corporation, the sole shareholder of Utility.

17 19. Defendant Geisha J. Williams ("Williams") joined Utility in 2007 and served as its  
18 Senior Vice President, Energy Delivery from December 2007 to May 2011, Executive Vice  
19 President, Electric Operations from June 2011 to August 2015, and President, Electric from August  
20 2015 to February 2017, with day-to-day oversight and responsibility over all aspects of Utility's  
21 electric business, including power generation, transmission, distribution, asset management and  
22 strategy, and energy procurement. Williams also served as CEO and President of PG&E  
23 Corporation from March 2017 to January 2019, with day-to-day oversight and responsibility over  
24 all aspects of PG&E Corporation's business, including Utility. Williams served as a director of  
25 Utility and a member of the Utility Board's Executive Committee from August 2015 to January  
26 2019. Williams served as a director of PG&E Corporation and a member of the PG&E Corporation  
27 Board's Executive Committee from May 2017 to January 2019. William's compensation as an  
28 officer of PG&E Corporation and Utility was directly tied to the financial performance of the

1 Utility. As an officer and director of PG&E Corporation, Williams owed a fiduciary duty to PG&E  
2 Corporation to ensure that the Utility was prudently operated and managed since the financial  
3 performance and operations of the Utility were the sole source of PG&E Corporation's revenues  
4 and any extraordinary expenses or liabilities incurred by the Utility had to be funded by PG&E  
5 Corporation. In addition, as an officer and director of Utility, Williams owed fiduciary duties to  
6 Utility and all of Utility's shareholders, including PG&E Corporation, the sole shareholder of  
7 Utility.

8 20. Defendants Dasso, Earley, Hogan, Johns, Lemler, Malnight, and Williams are  
9 referred to herein as the "Officer Defendants."

10 **2. Directors**

11 21. Defendant Lewis Chew ("Chew") served as director of PG&E Corporation and the  
12 Utility from September 2009 to April 2019. Chew served as a member of PG&E Corporation's  
13 and Utility's Executive Committees from 2014 to April 2019, PG&E Corporation's and Utility's  
14 Audit Committees from 2011 to April 2019 (serving as the Chair from May 2017 to April 2019),  
15 and PG&E Corporation's Compliance and Public Policy Committee from 2011 to April 2019  
16 (serving as the Chair from 2013 to May 2017). As a director of PG&E Corporation and Utility,  
17 Chew owed fiduciary duties of care and loyalty to both PG&E Corporation and Utility.

18 22. Defendant Fred J. Fowler ("Fowler") served as a director of PG&E Corporation  
19 and Utility from March 2012 to July 2020. Fowler served as a member of PG&E Corporation's  
20 Finance Committee from 2015 to July 2020. Fowler served as a member of PG&E Corporation's  
21 Nuclear, Operations, and Safety Committee, later renamed the Safety and Nuclear Oversight  
22 Committee, from March 2012 to July 2020, and Utility's Safety and Nuclear Oversight Committee  
23 from September 2017 to July 2020. As a director of PG&E Corporation and Utility, Fowler owed  
24 fiduciary duties of care and loyalty to both PG&E Corporation and Utility.

25 23. Defendant Maryellen C. Herringer ("Herringer") served as director of PG&E  
26 Corporation and Utility from October 2005 to May 30, 2017. Herringer served as the Chair of  
27 PG&E Corporation's Nominating and Governance Committee and a member of PG&E  
28 Corporation's and Utility's Executive Committees and Audit Committees from 2010 to May 2017.

1 As a director of PG&E Corporation and Utility, Herringer owed fiduciary duties of care and loyalty  
2 to both PG&E Corporation and Utility.

3 24. Defendant Richard C. Kelly (“Kelly”) served as a director of PG&E Corporation  
4 and Utility from June 2013 to April 2019 and as Chair of PG&E Corporation’s Board from  
5 December 2017 to April 2019, responsible for leading the Board’s independent oversight of  
6 management. Kelly served as a member of PG&E Corporation’s Nominating and Governance  
7 Committee from 2015 to April 2019 (Chair from May 2017 to April 2019), PG&E Corporation’s  
8 Compensation Committee from 2017 to April 2019, PG&E Corporation’s and Utility’s Audit  
9 Committees from 2013 to April 2019, PG&E Corporation’s and Utility’s Executive Committees  
10 from March 2017 to April 2019 (Chair of PG&E Corporation’s Executive Committee from March  
11 2017 to April 2019), PG&E Corporation’s Nuclear, Operations, and Safety Committee, later  
12 renamed the Safety and Nuclear Oversight Committee, from 2013 to April 2017. As a director of  
13 PG&E Corporation and Utility, Kelly owed fiduciary duties of care and loyalty to both PG&E  
14 Corporation and Utility.

15 25. Defendant Roger H. Kimmel (“Kimmel”) served as a director of PG&E  
16 Corporation and Utility from January 2009 to January 2019. Kimmel served as a member of  
17 PG&E Corporation’s Compliance & Public Policy Committee from 2010 to January 2019 (Chair  
18 from May 2017 to January 2019), Finance Committee from 2011 to January 2019, Nominating  
19 and Governance Committee from 2013 to January 2019. Kimmel also served on PG&E  
20 Corporation’s and Utility’s Executive Committees from May 2017 to January 2019. As a director  
21 of PG&E Corporation and Utility, Kimmel owed fiduciary duties of care and loyalty to both PG&E  
22 Corporation and Utility.

23 26. Defendant Richard A. Meserve (“Meserve”) served as a director of PG&E  
24 Corporation and Utility from December 2006 to April 2019. Meserve served as a member of  
25 PG&E Corporation’s Nominating and Governance Committee from 2010 to April 2019, PG&E  
26 Corporation’s Compliance and Public Policy Committee from 2010 to April 2019, and PG&E  
27 Corporation’s and Utility’s Executive Committees from 2012 to April 2019. Meserve also served  
28 as Chair of PG&E’s Nuclear, Operations, and Safety Committee, later renamed the Safety and

1 Nuclear Oversight Committee, from 2012 to April 2019, and as Chair of Utility’s Safety and  
2 Nuclear Oversight Committee from September 2017 to April 2019. As a director of PG&E  
3 Corporation and Utility, Meserve owed fiduciary duties of care and loyalty to both PG&E  
4 Corporation and Utility.

5 27. Defendant Forrest E. Miller (“Miller”) served as a director of PG&E Corporation  
6 and Utility from February 2009 to April 2019. Miller served on PG&E Corporation’s and Utility’s  
7 Audit Committees from 2010 to April 2019 (Chair from May 2014 to May 2017) and Executive  
8 Committees from 2015 to April 2019 (Chair of Utility’s Executive Committee from 2018 to April  
9 2019). Miller served on PG&E Corporation’s Compensation Committee from 2010 to April 2019  
10 (Chair from April 2018 to April 2019). Miller served as the lead director of PG&E Corporation  
11 and Chair of the Board of the Utility from May 2017 to April 2019. As a director of PG&E  
12 Corporation and Utility, Miller owed fiduciary duties of care and loyalty to both PG&E  
13 Corporation and Utility.

14 28. Defendant Eric D. Mullins (“Mullins”) served as a director of PG&E Corporation  
15 and Utility from September 2016 to July 2020. Mullins served as a member of PG&E  
16 Corporation’s and Utility’s Audit Committees from September 2016 to July 2020, and a member  
17 of PG&E Corporation’s and Utility’s Safety and Nuclear Oversight Committees from May 30,  
18 2017 to July 2020. As a director of PG&E Corporation and Utility, Mullins owed fiduciary duties  
19 of care and loyalty to both PG&E Corporation and Utility.

20 29. Defendant Rosendo (Ro) G. Parra (“Parra”) served as a director of PG&E  
21 Corporation and Utility from September 2009 to April 2019. Parra served as a member of PG&E  
22 Corporation’s Finance Committee from September 2009 to May 2016, Nominating and  
23 Governance Committee from September 2009 to April 2019, Compensation Committee from May  
24 2016 to April 2019. Parra also served as a member of PG&E’s Nuclear, Operations, and Safety  
25 Committee, later renamed the Safety and Nuclear Oversight Committee, from December 2014 to  
26 April 2019, and a member of Utility’s Safety and Nuclear Oversight Committee from September  
27 2017 to April 2019. As a director of PG&E Corporation and Utility, Parra owed fiduciary duties  
28 of care and loyalty to both PG&E Corporation and Utility.

1           30. Defendant Barbara L. Rambo (“Rambo”) served as a director of PG&E Corporation  
2 and Utility from January 2005 to April 2019. Rambo served as a member of PG&E Corporation's  
3 and Utility’s Executive Committees from 2010 to April 2019. Rambo also served as a member of  
4 PG&E Corporation’s Compensation Committee and Nominating and Governance Committee, and  
5 the Chair of PG&E’s Finance Committee, from 2010 to April 2019. As a director of PG&E  
6 Corporation and Utility, Rambo owed fiduciary duties of care and loyalty to both PG&E  
7 Corporation and Utility.

8           31. Defendant Anne Shen Smith (“Smith”) served as a director of PG&E Corporation  
9 and Utility from February 2015 to April 2019. Smith served as a member of PG&E Corporation’s  
10 Compliance and Public Policy Committee from February 2015 to April 2019, Finance Committee  
11 from May 2017 to April 2019, and Nuclear, Operations and Safety Committee, later renamed the  
12 Safety and Nuclear Oversight Committee, from February 2015 to April 2019. Smith also served  
13 as a member of Utility’s Safety and Oversight Committee from September 2017 to April 2019. As  
14 a director of PG&E Corporation and Utility, Smith owed fiduciary duties of care and loyalty to  
15 both PG&E Corporation and Utility.

16           32. Defendant Barry Lawson Williams (“B.L. Williams”) served as a director of Utility  
17 from 1990 to May 2017, and Chair of Utility’s Board from May 2014 to May 2017. B.L. Williams  
18 served as a director of PG&E Corporation from 1996 to May 2017, and its lead director from May  
19 2014 to May 2017. B.L. Williams served as a member of PG&E Corporation’s and Utility’s  
20 Executive Committees from 2010 to May 2017, and a member of their Audit Committees from  
21 2010 to April 2017 (Chair from 2010 to May 2014). B.L. Williams served as a member of PG&E  
22 Corporation’s Finance Committee from 2010 to May 2017, and Chair of its Compensation  
23 Committee from May 2014 to May 2017. As a director of PG&E Corporation and Utility, B.L.  
24 Williams owed fiduciary duties of care and loyalty to both PG&E Corporation and Utility.

25           33. Defendants Chew, Earley, Fowler, Herring, Johns, Kelly, Kimmel, Meserve,  
26 Miller, Mullins, Parra, Rambo, Smith, B.L. Williams, and Williams are referred to herein as the  
27 “Director Defendants.”

28

1           **C. Doe Allegations**

2           34. Except as described herein, Plaintiff is ignorant of the true names of defendants  
3 sued as Does 4-50, inclusive, and, therefore, Plaintiff sues these defendants by such fictitious  
4 names. Additionally, the names of certain responsible persons have been wrongfully redacted and  
5 hidden from the public record, and the information is therefore within Defendants' exclusive  
6 control. Following further investigation and discovery, Plaintiff will seek leave of this Court to  
7 amend this Complaint to allege their true names and capacities when ascertained. These  
8 fictitiously named defendants are Company officers, other members of management, employees  
9 and/or consultants who were involved in the separate incidents of wrongdoing detailed herein.  
10 These defendants aided and abetted and/or conspired with the named defendants in the separate  
11 and independent wrongful acts and course of conduct described herein, or otherwise caused the  
12 damages and injuries claimed herein, and are responsible in some manner for the acts, occurrences  
13 and events alleged in this Complaint.

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

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



1 **IV. STATEMENT OF FACTS**

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

3 36. PG&E is one of the major providers of natural gas, electricity and power in the  
4 State of California and is the principal provider of such services in northern and central California.

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

7 38. PG&E is regulated by the California Public Utilities Commission ("CPUC"). The  
8 CPUC's mission is to ensure safe, reliable utility service at reasonable rates. It has jurisdiction to  
9 set the rates, terms, and conditions of service for PG&E.

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

16 40. Public Utilities Code § 451 mandates that "[e]very public utility shall furnish and  
17 maintain such adequate, efficient, just and reasonable service, instrumentalities, equipment, and  
18 facilities . . . as are necessary to promote the safety, health, comfort and convenience of its patrons,  
19 employees[,] and the public."

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

27 **B. PGE'S Corporate Structure**

28 42. PG&E Corporation is an energy-based holding company headquartered in San

1 Francisco. It is the parent company of Utility. PG&E Corporation and Utility operate as a single  
2 business operating out of the same building location. *See* PG&E’s 2016 Annual Report at p. 8:  
3 “The principal executive offices of PG&E Corporation and the Utility are located at 77 Beale  
4 Street, P.O. Box 770000, San Francisco, California 94177.” PG&E Corporation has control and  
5 authority to choose and appoint Utility’s board members as well as its other top officers and  
6 managers. PG&E Corporation and Utility have overlapping boards of directors, hold joint board,  
7 board committee, and annual shareholder meetings, and file joint SEC filings (including annual  
8 and quarterly reports). *See* PG&E’s 2016 Annual Report at p. 8: “This is a combined Annual  
9 Report on Form 10-K for PG&E Corporation and the Utility.”

10 43. PG&E Corporation has no operations and no source of revenues other than Utility.  
11 Further, the CPUC has held that PG&E Corporation has an obligation to provide the Utility with  
12 all types of capital necessary for the Utility to fulfill its obligation to serve California consumers  
13 with electricity and gas.<sup>4</sup> Thus, the operation of the Utility can either be a significant source of  
14 revenue or a significant source of expenses for PG&E Corporation. The primary fiduciary  
15 responsibility of all named Officer and Director Defendants was therefore to ensure the prudent  
16 operation of the Utility.

17 44. [REDACTED]  
18 [REDACTED]  
19

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20 <sup>4</sup> *See* PG&E Form 10-Q, filed Nov. 5, 2018, at p. 35: “PG&E Corporation is a holding  
21 company with no revenue generating operations of its own. The Utility must use its resources to  
22 satisfy its own obligations, including the Utility’s obligation to serve customers, to pay principal  
23 and interest on outstanding debt, to pay preferred stock dividends, unless suspended, and meet its  
24 obligations to employees and creditors, before it can distribute cash to PG&E Corporation.  
25 Under the CPUC’s rules applicable to utility holding companies, the Utility’s dividend policy  
26 must be established by the Utility’s Board of Directors as though the Utility were a stand-alone  
27 utility company and PG&E Corporation’s Board of Directors must give “first priority” to the  
28 Utility’s capital requirements, as determined to be necessary and prudent to meet the Utility’s  
obligation to serve or to operate the Utility in a prudent and efficient manner. The CPUC has  
interpreted this “first priority” obligation to include the requirement that PG&E Corporation  
“infuse the Utility with all types of capital necessary for the Utility to fulfill its obligation to  
serve.” In addition, before the Utility can pay common stock dividends to PG&E Corporation,  
the Utility must maintain its authorized capital structure with an average 52% equity  
component.”

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[REDACTED]

45. In PG&E Corporation’s and Utility’s 2016 Joint Proxy Statement at 2, PG&E stated that “the PG&E Corporation Board believes that having Earley serve concurrently as PG&E Corporation’s Chairman and CEO is the appropriate Board leadership structure at this time. Earley’s extensive utility and leadership experience allow him to serve as an effective link between the Board and management, and to raise key issues (including those related to various business risks overseen by the Board and stakeholder interests to the Board’s attention).” Defendant Earley served as a link between the Boards and management by serving as both PG&E Corporation’s Chair of the Board and CEO responsible for management of the Utility. On March 1, 2017, when PG&E Corporation separated the positions of Chair and CEO, Early remained as Chair of the Board at PG&E Corporation and Defendant Geisha Williams became CEO and President, while remaining as a director of both PG&E Corporation and Utility.

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

**C. PG&E’s Governance and Risk Management Structure**

47. PG&E’s corporate governance and risk management structure relied on a system whereby PG&E Corporation and Utility executive officers were responsible for providing reports

on material aspects of the business, including material risks, to the full Boards and designated Board Committees, which were then responsible for overseeing such risks and ensuring that they were properly identified, monitored and addressed. The 2015 Corporate Responsibility and Sustainability Report stressed the duties of the full Board in ensuring PG&E’s compliance with the law through a system of risk management. The Report stated:

**Boards of Directors**

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

<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>
Compliance and Public Policy Committee	<ul style="list-style-type: none"> <li>• Assist the Boards of Directors and their respective Audit Committees in fulfilling the Boards’ oversight responsibility for <b><i>compliance with legal and regulatory requirements</i></b></li> <li>• Coordinate the compliance-related oversight work of the various committees of the Boards</li> <li>• 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</li> </ul>
Audit Committees	<ul style="list-style-type: none"> <li>• Discuss the guidelines and policies that govern the processes for assessing and managing major risks</li> <li>• Allocate to other Board committees the specific responsibility to oversee identified enterprise risks</li> <li>• Consider risk issues associated with overall financial reporting and disclosure processes</li> <li>• Discuss programs to monitor compliance with laws, regulations, policies and programs</li> </ul>

**Entity Risk Oversight Responsibilities**

Finance Committee	<ul style="list-style-type: none"> <li>• Discuss risk exposures related to energy procurement, including energy commodities and derivatives, and other enterprise risks, as assigned by the Audit Committees</li> </ul>
Nuclear, Operations and Safety Committee	<ul style="list-style-type: none"> <li>• 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</li> <li>• Oversee other enterprise risks, as assigned by the Audit Committees</li> </ul>
Compensation Committee	<ul style="list-style-type: none"> <li>• Oversee potential risks arising from compensation policies and practices</li> </ul>

48. In September 2017, PG&E Corporation’s Nuclear, Operations and Safety Committee was renamed the Safety and Nuclear Oversight Committee, and Utility formed a new Safety and Nuclear Oversight Committee. These Board Committees were responsible for the following specific duties:

<b>Safety and Nuclear Oversight</b>	PG&E Corporation and Utility	<p>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:</p> <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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49. The Director Defendants named herein were all members of the Boards and/or one or more relevant Board committees at the time and had responsibility for ensuring PG&E’s

1 compliance with applicable laws, including those designed to prevent wildfires. The risk of  
2 catastrophic wildfires was one of the most material risks to PG&E since the law of inverse  
3 condemnation in California makes PG&E strictly liable for property damage due to wildfires  
4 caused by PG&E. As the Company’s SEC filings conceded: “the Utility may be liable for property  
5 damages, interest, and attorneys’ fees without having been found negligent, through the theory of  
6 inverse condemnation. . . PG&E Corporation’s and the Utility’s financial condition, results of  
7 operations, or cash flows could be materially affected in the reporting periods during which  
8 additional [wildfire] charges are recorded.”<sup>5</sup> See also Form 10-Q filed by PG&E on Nov. 5,  
9 2018: “If the Utility’s facilities, such as its electric distribution and transmission lines, are  
10 determined to be the substantial cause of one or more fires, and the doctrine of inverse  
11 condemnation applies, the Utility could be liable for property damage, business interruption,  
12 interest, and attorneys’ fees without having been found negligent, which liability, in the aggregate,  
13 could be substantial and have a material adverse effect on PG&E Corporation and the Utility.”

14 50. As part of their Board-level oversight of risk management, PG&E Corporation and  
15 Utility’s Boards, the Director Defendants, oversee the companies’ risk management policies and  
16 programs. Enterprise risks are reviewed regularly by the Nuclear, Operations, and Safety  
17 Committee and/or the Audit Committees and reviewed for specific risk categories, which are  
18 allocated to various Board committees, consistent with the substantive scope of each committee’s  
19 charter. Each such committee provides reports to the Boards, consisting of the presentation of the  
20 committee’s activities, the risks the committee oversees, and the items discussed at the  
21 Committee’s meeting, which normally was held earlier the same day, or the day before the Boards  
22 of Directors’ meetings.

23 51. The **Audit Committees** are responsible for compliance with laws, regulations and  
24 policies, and for managing and assessing major risks. While there were two Audit Committees,  
25 one for PG&E Corporation and one for the Utility, their membership was identical, and they met  
26 simultaneously. The Audit Committees are obligated to provide risk assessment and management  
27

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28 <sup>5</sup> PG&E 2016 Annual Report at p. 26 (filed Feb. 16, 2017).

1 and to anchor Board Committee review of processes by which such risk assessment and  
2 management are undertaken. The Audit Committees include 6 Independent Directors, including at  
3 the relevant times, Richard Kelly (2014-2017), Lewis Chew (2011-2019), Maryellen Herringer  
4 (2011-2017), Forest Miller (2011 to 2019), Barry Williams (2017) and Eric Mullins (2017-2019).

5 52. The Audit Committees met five times in each year of 2015, 2016, and 2017 and  
6 met eight times in 2018.

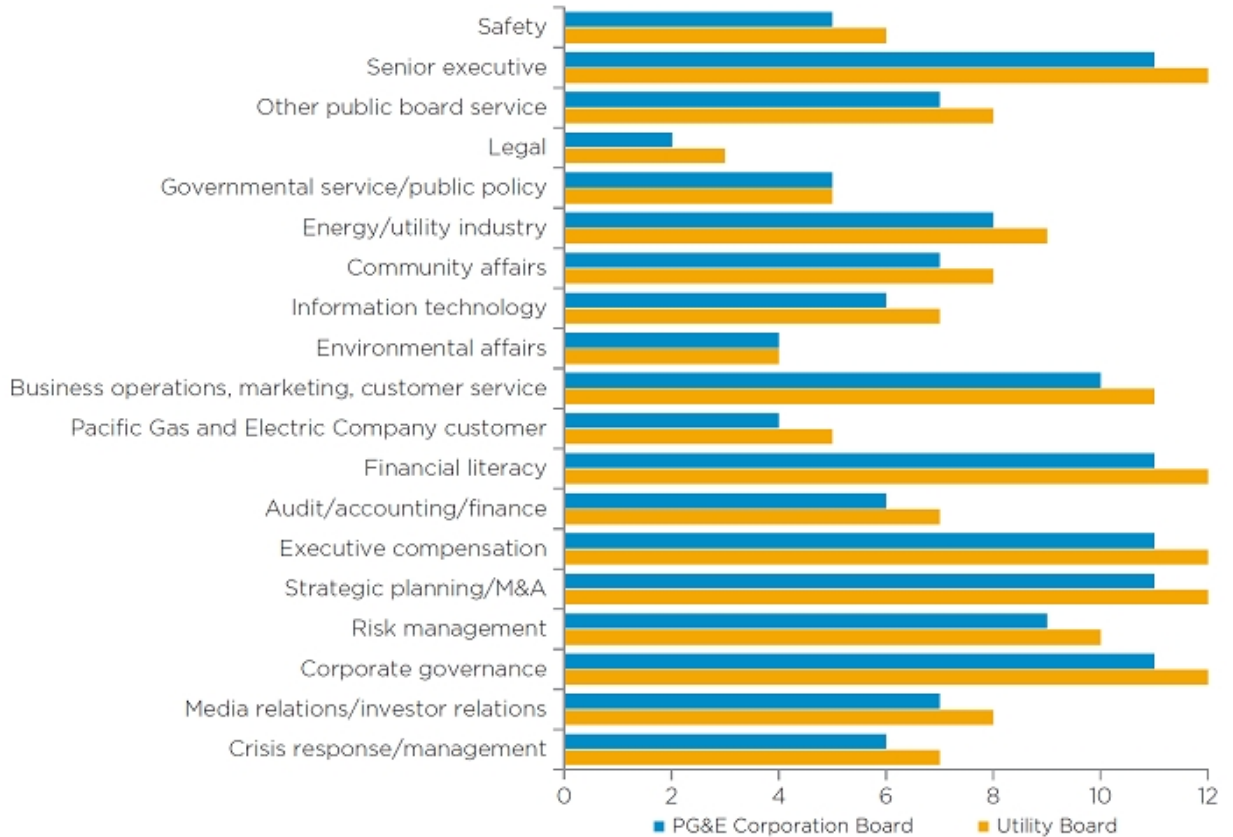
7 53. In 2011, PG&E expanded its Enterprise Risk Management program in order to  
8 increase Board review of risk management. The program was renamed to the Enterprise and  
9 Operational Risk Management (“EORM”) program in 2013 to reflect its expanded scope. The  
10 companies’ EORM program is implemented by management and overseen by the Audit  
11 Committees. The **Finance Committee** is responsible for, among other things, major financial risk  
12 exposures with risks identified through PG&E’s enterprise risk management program ... as well  
13 as the overall steps that management has taken to monitor and control such exposures. The Finance  
14 Committee includes 6 Independent Directors, at the relevant times: Fowler (2015-2020), Kimmel  
15 (2011-2018), Parra (2011 to 2018), Smith (2017-2018), Rambo (2011 to 2018) and B.L. Williams  
16 (2011 to 2018).

17 54. The Finance Committee met five times in 2015 and 2016, eight times in 2017, and  
18 six times in 2018.

19 55. The **Safety and Nuclear Oversight Committees** oversee matters relating to safety,  
20 operational performance, and compliance issues related to, among other things, the Utility’s  
21 electric transmission. They oversee the principal risks arising out of the Operations and Facilities,  
22 the process used by management to analyze and identify these risks and the effectiveness of  
23 programs to manage or mitigate these risks. Six Directors served on the Safety and Nuclear  
24 Oversight Committees, including, at the relevant times: Fowler (2012-2020), Kelly (2014-2019),  
25 Meserve (2012-2019), Parra (2014-2018), Smith (2015-2018), and Mullins (2017-2019).

26 56. PG&E Corporation’s Safety and Nuclear Oversight Committee met six times in  
27 2016, six times in 2017, and six times in 2018. Utility’s Safety and Nuclear Oversight Committee  
28 met two times in 2017 and six times in 2018. The meetings were held together.

1           57. 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 directors  
 4 of both the Utility and PG&E Corporation:



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

25           59. The Director Defendants, who were members of the Board committees, report to  
 26 the Boards, and ensure compliance with laws and regulations by providing (1) policies for  
 27 managing, assessing, and mitigating risk; (2) assessments of financial risk associated with risk  
 28 identified through PG&E’s enterprise risk management program; and (3) oversight of PG&E’s risk



1 management policies and programs. The Defendants have a fiduciary obligation to institute and  
2 follow an effective risk management program with respect to the Utility’s electric transmission.

3 60. PG&E’s website identifies a program called the “Enterprise Risk Management  
4 (ERM)” program that purportedly takes a holistic approach to managing risk. This ERM program  
5 is led by PG&E’s Chief Risk and Audit Officer. As the website states: PG&E’s Enterprise Risk  
6 Management (ERM) program . . . takes a holistic approach to managing these risks. For potentially  
7 catastrophic risks, cross-functional teams, guided by subject matter experts and experienced  
8 managers, follow a systematic method to identify the risks, evaluate the likelihood and severity of  
9 consequences as well as develop mitigation activities and controls. **Oversight by senior officers**  
10 **helps ensure risk management activities are consistent with** the company’s overall corporate  
11 strategy. **Regular communication to the PG&E Corporation and Utility Boards of Directors**  
12 **enhances accountability and reinforces the importance of risk management at all levels of**  
13 **the company.**<sup>6</sup>

14 61. Defendants knew and understood that it was their responsibility to manage risk and  
15 ensure that safety was a priority for everyone associated with PG&E’s business. Instead, in  
16 connection with the 2017 North Bay Fires, Defendants failed to provide oversight, namely by  
17 failing to identify and address the material and increasing risks associated with PG&E’s deficient  
18 vegetation management program, increasing susceptibility to “wires down” incidents, and failure  
19 to implement a de-energization program, which caused the 2017 North Bay Fires.

20 62. Separately, in connection with the 2018 Camp Fire, Defendants failed to fund and  
21 implement an asset management program in order to inspect, identify, maintain and replace  
22 equipment and infrastructure. Defendants also breached their duty of oversight to identify and  
23 address the material and increasing risks associated with PG&E’s failure to replace aging  
24 equipment which caused the 2018 Camp Fire.

25 63. 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 \_\_\_\_\_  
28 <sup>6</sup> See [www.pgecorp.com/corp\\_responsibility/reports/2010/bu05\\_risk.jsp](http://www.pgecorp.com/corp_responsibility/reports/2010/bu05_risk.jsp) (emphasis added) (last accessed November 18, 2021).

1 website goes on to state that PG&E’s **senior leadership**, including the Defendants, constantly  
2 identify and evaluate the top risks facing the company in two to three-year cycles.

3 64. PG&E’s 2018 corporate responsibility report states that PG&E takes an integrated  
4 approach to risk management. PG&E’s, “*Together, Building a Better California—Corporate*  
5 *Responsibility and Sustainability Report (2018)*” at 30–31, available at  
6 [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  
7 defined to include catastrophic risks, as well as risks associated with operations and regulatory  
8 compliance. *Id.* at 34 (sidebar). PG&E’s corporate responsibility report further reassures  
9 shareholders: “Nothing is more important to PG&E than the safety of our customers, employees,  
10 and the public” *Id.* at 33.

11 65. As part of their oversight responsibilities, PG&E Corporation’s and Utility’s  
12 Boards and Board committees were charged with reviewing and addressing PG&E’s most  
13 significant and material risks. The risks were identified at least annually during “Session D”  
14 meetings where PG&E’s senior executives, the Officer Defendants herein, discussed the risks and  
15 requirements to address them. At the conclusion of Session D meetings, a list of PG&E’s most  
16 significant risks, known as Enterprise Risks, were approved by senior management and then  
17 presented to the full Boards. Moreover, the Audit Committees had the duty to allocate  
18 responsibility for reviewing the Enterprise Risks to the various Board committees.

19 66. Enterprise Risks were supposed to be reviewed by the appropriate Board committee  
20 at least once every 12 months. Since 2012, full “deep-dive” reviews on each Enterprise Risk  
21 assigned to the Nuclear, Operations, and Safety Committee were prepared and presented to the  
22 Committee at least once every 12 months. Session D reports were also presented to the full Boards.  
23 Defendants Hogan, Dasso and Williams, amongst others, personally gave presentations regarding  
24 Enterprise Risks identified during Session D to the Boards and Board committees.

25 67. As discussed herein, the Officer Defendants and the Director Defendants knew  
26 about, yet utterly failed to address these Enterprise Risks, in breach of their fiduciary duties.

27 **D. PGE’s History of Repeated Risk Management Failures and Safety Violations**

28 68. PG&E has a long history of risk management failures stemming from a variety of

1 different causes, but often due to its prioritization of profits over safety. As Judge Alsup stated in  
2 a February 19, 2020 hearing, “If you just pause and think about that for a second, that a public  
3 utility as important to California as PG&E would have caused 17 major fires. Those fires, alone,  
4 killed 22 people. ... Meanwhile, the dividends were flowing out to investors. ... What had  
5 happened was that in order to pump more dividends out to – and pay higher bonuses and so forth,  
6 PG&E had neglected the maintenance budgets.”

7 69. More recently, at a February 3, 2021 hearing, Judge Alsup stated,  
8 PG&E has been a terror, T-E-R-R-O-R, to the people of the State of California.  
9 And why is that? Why is it that PG&E can't organize itself to do what it did for  
10 many, many decades? ... And so we are -- we've had a long time to adapt and to  
11 organize ourselves to be able to deal with the problem of climate change, which  
12 definitely makes the wildfires worse, but climate change doesn't start the wildfire.  
13 PG&E starts the wildfire. Then it's worse than it would have been maybe, but  
14 PG&E is the one that's starting the wildfires.

15 70. PG&E has been a “terror” because, rather than spend the monopolistic profits it  
16 earns for infrastructure maintenance and safety, PG&E’s leadership (including Defendants) has a  
17 history of redirecting the money to enhancing its reputation as a utility dedicated to customer safety  
18 and reliability and paying lavish corporate bonuses – irrespective of the catastrophic losses  
19 suffered by victims of wildfires in recent years. This pattern and practice of favoring profits over  
20 having a safe and well-maintained infrastructure occurred long before the events that are subject  
21 to this Complaint, and paved the way to the increased risk of the catastrophic events that gave rise  
22 to the separate 2017 North Bay Fires and 2018 Camp Fire.

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

1           72.     Moreover, PG&E implemented multiple programs that provide financial incentives  
2 to its employees, agents, and/or contractors to not protect public safety. Prior to the 2015 Butte  
3 Fire, PG&E chose to provide a monetary incentive to its contractors to cut fewer trees, even though  
4 PG&E was required to have an inspection program in place that removed dangerous trees and  
5 reduced the risk of wildfires. Robert Urban, a regional officer for a PG&E contractor, stated that  
6 he had a concern that the bonus system incentivized his employees to not do their job, but PG&E  
7 chose to keep this program despite knowing this risk. Similarly, prior to the San Bruno explosion,  
8 PG&E had a program that provided financial incentives to employees to not report or fix gas leaks  
9 and keep repair costs down. This program resulted in the failure to detect a significant number of  
10 gas leaks, many of which were considered serious leaks. According to Richard Kuprewicz, an  
11 independent pipeline safety expert, PG&E’s incentive system was “training and rewarding people  
12 to do the wrong thing,” emblematic of “a seriously broken process,” and “explains many of the  
13 systemic problems in this operation that contributed to the [San Bruno] tragedy.”<sup>7</sup>

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

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

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

26           75.     A PG&E gas main in downtown San Francisco exploded in 1981, forcing 30,000

27 \_\_\_\_\_  
28 <sup>7</sup> See <http://www.sfgate.com/news/article/PG-E-incentive-system-blamed-for-leak-oversights-2424430.php> (last accessed November 18, 2021).

1 people to evacuate. It took workers nine hours to shut off the gas main's manual shut-off valves  
2 and stop the flow of gas that continued to feed the flames in the interim.

### 3 **2. The 1991 Santa Rosa Gas Explosion**

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

### 8 **3. The 1994 Trauner Fire**

9 77. In 1994, PG&E's failure to maintain the vegetation surrounding its electrical  
10 equipment caused a devastating wildfire in Nevada County, California. This Fire, commonly  
11 known as the "Trauner Fire" or the "Rough and Ready Fire," burned approximately 500 acres in  
12 and around the town of Rough and Ready, destroyed 12 homes, and burned 22 structures, including  
13 a historic schoolhouse that was built in 1868.

14 78. Investigators determined that the Trauner Fire began when a 21,000-volt power line  
15 brushed against a tree limb that PG&E was supposed to keep trimmed. Through random spot  
16 inspections, the investigators found several hundred safety violations in the area near the Trauner  
17 Fire. Approximately 200 of these violations involved contact between vegetation and one of  
18 PG&E's power lines. As a result, on or around June 19, 1997, PG&E was convicted of 739 counts  
19 of criminal negligence and required to pay \$24 million in penalties.

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

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

26 80. At approximately 1:00 a.m. on November 27, 1996, a cable splice at PG&E's  
27 Mission Substation in San Francisco short-circuited, burning and melting the insulation around the  
28 splice. Smoke from the fire rose through a floor opening above the splice into a switch cabinet.

1 That smoke was so thick that it caused a flashover between phases of the bus bars connecting the  
2 overhead N bus to the switch. This caused insulation on the N bus to ignite and a circuit breaker  
3 to open, resulting in the loss of power to a group of PG&E customers. The substation was  
4 unmanned at the time and the fire was only discovered by chance by an employee who had stopped  
5 by the substation to use the restroom.

6 **5. The 1999 Pendola Fire**

7 81. A rotten pine, which the federal government determined PG&E should have  
8 removed, fell on a power line, starting the Pendola Fire in 1999. It burned for 11 days and scorched  
9 11,725 acres, mainly in the Tahoe and Plumas National Forests. PG&E paid a \$14.75 million  
10 settlement to the U.S. Forest Service in 2009. That year, the utility also reached a \$22.7 million  
11 settlement with the CPUC after regulators found PG&E had not spent money earmarked for tree  
12 trimming and removal toward those purposes.

13 **6. The 2003 Mission District Substation Fire**

14 82. In December 2003, a fire broke out at PG&E's Mission District Substation in San  
15 Francisco. Despite signs of trouble appearing at control centers, the fire burned for nearly two  
16 hours before PG&E operators showed up at the Substation, found it full of smoke, and finally  
17 called the fire department. The source of the fire was not located until five hours after it began.  
18 As a result, nearly one-third of San Francisco's residents and business owners lost power, with  
19 some waiting over 24 hours for their power to be restored.

20 83. The CPUC report of the investigation, which was released in 2004, illustrated  
21 PG&E's careless approach to safety and apparent inability to learn from its past mistakes. An  
22 excerpt from the report describes the following: Soon after undertaking the investigation of the  
23 2003 fire, CPSD [CPUC's Consumer Protection and Safety Division] discovered that another fire  
24 had occurred at Mission Substation in 1996. CPSD's investigation team conducted a thorough  
25 analysis of both fires and found strikingly similar contributing factors and root causes. CPSD's  
26 team further determined that PG&E had not implemented the recommendations resulting from its  
27 own investigation of the 1996 fire. . . . CPSD finds it quite troubling that PG&E did not implement  
28

1 its own recommendations from its own investigation of the 1996 fire.<sup>8</sup>PG&E’s focus remained on  
2 corporate profits, while safety was relegated to the backburner.

3 **7. The 2004 Sims Fire**

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

7 **8. The 2004 Freds Fire**

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

13 **9. The 2004 Power Fire**

14 86. In October 2004, the Power Fire burned approximately 17,000 acres on the  
15 Eldorado National Forest and on private timberlands. A federal lawsuit alleged that the Power  
16 Fire was ignited by a lit cigarette that was dropped by a PG&E tree trimming contractor. PG&E  
17 and its contractor paid the federal government \$45 million to settle the lawsuit.

18 **10. The 2005 San Francisco Electrical Explosion**

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

22 **11. The 2008 Rancho Cordova Explosion**

23 88. In December 2008, a gas leak from a PG&E pipe caused an explosion in Rancho  
24 Cordova, California. This explosion left one person dead, injured several others, and caused over  
25 \$260,000 in property damage.

26 89. A National Transportation Safety Board (“NTSB”) investigation revealed that the  
27

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28 <sup>8</sup> See <http://docs.cpuc.ca.gov/publishedDocs/published/Report/40886.PDF>(last accessed November 18, 2021).

1 leak was caused by incorrect repairs performed by PG&E in 2006, at which time PG&E installed  
2 a piece of pipe to patch up an earlier leak. The investigative report for the incident concluded that  
3 the walls of the new pipe were too thin, allowing gas to leak from the pipe, and that PG&E failed  
4 to timely send properly trained personnel to check out the leak, even though PG&E had been told  
5 several months earlier that its emergency plans fell below required standards. Specifically, the  
6 report noted the following: Contributing to the accident was the 2-hour 47-minute delay in the  
7 arrival at the job site of a Utility crew that was properly trained and equipped to identify and  
8 classify outdoor leaks and to begin response activities to ensure the safety of the residents and  
9 public.<sup>9</sup>

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

14 **12. The 2008 Whiskey Fire**

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

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

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

23 **14. The 2010 San Bruno Explosion**

24 93. On September 9, 2010, PG&E's continued disregard of public safety caused the  
25 death of eight people, injured 58 people, and destroyed an entire neighborhood in San Bruno,  
26 California when one of its gas pipelines exploded and burst into flames. Subsequent to the

27 \_\_\_\_\_  
28 <sup>9</sup> See [http://docs.cpuc.ca.gov/published/Final\\_decision/146914-03.htm](http://docs.cpuc.ca.gov/published/Final_decision/146914-03.htm) (last accessed  
November 18, 2021).



1 explosion, the NTSB issued a report that blamed the disaster on PG&E's poor management of its  
2 pipeline. In January 2011, federal investigators reported that the probable cause of the accident  
3 was: (i) PG&E's inadequate quality assurance and quality control during its Line 132 pipeline  
4 relocation project, which allowed the installation of a substandard and poorly welded pipe section;  
5 and (ii) PG&E's inadequate pipeline integrity management program, which failed to detect and  
6 remove the defective pipe section.

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

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

16 96. Despite major public attention, ongoing CPUC investigations (OII's) and  
17 rulemakings (OIR's) into PG&E's actions and operations, including the investigations we voted on  
18 today, federal grand jury, and California Department of Justice investigation, continued safety  
19 lapses at PG&E continue to occur.<sup>10</sup>

20 **15. The 2011 Cupertino Explosion**

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

24 98. Prior to the explosion, the manufacture of Aldyl-A, the NTSB, and the federal  
25 Pipeline and Hazardous Materials Safety Administration had all issued warnings about this type  
26 of plastic pipe that was prone to premature brittleness, cracking, and failure dating back to at least

27 \_\_\_\_\_  
28 <sup>10</sup> See <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M154/K298/154298942.PDF> (last accessed November 18, 2021).

1 2002. Despite these warnings and PG&E's knowledge of this risk, PG&E did nothing to prevent  
2 the explosion. Although some utilities around the United States had been replacing Aldyl-A pipes,  
3 PG&E had not yet created a replacement program to phase them out and adequately protect the  
4 public.

5 **16. The 2014 Carmel Explosion**

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

11 100. The CPUC required PG&E to pay a massive fine because of their wrongdoing. In  
12 August 2016, the CPUC imposed a \$25.6 million fine on PG&E. With a \$10.85 million citation  
13 previously paid by PG&E in 2015 for the explosion, PG&E was required to pay a total of over \$36  
14 million in penalties for its shoddy recordkeeping and disregard of public safety.

15 **17. The 2015 Butte Fire**

16 101. Tragedy struck yet again in September 2015, when PG&E's inadequate and  
17 ineffective vegetation management programs resulted in the Butte Fire in the Sierra foothills. The  
18 Butte Fire burned for 22 days across Amador and Calaveras Counties, killed two people, destroyed  
19 921 homes and/or structures, and charred over 70,000 acres.

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

26 103. PG&E made several decisions leading up to the Butte Fire that illustrate its failure  
27 to maintain proper risk management regarding vegetation. First, PG&E's Risk & Compliance  
28 Management Committee chose to not confirm their assumption that properly qualified and trained

1 inspectors were being used by its contractors to identify hazard trees. Similarly, PG&E chose not  
2 to verify that its quality assurance audits were properly conducted. Moreover, PG&E Vegetation  
3 Management managers directed its contractor to hire inspectors that they knew did not meet the  
4 minimum qualifications required by PG&E’s own specifications. Furthermore, PG&E managing  
5 agents chose to not train inspectors on PG&E’s hazardous tree rating system (“HTRS”), verify that  
6 its contractor trained inspectors on the HTRS, or require inspectors to use PG&E’s HTRS. Finally,  
7 PG&E conducts annual quality assurance audits that identify a select number of hazardous trees  
8 from a small sample but chose to not look for additional dangerous trees despite knowing that its  
9 statistical sample warned of the likelihood that thousands more hazardous trees existed in the larger  
10 population.

11 104. Subsequent to the Butte Fire, in April 2017, the CPUC fined PG&E a total of \$8.3  
12 million for “failing to maintain its 12kV overhead conductors safely and properly” and failing to  
13 maintain a minimum distance between its power lines and vegetation. Cal Fire also sent PG&E a  
14 bill for \$90 million to cover state firefighting costs.

15 **V. DEFENDANTS’ CONDUCT WAS A SUBSTANTIAL FACTOR IN THE 2017**  
16 **NORTH BAY FIRES AND RESULTING HARM**

17 105. On October 8, 2017, the North Bay Fires ignited near the coastal agricultural  
18 regions of Napa and Sonoma, California. In just a few weeks, the fires caused the deaths of at least  
19 44 people, hospitalized over 185 individuals, displaced about 100,000 people who were forced to  
20 leave their homes and search for safety, burned over 245,000 acres, and damaged or destroyed an  
21 estimated 14,700 homes, 3,600 vehicles, and 728 businesses. Until the Camp Fire of 2018, the  
22 North Bay Fires were collectively the most destructive fires in California’s history.

23 106. The Officers and Directors put their heads in the sand and ignored the red flags that,  
24 if they had paid attention to, could have avoided the North Bay Fires. First, Defendants knew  
25 PG&E was years behind on its program for cutting back hazardous trees. As a result, Defendants  
26 should have cut off the power during high fire conditions. Defendants were on notice of their  
27 substandard vegetation management program after the Butte Fire burned for 22 days across  
28 Amador and Calaveras Counties, killed two people, destroyed 921 homes and/or structures, and

1 charred over 70,000 acres. As a result, Defendants knew that PG&E's vegetation management  
2 system was not capable of preventing catastrophic wildfires and that PG&E therefore needed to  
3 implement a power shutoff system. Had they had done so, the 2017 North Bay Fires would have  
4 been avoided. The full Boards, along with the Boards' Audit Committees and Nuclear, Operations  
5 and Safety Committee, were obligated to provide risk assessment and management. After the  
6 Butte Fire, the full Board and these key Board Committee met multiple times from 2015-2018,  
7 and yet no changes were made to PG&E's vegetation management system and the Board failed to  
8 order the design and implementation of a power shutoff system. This was a breach of the  
9 Defendants' fiduciary duties to avoid known risks of catastrophic wildfires.

10 107. The Directors' abdication of responsibility for assessing the effectiveness of their  
11 risk management practices to prevent catastrophic wildfires is exacerbated by the fact that those  
12 charged with managing wildfire risks chose to ignore the lessons learned from previous safety  
13 violations caused by PG&E. These events exposed serious problems with the efficacy of the  
14 practices PG&E relies upon to prevent wildfires. As described by one senior officer of PG&E  
15 charged with assessing PG&E's overall Risk Management Program prior to the San Bruno  
16 explosion in 2010, "PG&E lacks a well-defined documented risk policy/standard at the enterprise  
17 level. One that explains PG&E's overall risk assessment methodology; defines the lines of  
18 business roles and responsibility; specifies the requirements for performing and documenting risks;  
19 links risk assessments to controls, self-assessment, reviews and audits; and specifies the  
20 requirements for metrics to track the risks."

21 108. Defendants breached their fiduciary duties by failing to fully inform themselves  
22 about important vegetation management deficiencies at PG&E and/or knowingly or recklessly  
23 failing to cause PG&E to comply with the law after deficiencies in vegetation management were  
24 brought to their attention.

25 109. Defendants also breached their fiduciary duties by failing to include in its risk  
26 management program a policy of reprogramming its reclosures during fire season. Defendants knew  
27 that its reclosers posed a great risk of wildfire but has only taken slow and incomplete steps to  
28 eliminate that risk. This was raised at a 2015 Congressional hearing in which PG&E Senior Vice

1 President of Electrical Operations, Patrick Hogan, testified that PG&E had the ability to reprogram  
2 its reclosers during fire season to not restart power. Yet, as Cal Fire found, PG&E failed to  
3 reprogram its reclosures during the 2017 fire season in which the North Bay Fires occurred.

4 110. Finally, Defendants breached their fiduciary duties by failing to evaluate and  
5 implement a power shutoff system. Specifically, Defendants knew that, due to the deficient  
6 vegetation management practices, the only way for PG&E to avoid catastrophic wildfires was to  
7 implement a power shutoff system. Despite the ease of doing so, and the fact that the San Diego  
8 Gas & Energy had previously implemented such a system and that San Diego Gas & Energy's  
9 power shutoff system had effectively prevented wildfires, Defendants failed to consider and  
10 discuss, let alone implement, a power shutoff system. As a result, Director Defendants breached  
11 their duties to PG&E and subjected PG&E to billions of dollars in damages when the failure to  
12 design and implement a power shutoff system resulted in the 2017 North Bay Fires.

13 **A. PG&E Failed to Maintain 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  
26 or tower.” Also, Public Resources Code § 4293 mandates PG&E to maintain clearances of four  
27 to 10 feet for all of its power lines, depending on their voltage. In addition, “Dead trees, old  
28 decadent or rotten trees, trees weakened by decay or disease and trees or portions thereof that are

1 leaning toward the line which may contact the line from the side or may fall on the line shall be  
2 felled, cut, or trimmed so as to remove such hazard.”

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

8 114. It has been reported that PG&E accepts a non-compliance rate of 1 out of every 100  
9 trees, and engages in selective auditing practices to ensure that it meets that goal. In a November  
10 6, 2017 article entitled, “PG&E’s Vegetation Management Program Under Fire After North Bay  
11 Blazes,” NBC reported that “PG&E auditors allow one out of 100 trees they check to violate state  
12 power line clearance standards.”

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

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

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

25 You are so far behind on the – you know, you have no credibility. If you’re going  
26 to stand there and tell me that you are in compliance with the state law on  
27 vegetation, your wrong. ... You put out all that money to the investors, \$5 billion  
28 in five years. Most of that should have been used to come into compliance with the

1           vegetation. *People died as a result of that decision.*

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

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

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

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

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

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

22           122. PG&E knew that its reclosers posed a great risk of wildfire but has only taken slow  
23 and incomplete steps to eliminate that risk. At a Congressional hearing in 2015, PG&E’s Senior  
24 Vice President of Electrical Operations, Hogan, stated that PG&E had the ability to reprogram its  
25 reclosers during fire season to not restart power. Hogan claimed that shutting down power means  
26  
27  
28

1 “you take the reliability hit, but you gain the wildfire benefit.”<sup>11</sup>

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

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

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

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

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

19 **C. PG&E Failed to Implement a Power Shutoff System**

20 128. Despite its increasing exposure due to deficient vegetation management practices,  
21 years behind schedule, Defendants failed to even consider, much less approve and implement, a  
22 de-energization program.

23 129. In 2012, the Public Utilities Commission (“PUC”) issued a Decision Adopting  
24 Regulations to reduce Fire Hazards Associated with Overhead Power Lines and Communication  
25

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26 <sup>11</sup> See [http://www.sfchronicle.com/bayarea/article/Power-line-restart-device-implicated-](http://www.sfchronicle.com/bayarea/article/Power-line-restart-device-implicated-in-past-12324764.php)  
27 [in-past-12324764.php](http://www.sfchronicle.com/bayarea/article/Power-line-restart-device-implicated-in-past-12324764.php) (last accessed November 18, 2021).

28 <sup>12</sup> See <https://abc7news.com/pge-employee-suing-lawsuit/5719125/> (last accessed  
November 18, 2021).



1 Facilities. The PUC's Decision, which PG&E gave comments and participated in, adopted new  
2 regulations to reduce the risk of wildfires. One of the regulations provided that a utility may shut  
3 off power where the benefits of a net reduction of fires outweigh the substantial burdens of shutting  
4 off that power.

5 130. The San Diego Gas & Electric Company ("SDG&E") applied for and received  
6 authority from the PUC to shut off power as part of its fire-prevention plan. As a result, territory  
7 in SDG&E has not had catastrophic wildfires. SDG&E can serve as a policy precedent and a  
8 standard of care for the Officers and Directors of PG&E who are the Defendants in this case. The  
9 SDG&E supplies power to a population of 1.4 million business and residential customers in a  
10 4,100 square mile serve areas spanning 2 counties and 25 communities.

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

15 132. PG&E knew about the 2012 CPUC decision, and about the SDG&E program, but  
16 chose not to effectively implement one, not even after the 2015 Butte fire. Rather, the first  
17 recorded Public Safety Power Shutoff ("PSPS") Event for PG&E was not recorded until October  
18 17, 2018. The outage lasted for 44.75 hours, or 2 days, 12 hours and 23 minutes, and impacted  
19 1131 customers.

20 133. Judge Alsup agreed that the SDG&E's program of de-energization should have  
21 served as a model for PG&E. He stated, "de-energizing, as inconvenient as it is, is better than  
22 death and destruction by leaving the power on in a windstorm." January 30, 2019 Hearing on  
23 Probation, Tr. At p. 96. The Officers and Directors failed to implement and follow a similar de-  
24 energization program in 2017, which was clearly known to them, and doing so was a breach of  
25 their fiduciary duties.

26 134. After PG&E later implemented a PSPS system, PG&E represented to the public  
27 that they did an evaluation and developed factors to assess when a shutdown of power was  
28 warranted. According to PG&E, **no single factor is determinative** in PG&E's decision to initiate

1 a PSPS. When the 2017 North Bay Fires ignited, many of PG&E’s factors supported the cutting  
2 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

10  
11 135. PG&E claims that its PSPS plan applies to power lines that are 70kV or lower. The  
12 North Bay Fires involved trees contacting distribution lines, which are approximately 13kV volts.  
13 Under PG&E’s own PSPS protocols, it should have preemptively shut off power before the 2017  
14 North Bay Fires started, but PG&E did not shut off power on these lower voltage distribution lines,  
15 despite the fire conditions listed above.

16 136. Other power utilities, such as SDG&E, include long-distance transmission lines in  
17 its de-energization protocol.<sup>13</sup> PG&E’s PSPS plan only applies to lower voltage lines. Still, the  
18 North Bay Fires would never had occurred had PG&E heeded its own warnings and protocols, and  
19 preemptively shut off power on these lines.

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

25 138. Judge Alsup criticized PG&E for not de-energizing when there were high winds.  
26 During the January 30, 2019 hearings, the court stated:

27  
28 <sup>13</sup> See <https://www.bloomberg.com/news/articles/2018-11-28/pg-e-chose-not-to-cut-power-as-winds-raged-before-deadliest-fire> (last accessed November 18, 2021).

1 We should – shouldn't PG&E know the safety limits of its own system, for  
2 goodness sakes? And when some wind event occurs or any other event, maybe an  
3 earthquake, some event occurs that taxes the limits, safety limits, that PG&E just  
4 turns the power off the grid?

5 **D. The North Bay Fires Caused Massive Harm to PG&E and the Public**

6 139. The 2017 North Bay Fires started on the evening of October 8, 2017 into the  
7 morning of October 9, 2017. At the peak of the 2017 wildfires, there were 21 major wildfires that,  
8 in total, burned 245,000 acres. Eleven thousand firefighters battled the fires that, at one time, forced  
9 100,000 people to evacuate, destroyed an estimated 8,900 structures (as of October 30, 2017) and  
10 took the lives of 44 people: 2 the Atlas Fire (Napa, 6 fatalities), the Cascade Fire (Yuba, 4  
11 fatalities), the Nuns Fire (Napa/Sonoma, 3 fatalities), the Redwood Valley Fire (Mendocino, 9  
12 fatalities), and the Tubbs Fire (Sonoma, 22 fatalities).

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

14 **VI. DEFENDANTS' CONDUCT WAS A SUBSTANTIAL FACTOR IN THE 2018**  
15 **CAMP FIRE AND RESULTING HARM**

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

27 142. The facts of the Camp Fire are as follows: On November 7, 2018, PG&E emailed  
28 a customer who owns property near the location where the Camp Fire is suspected of originating.

1 The PG&E e-mail notified the customer that crews would need to access the PG&E equipment on  
2 her land because PG&E was “having problems with sparks.”<sup>14</sup>

3 143. The following morning at 6:15 a.m., PG&E reported a power outage on its  
4 “Caribou-Palermo 115kV Transmission line” in the same area. Just eighteen minutes later, at 6:33  
5 a.m., the Camp Fire was first reported.

6 144. Later that day, PG&E conducted an aerial patrol of the area and observed damage  
7 to the transmission tower on the same Caribou-Palermo 115kV Transmission line, approximately  
8 one mile north-east of the town of Pulga, “in the area of the Camp Fire.”<sup>15</sup> Five of the transmission  
9 towers in this exact area completely collapsed during a 2012 storm and required replacement. The  
10 project took years longer than planned and was not completed until 2016.<sup>16</sup>

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



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22 **The Black Arrow Follows the Path of PG&E Transmission Lines with the Black Circle**  
23 **Depicting the Suspected Area of Origin of the Camp Fire**<sup>17</sup>

24  
25 <sup>14</sup> See <https://sacramento.cbslocal.com/2018/11/12/pge-sparks-power-lines-camp-fire/>  
(last accessed November 18, 2021).

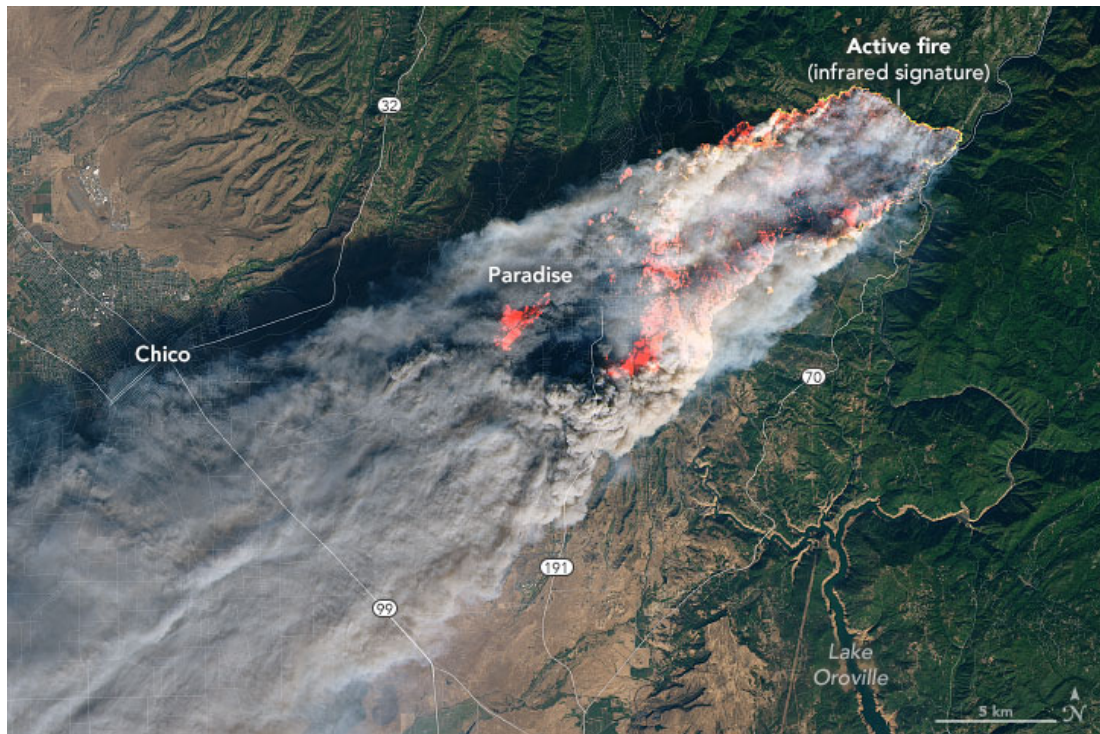
26 <sup>15</sup> *Ibid.*

27 <sup>16</sup> See <https://www.mercurynews.com/2018/11/19/pge-transmission-line-eyed-in-camp-fire-had-collapsed-during-2012-storm/> (last accessed November 18, 2021).

28 <sup>17</sup> See <https://www.kqed.org/news/11705306/pge-transmission-line-may-be-tied-to-disastrous-butte-county-fire> (last accessed November 18, 2021).

1           146. The first firefighter on the scene immediately realized the danger presented by the  
2 fire. He reported to dispatch that “this has got the potential for a major incident” and requested an  
3 additional 15 engines, four bulldozers, two water tenders, four strike teams and hand crews. He  
4 further recommended the evacuation of the nearby town of Pulga and requested air support.<sup>18</sup>  
5 Shortly after arriving at the scene, another firefighter estimated the growing fire to be about 10  
6 acres with a “really good wind on it.”<sup>19</sup>

7           147. Aided by high winds, the fire spread quickly and soon endangered populated areas.  
8 By the night of November 8, an estimated 80 to 90 percent of the nearby town of Paradise was  
9 destroyed.<sup>20</sup> Residents of the town had only a matter of moments to gather their families and  
10 attempt to escape the blaze. Many could not escape and tragically perished.



23           **Satellite View of Camp Fire, November 8, 2018<sup>21</sup>**

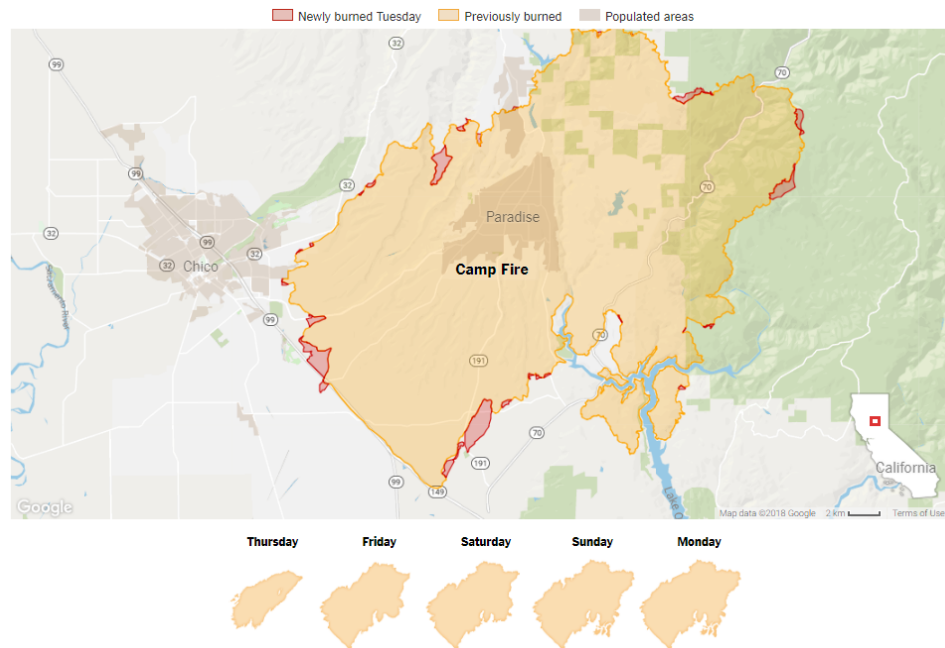
24  
25           <sup>18</sup> *Id.*

26           <sup>19</sup> *Id.*

27           <sup>20</sup> See <https://weather.com/news/news/2018-11-09-northern-california-wildfire-camp-fire-paradise> (last accessed November 18, 2021).

28           <sup>21</sup> See <https://earthobservatory.nasa.gov/images/144225/camp-fire-rages-in-california> (last accessed November 18, 2021).

1 148. 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>22</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>23</sup>



16 **Spread of the Camp Fire November 8<sup>th</sup> – 12<sup>th</sup>**<sup>24</sup>

17 **A. PG&E’s Infrastructure Policies Resulted in the Failure to Replace a Worn C-**  
18 **Hook on the Incident Tower**

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

23 150. As transmission lineman expert, Mr. Scott Hylton, testified before Judge Alsup on  
24 February 19, 2020, that a C-hook will become gouged by the insulator swinging back and forth in

25 <sup>22</sup> See <https://www.mercurynews.com/2018/11/25/deadly-camp-fire-now-100-percent-contained-fire-officials-say/> (last accessed November 18, 2021).

26 <sup>23</sup> See <https://www.nytimes.com/2018/11/29/us/victims-california-fires-missing.html> (last  
27 accessed November 18, 2021).

28 <sup>24</sup> See <https://www.nytimes.com/interactive/2018/11/11/us/california-fires-tracker.html>  
(last accessed November 18, 2021).

1 the wind, and that is inevitably going to cause wear because there is metal on metal. Mr. Hylton  
2 testified that if C-hooks were 30 percent worn out, that they should be replaced.

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

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

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

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

22 155. According to the Butte County DA's "The Camp Fire Public Report, A Summary  
23 of the Camp Fire Investigation" dated June 16, 2020, "Investigators also noted there were original  
24 hanger holes on both the left and right transposition arms that showed extensive wear. It was  
25 obvious the bolted-on hanger plates with their holes were replacements for these original hanger  
26 holes indicating that PG&E was aware that the hooks and holes were rubbing on each other causing  
27 wear. The wear patterns observed on the hanger holes is described as 'keyholing.'" This means  
28 that at some time before the Camp Fire, PGE replaced the hanger plates on the tower because of

1 wear but did not replace the C-hooks that would have also been worn at that time.

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

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

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

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

25 160. In the CPUC's Settlement Agreement, the SED found that, with respect to the Camp  
26 Fire, there were 12 violations of GO 95, GO 165, Resolution E-4184, and Public Utilities Code §  
27 451:

28 (i) "GO 95, Rule 44.3 – Failure to replace or reinforce the C-hook on Tower



1 :27/222 (Incident Tower) before its safety factor was reduced to less than two-thirds of the  
2 safety factor specified in Rule 44.1, Table 4, which is a violation of Rule 44.3.”

3 (ii) “GO 95, Rule 31.1 – Failure to maintain the C-hook supporting the  
4 transposition jumper on the Incident Tower :27/222 for its intended use and regard being  
5 given to the conditions under which it was to be operated.”

6 (iii) “GO 95, Rule 31.2 – Failure to inspect Incident Tower thoroughly and  
7 failure to detect an immediate Safety Hazard or Priority A condition on the incident C-  
8 hook.”

9 (iv) “GO 165, Section IV – PG&E failed to follow its procedures by failing to  
10 document the factors and reasons that led to the delay in the repair work on the Incident  
11 Tower.”

12 (v) “GO 165, Section IV – Failure to conduct detailed climbing inspections  
13 when conditions to trigger climbing inspections were evident as specified by internal  
14 procedures. Wear on the original working eyes that remained on the Incident Tower is an  
15 indication of a known condition with potential to recur on the added hanger plates with  
16 working eyes, which should have triggered detailed climbing inspection to examine the  
17 added hanger plates.”

18 (vi) “GO 95, Rule 31.1 – The condition of the C-hook (material loss > 50%)  
19 supporting the transposition jumper on Tower :24/199 demonstrates that PG&E did not  
20 maintain the tower for its intended use.”

21 (vii) “GO 95, Rule 31.2 – Failure to inspect Tower :24/199 thoroughly and  
22 failure to detect an immediate Safety Hazard or Priority A Condition on the C-hook.”

23 (viii) “GO 165, Section IV – C-hook on Tower :24/199 had material loss of over  
24 50%. PG&E failed to detect and correct the Priority A condition as specified in PG&E’s  
25 procedures.”

26 (ix) “GO 95, Rule 18 – PG&E assigned an incorrect priority for an immediate  
27 Safety Hazard (disconnected insulator hold-down anchor on Tower :27/221).”

28 (x) “GO 165, Section IV – PG&E failed to follow its procedures by using an

1 outdated inspection form during the detailed climbing inspections that PG&E conducted  
2 from September 19 to November 6, 2018.”

3 (xi) “Decision (D.) 06-04-055, as amended by Resolution E-4184 – PG&E  
4 failed to report the reportable incident on the Big Bend 1101 12kV Distribution Circuit in  
5 a timely manner.”

6 (xii) “CA Pub. Util. Code § 451 – Failure to maintain an effective inspection and  
7 maintenance program to identify and correct hazardous conditions on its transmission lines  
8 in order to furnish and maintain service and facilities, as are necessary to promote the safety  
9 and health of its patrons and the public.”

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

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

16 **B. PG&E Failed to Provide Accurate Recordkeeping and Inspections**

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

21 163. Furthermore, as was discussed by Ms. Sandoval, an energy law professor and a  
22 former commissioner at the CPUC, during a February 3, 2021 probation hearing in front of Judge  
23 Alsup, PG&E has recklessly poor recordkeeping which hinders its ability to conduct inspections.  
24 For example, PG&E’s inspectors were scheduling inspections *in the past*. She testified, “By  
25 scheduling an inspection that happened in the past, it essentially created a false record that made  
26 it look like the inspection already happened when it never happened. And, to the extent that there  
27 is a cycle that would be triggered by period inspections, the cycle wouldn’t be triggered because  
28 it already looked like the inspection had happened.”

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

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

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

19           **C. PG&E Failed to Maintain and Upgrade Its Infrastructure**

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

25           168. According to a filing by the CPUC in May 2013:

26           [T]he Overland Audit explains how PG&E systematically underfunded GT&S<sup>25</sup>

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27  
28           <sup>25</sup> “GT&S” means Gas Transmission & Storage.

1 integrity management and maintenance operations for the years 2008 through  
2 2010. PG&E engaged in a “run to failure” strategy whereby it deferred needed  
3 maintenance projects and changed the assessment method for several pipelines  
4 from ILI to the less informative ECDA approach - all to increase its profits even  
5 further beyond its already generous authorized rate of return, which averaged  
6 11.2% between 1996 and 2010.

7 169. Given PG&E’s excessive profits over the period of the Overland Audit, there is no  
8 reason to believe that Overland’s example regarding GT&S operations between 2008 and 2010  
9 was unique. The IRP Report supplements the Overland Audit findings with additional examples  
10 of PG&E management’s commitment to profits over safety. Thus, it is evident that while the  
11 example of GT&S underfunding between 2008 and 2010 might be extreme, it was not an isolated  
12 incident; rather, it represents the culmination of PG&E management’s long-standing policy to  
13 squeeze every nickel it could from PG&E gas operations and maintenance, regardless of the long  
14 term “run to failure” impacts. And PG&E has offered no evidence to the contrary.

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

18 171. On May 6, 2013, a report was sent to the Safety and Enforcement Division of the  
19 CPUC from the **Liberty Consulting Group** who had been retained to conduct an independent  
20 review of capital and operations and maintenance expenditures proposed by PG&E (the “2013  
21 Liberty Report”).<sup>26</sup> The **2013 Liberty Report** concluded that: “several aspects of the PG&E  
22 distribution system present significant safety issues.” It also found: (a) “addressing risks  
23 associated with electrical distribution components has been overshadowed by electric transmission  
24 and gas facilities;” and (b) “addressing aging infrastructure and adding SCADA to the system  
25 comprises the major focuses of safety initiatives for the distribution system”.

26  
27  
28 <sup>26</sup> See <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M065/K394/65394210.PDF>  
(last accessed November 18, 2021).

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

9           173. Another recommendation of the 2013 Liberty Report was “the establishment of a  
10 formal asset management program in Electric Operations.” According to the report, “aging  
11 infrastructure is best addressed by having a strategic asset management program in place. These  
12 types of programs, such as the British Standards Institute’s “Publicly Available Specification 55”  
13 program, force a detailed and thorough condition assessment survey of the major assets. These  
14 types of formal programs also take failure models into consideration. Long-term sustainable plans  
15 can then be prepared to address the asset conditions. A sustainable asset management will mitigate  
16 system safety risks from aging infrastructure, which constituted a major portion of the safety items  
17 in this GRC.”

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

21           **D. PG&E Knew that Its Down-Guy Design Was Flawed and Could Cause**  
22           **Ground Currents That Create Arcing**

23           175. The 2018 Camp Fire was caused by electrical arcing after the equipment failed.  
24 Electrical arcing is a process by which guy wires or “down-guys,” when designed improperly  
25 and/or installed according to improper design, conduct ground current at ground level during high  
26 winds, igniting fires. Guy wires are the metal support cables that are used to tie electrical poles to  
27 the ground. PG&E utilizes an inverted “V” shape design without any separation or in-line  
28 insulators as an attempt to help its poles withstand high wind. However, in PG&E’s sub-

1 transmission design, PG&E does not separate the connection at the pole by 12 inches, utilize any  
2 in-line insulator to prevent ground current from flowing, or utilize a shunt so when ground current  
3 exists it does not cause an electrical arc. In addition, if not properly maintained, the down-guys  
4 become loose. In high wind conditions, when the poles sway and ground currents exist, arcing  
5 occurs. With the combination of high winds, swaying poles, loose connections, two down-guys  
6 attached by a common bolt, and ground current, electrical arcing occurs.

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

9 177. The down-guy design utilized by PG&E is a violation of GO 95. Industry experts  
10 have demonstrated to the CPUC and California utilities how the dangerous design causes arcing  
11 and fires for over a decade. They believe this design is unreasonably dangerous and that the fix is  
12 cheap and easy. General Order 95 sets forth two possible solutions: either have a 12-inch  
13 separation on a pole; or add an in-line insulator. An additional solution is adding a shunt from the  
14 down-guy anchor to the down-guy itself. All three inexpensive solutions prevent electrical arcs at  
15 ground levels that ignite fires.

16 **E. Defendants’ Failure to Inspect and Maintain Equipment was in Breach of**  
17 **their Fiduciary Duties**

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

26 179. Defendants had a duty to manage, maintain, repair and/or replace its aging  
27 infrastructure to protect public safety. These objectives could and should have been accomplished  
28 in a number of ways, including but not limited to providing accurate record keeping for

1 inspections; increasing inspections, modernizing infrastructure and/or obtaining an independent  
2 audit of its asset management program to ensure effectiveness.

3 180. Defendants failure to correct the falsification of records, failure to inspect its  
4 equipment, failure to maintain and replace its equipment, and failure to provide a proper budget to  
5 provide for a safe asset management program regarding its equipment was a breach of their  
6 fiduciary duties.

7 **F. The Camp Fire Caused Massive Harm to PG&E and the Public**

8 181. Defendants' breaches of fiduciary duty preceding and relating to the Camp Fire,  
9 including the Director Defendants' gross failure to provide oversight and intervention of PG&E's  
10 aging infrastructure, and the Officer Defendants' mismanagement, was a substantial factor in  
11 causing billions of dollars in corporate liability, in excess of the entire market capitalization of the  
12 Company.

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

17 183. On May 7, 2020, the CPUC imposed \$1.937 billion in penalties against PG&E, the  
18 largest penalty ever assessed by the CPUC. "The scope of the devastation caused by PG&E's  
19 misconduct demands this record penalty," said Commissioner Clifford Rechtschaffen. "It is one  
20 of many aggressive steps being taken by the CPUC to hold PG&E accountable for failing to keep  
21 public safety a top priority."

22 184. The Camp Fire burned approximately 153,336 acres, destroyed 18,804 structures,  
23 and resulted in 85 fatalities.

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

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

4 187. On June 18, 2020, Butte County Superior Court Judge Michael R. Deems sentenced  
5 PG&E for 84 counts of manslaughter and a maximum fine of \$3.5 million relating to the 2018  
6 Camp Fire, and reportedly stated, “If there was ever a corporation that deserved to go to prison, its  
7 PG&E.” Of course, corporations cannot go to prison. However, the Defendants in this case, who  
8 were responsible for the risk management failures that caused the 2018 Camp Fire can and should  
9 be held liable for the breaches of their fiduciary duties resulting in the Company’s failure to inspect  
10 and maintain aging equipment.

11 188. In the immediate wake of the Camp Fire, PG&E’s stock price plummeted by over  
12 50%, wiping out \$12 billion in market capitalization. Ciara Linnane, *PG&E Stock At Its Lowest In*  
13 *15 Years On Concern Over California Utility’s Wildfire Liability*, MARKETWATCH, Nov. 15, 2018,  
14 [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)  
15 [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,  
16 this was a foreseeable and likely consequence of any Camp-Fire-like catastrophe. Defendants  
17 should have done everything possible to prevent such a fire. Instead, they delayed necessary safety  
18 and maintenance investments and diverted money to Defendants’ compensation. Thus, Defendants  
19 violated their duties of care and loyalty to PG&E by creating a loss in value of at least  
20 \$12,000,000,000 USD, which was the stock market’s initial estimate of PG&E’s potential liability  
21 for the Camp Fire.

22 **G. Defendants Paid Themselves Millions of Dollars in Bonuses Instead of**  
23 **Spending Money for Safety at PG&E**

24 189. As Judge Alsup stated in the February 19, 2020 probation hearing of PG&E: “It  
25 just offends the sensibilities of, at least me and maybe a lot of people in California to know that  
26 PG&E has neglected this problem for so long, and yet continue to pay out huge dividends and  
27 bonuses”

28 190. PG&E filed a Proxy Statement for fiscal year 2016 on April 18, 2017. The Proxy



1 was personally signed by Defendants Williams, and Earley and reviewed and approved by the  
2 other members of the Board. The Proxy disclosed lavish compensation to the Company's  
3 executives based in substantial part on supposedly achieving 84% of safety goals, and stated:

4 For 2016, the Committee adopted a STIP<sup>27</sup> structure that continued PG&E  
5 Corporation's and the Utility's focus on improving public and employee safety and  
6 customer satisfaction. The weights of the components - Safety, Customer  
7 Satisfaction, and Financial - were unchanged from 2015 at 50 percent, 25 percent,  
8 and 25 percent, respectively.

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

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

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

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

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

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

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

2016 STIP Measures	Weight	Threshold	Target	Maximum	Result	Score	Weighted Average Score
<b>SAFETY COMPONENT (50%)</b>							
<b><u>Nuclear Operations Safety</u></b>							
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
<b><u>Electric Operations Safety</u></b>							
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
<b><u>Gas Operations Safety</u></b>							
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
<b><u>Employee Safety</u></b>							
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
<b>CUSTOMER SATISFACTION COMPONENT (25%)</b>							
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

**FINANCIAL COMPONENT (25%)**

<b>Earnings from Operations 25%</b>	95%	of Budget	105%	of \$1,884.0	1.053	0.263
<b>(EFO) (in millions)</b>	Budget		Budget			
	100%					0.936

193. 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 Compensation (\$) <sup>(3)</sup>	Total (\$)
<b>Anthony F. Earley, Jr.<sup>(a)</sup></b> 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<sup>(a)</sup></b> 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<sup>(b)</sup></b> 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<sup>(c)</sup></b> Executive Vice President,	2016	512,500	1,500,102	419,738	2,843,177
	2015	453,393	1,250,149	405,240	2,326,272

1	Corporate Services and Human Resources, PG&E Corporation	2014	424,994	750,104	387,756	1,931,282
2	<b>Edward D. Halpin</b>	2016	572,000	1,700,119	325,611	2,876,566
3	Senior Vice President,					
4	Generation and Chief Nuclear Officer, Pacific Gas and Electric Company					
5	<b>Dinyar B. Mistry<sup>(d)</sup></b>	2016	405,700	1,100,120	273,082	2,209,029
6	Senior Vice President,	2015	381,433	400,131	229,781	1,243,071
7	Human Resources, Pacific Gas and Electric Company	2014	373,046	350,074	277,988	1,649,668

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

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

Name Principal Position	and 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

1	<b>John R. Simon<sup>(a)</sup></b>	2017	594,582	2,000,079	558,130	3,760,933
2	Executive Vice President and	2016	512,500	1,500,102	419,738	2,843,177
3	General Counsel, PG&E Corporation	2015	453,393	1,250,149	405,240	2,326,272
4	<b>Dinyar B. Mistry</b>	2017	471,208	800,162	360,644	2,408,823
5	Senior Vice President, Human Resources and Chief Diversity Officer, PG&E Corporation	2016	405,700	1,100,120	273,082	2,209,029
6		2015	381,433	400,131	229,781	1,243,071
7	<b>Karen A. Austin</b>	2017	555,800	850,131	432,572	2,228,463
8	Senior Vice President, and Chief Information Officer, Pacific Gas and Electric Company					
9	<b>Anthony F. Earley, Jr.<sup>(b)</sup></b>	2017	1,026,363	3,000,153	1,025,835	6,012,329
10	Executive Chair of the Board, PG&E Corporation	2016	1,318,750	7,500,072	1,928,672	11,730,646
11		2015	1,281,250	7,500,080	2,245,365	12,198,394
12	<b>Hyun Park<sup>(c)</sup></b>	2017	601,069	1,000,074	267,044	3,513,492
13	Senior Vice President and Special Counsel to the Chairman, PG&E Corporation	2016	638,800	1,200,091	385,398	2,702,052
14		2015	637,132	1,500,071	503,266	2,915,084

196. PG&E has a **Clawback Policy** pursuant to which the Company can claw back compensation to executive officers based on improper conduct during the preceding three years. However, despite the billions of dollars in liability which the Defendants' misconduct has created for PG&E – liability which has brought PG&E to the brink of bankruptcy and necessitated the passage of a state law in September 2018 (SB 901) that consumer advocates decried as a ratepayer bailout of PG&E, the Boards of Directors has taken no steps whatsoever to claw back any of the millions of dollars in compensation paid to themselves and the Company's executives in recent years.

## VII. **PARTICULARIZED BREACHES OF FIDUCIARY DUTY**

### A. **Defendants Ignored Red Flags and Known Risks Which Led to the 2017 North Bay Fires and the 2018 Camp Fire**

197. Defendants, individually, in their capacity as officers and directors of PG&E and Utility, as alleged herein, had the highest fiduciary duties of care and loyalty, including the duty to oversee Utility's electric operations and assets and to identify and address material, enterprise risks to the corporations. Defendants, while presented with red flags regarding the material and increasing risk of wildfires attendant to PG&E's electrical operations, nonetheless abdicated and

1 failed to exercise their fiduciary duties as required by California law, including the duty to act in  
2 good faith and in the best interests of PG&E. As detailed herein, Defendants turned a blind eye to  
3 the known risk of catastrophic wildfires that was exacerbated by PG&E's delinquent vegetation  
4 management practices, worsening drought conditions, and aging infrastructure. The individual  
5 and collective failures of oversight, and/or implementation of remedial policies to mitigate against  
6 these catastrophic risks, was a substantial factor in harm suffered by PG&E, including billions of  
7 dollars in losses to PG&E related to the 2017 North Bay Fires and 2018 Camp Fire, ultimately  
8 plunging them into bankruptcy.

9 **1. Red Flags Relating to The North Bay Fires**

10 198. On April 19, 2012, the CPUC issued a decision, which provided in part:

11 Today's decision also provides the following guidance regarding the Commission's  
12 determination in D.09-09-030 that SDG&E has authority under California Public  
13 Utilities Code Section 451 and Section 399.2(a) to shut off power in order to protect  
14 public safety when strong Santa Ana winds exceed the design basis for SDG&E's  
15 system and threaten to topple power lines onto tinder dry vegetation.

16 199. This was a public decision, and it was well known in the utility industry. It was the  
17 result of San Diego Gas & Electric Company designing a de-energization program to protect the  
18 public from the catastrophic wildfires, which were known to subject the public to death and  
19 destruction. This decision was known to the Officers and Directors of PG&E at the time it was  
20 issued, and to those officers and directors who joined PG&E after the decision was issued and up  
21 to October of 2017. The de-energization program of San Diego Gas & Electric was therefore  
22 known to the Officers and Directors during the same period. Indeed, Defendant Smith, was a Vice  
23 President of San Diego Gas & Electric Company at the time SDG&E applied for approval of a  
24 PSPS program with the CPUC. Smith then joined the board as a director of PG&E Corporation in  
25 2015. [REDACTED]

26 [REDACTED]  
27 [REDACTED]  
28 200. In 2011, PG&E Corporation's Board formed the Nuclear, Operations and Safety

1 Committee, with oversight responsibility over PG&E’s risk management practices generally, and  
2 addressing specific enterprise level risk identified by management. In 2017, PG&E Corporation’s  
3 Nuclear, Operations and Safety Committee was renamed the Safety and Nuclear Oversight  
4 Committee. At the same time, Utility’s Board formed a similar Safety and Nuclear Oversight  
5 Committee, with similar oversight responsibility. The two committees were composed of many of  
6 the same directors, including Meserve, Mullins, Fowler, Parra and Smith, and conducted their  
7 meetings concurrently. At their meetings, Committee guests regularly included other directors  
8 and executive officers of PG&E Corporation and Utility, including Chew, Earley, Johns, Hogan,  
9 Lemler and Williams.

10 201. [REDACTED]

23 [REDACTED]

24 202. [REDACTED]

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203. [REDACTED]

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[REDACTED] PG&E reported to the CPUC as follows:

It may be possible to drive tree related outages to less than 17 per thousand miles or to have less than two percent of trees in contact, but that would require a level



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of investment greater than PG&E is making today. With limited resources PG&E cannot do everything and must decide at what point it is OK not to mitigate the risk further. Tradeoff decisions must be made.

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[REDACTED]

236. Defendants Chew, Fowler, Herringer, Kelly, Kimmel, Meserve, Miller, Mullins Parra, Rambo, Smith, B.L. Williams each has testified in Interrogatory Answers that the “CPUC’s limited approval of SDG&E’s PSPS program was publicly known.”

237. Defendants Chew, Fowler, Herringer, Kelly, Kimmel, Meserve, Miller, Mullins Parra, Rambo, B.L. Williams each has testified in Interrogatory Answers that they “became aware of SDG&E’s limited approval for a PSPS program at some point in time, but they are unaware of the exact date.”

1           238. Defendant Smith, who joined the PG&E board as a director of PG&E Corporation  
2 in 2015, testified in Interrogatory Answers that she was Senior Vice President of SoCalGas and  
3 SDG&E at the time that SDG&E made the filing to the CPUC for approval to implement a PSPS  
4 program, which was in 2010. Thus, Smith was aware of the SDG&E application for approval of a  
5 PSPS program in 2010. Smith further testified that she recalled discussing PG&E implementing a  
6 PSPS program with Defendant Hogan.

7           239. Defendants Chew, Fowler, Herringer, Kelly, Kimmel, Meserve, Miller, Mullins  
8 Parra, Rambo, Smith, B.L. Williams each testified that management did not bring to the Boards  
9 for consideration a Public Power Safety Shutoff or PSPS program for shutting off power in  
10 specified conditions.

11           240. Defendants Chew, Fowler, Herringer, Kelly, Kimmel, Meserve, Miller, Mullins  
12 Parra, Rambo, Smith, B.L. Williams each did not act in good faith, showed a reckless disregard  
13 for their duties, and exhibited an unexcused pattern of inattention concerning the fact that the

14 [REDACTED]

15 [REDACTED]. They also each knew and/or had a reckless disregard  
16 for the fact that that the vegetation management program was behind schedule, and they knew or  
17 had a reckless disregard that they were going to have a significant number of wires down in high  
18 winds, which would result in ignitions. Still, except for Smith, they each failed to consider, discuss  
19 and/or implement a de-energization program. This is true even though they each knew or had a  
20 reckless disregard of the fact that San Diego Gas and Electric had successfully implemented de-  
21 energization, as a result of wires down and catastrophic wildfires, to minimize wildfires. As a  
22 result of this failure, the North Bay Fires occurred in 2017.

23           **2. The Defendants Approved the Deferral of Maintenance Which Led to the**  
24           **Camp Fire**

25           241. [REDACTED]

26 [REDACTED]

27 [REDACTED]

28 [REDACTED]

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242. [REDACTED]

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[REDACTED]

[REDACTED]

because there is no likely large environmental event (if structures fail, it will be likely due to heavy rain and no wildfires are possible then). Also no likely public safety issue with live wires down because it is in a remote area. Reliability score is not that high because although the likelihood of failed structures happening is high, the affected customers are likely in the order of >1K.

243. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

244. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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245. [REDACTED]

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246. [REDACTED]

[REDACTED]

247. [REDACTED]

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249. [REDACTED]

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251. [REDACTED]

[REDACTED]

252. [REDACTED]

[REDACTED]

253. Following its investigation into the Camp Fire, the Butte County DA concluded:  
The 2014 RIBA process demonstrated how PG&E manipulated data to achieve desired results. It is beyond reasonable comprehension that a project to replace temporary poles not expected to stand through the winter scored lower for safety than an unnecessary project proposed solely to allow PG&E to transfer money spent from the expense budget to the capital budget. The fact that PG&E minimized and, ultimately, ignored a serious safety issue is reckless and negligent. **The fact that they did so in the middle of a historic drought in an area known for consistent,**



1 **extreme winds, is criminally negligent.**<sup>28</sup> (Emphasis added).

2 **B. Each Officer Defendant Breached Their Fiduciary Duties**

3 254. The Officer Defendants owed fiduciary duties to PG&E Corporation and the  
4 Utility. As detailed below, they each individually, and collectively, breached those duties, and  
5 that those breaches were a substantial factor and proximately caused harm to PG&E following the  
6 2017 North Bay Fires and the 2018 Camp Fire, including massive financial harm to PG&E through  
7 settlements, fines, and legal fees.

8 **1. Dasso**

9 255. Dasso claims to have 40 years of experience in the gas and electric utility business  
10 including engineering, operations, construction, asset management, and regulatory policy. He  
11 came to PG&E in 1981 as an electrical engineer. He also worked as a senior director and as Vice  
12 President of Electric Asset Management. His responsibilities included all aspects of asset  
13 management and reliability strategies, in both transmission and distribution. He claims to have  
14 implemented industry best practices in engineering, system design, technical services, and  
15 standards. Beginning in on or about 2013, Dasso reported to Hogan. Dasso was involved in public  
16 safety, specifically including wildfire risk analysis, including assessing mitigation measures. He  
17 often made presentations to the Nuclear, Operations, and Safety Committee concerning wildfire  
18 and risk management. Dasso took no effective steps to determine whether PG&E wildfire  
19 mitigation measures were actually being performed and took no steps to ensure that they were  
20 being done properly. Instead, he relied on people who were not qualified to determine whether  
21 the operations were actually properly performing. Dasso did not know and took no steps to learn  
22 whether the employees of PG&E sub-contractors were properly and appropriately trained, and/or  
23 trained and certified as required by PG&E's contracts with those subcontractors.

24 256. Dasso participated in PG&E's risk management program, as it related to wildfire,  
25 without knowing whether nor not PG&E's mitigation measures, specifically including inspections,  
26 quality control, quality control, and/or tree trimming were effective. He has been involved in

27 \_\_\_\_\_  
28 <sup>28</sup> See <https://www.buttecounty.net/Portals/30/CFReport/PGE-THE-CAMP-FIRE-PUBLIC-REPORT.pdf?ver=2020-06-15-190515-977> at 86 (last accessed November 18, 2021).

1 assessing the work life expectancy of PG&E's aging infrastructure and he was involved in audits  
2 concerning the performance of both transmission and distribution assets. Prior to the fires in 2017  
3 he was involved in assessing pole performance, including Cellon treated poles, and in assessing  
4 the causes of wires down, including vegetation and equipment failure. Dasso was involved in  
5 assessing PG&E data and was specifically aware the system was aging and [REDACTED]

6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED] He was involved with and presented to the Risk and Compliance Committee. His job  
9 duties included operating a reasonable safe utility, which complied with California Codes and  
10 Regulations. He represented that public safety was the most important consideration in performing  
11 his job duties. *See also* ¶¶ 223, 225, 230, 250.

12 **a. North Bay Fires**

13 257. With respect to the North Bay Fires:

- 14 1) Dasso knew or should have known that PG&E's vegetation management program  
15 accepted that one tree, out of one hundred, along its lines would not comply with CPUC  
16 regulations and/or the PRC, a standard that violated the Public Resources Code and the  
17 CPUC regulations.
- 18 2) Dasso knew or should have known that PG&E had trees along its lines, which posed a  
19 specific risk of falling into the lines, which were not being accounted for and which  
20 posed a significant risk of wildfire.
- 21 3) Dasso knew or should have known of numerous failings within PG&E's vegetation  
22 management program following the Butte Fire, [REDACTED]  
23 [REDACTED]  
24 [REDACTED]
- 25 4) Dasso knew or should have known that PG&E had an issue with wires down which  
26 affected both reliability and wildfire safety. Dasso knew or should have known that  
27 the wire down problem related to both T&D and that the aging system, not properly  
28 maintained, repaired and/or replaced was a fire hazard to the public.

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- 5) Dasso knew or should have known that PG&E’s contractors were significantly behind in performing inspections and/or tree trimming in the areas of the North Bay Fires.
- 6) Dasso knew or should have known that PG&E vegetation management program was known not to be effective if wind speeds exceeded 39 miles per hour. These winds would contribute to vegetation causing wires down.
- 7) Dasso knew or should have known most PG&E’s reclosers were manual and could not be operated remotely. PG&E was having a significant issue with wires down and knew that reclosers would be problematic in high fire areas. Dasso endorsed a program where only a small number of reclosers were capable of being turned off and/or were turned off in high fire conditions.
- 8) Dasso knew or should have known that PG&E’s Quality Control Program was being run by people who did not know or understand what they were doing, did not understand their own statistical formula, who failed to extrapolate the number of FPT Trees discovered and who failed to take steps to ensure that deficiencies were corrected.
- 9) Dasso was inexperienced and unfamiliar with issues relating to wildfire and failed to take steps to gain sufficient knowledge so he could properly oversee operations and assist in wildfire prevention. Instead, he simply failed to determine whether in fact PG&E’s identified highest risk to enterprise operations was being properly mitigated.
- 10) Dasso knew or should have known that “wires down” was out of control as of 2016 and that this posed a significant risk of wildfire. He was specifically aware that vegetation and equipment failure were drivers of wires down.
- 11) Dasso was specifically aware that PG&E’s record keeping was poor, and he was making risk assessments, even though he knew the system was aging and that [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
- 12) Dasso knew or should have known that power shut off was a safety tool which could prevent a wires down event from starting a wildfire.

1           258. Despite routinely citing drought and claimant change as factors which increase the  
2 chance of catastrophic wildfire, despite items 1 through 12 above, and despite knowledge that  
3 other utilities had adopted power supply shut off and a method of protecting the public from the  
4 danger posed by wildfire, Dasso failed and refused to oversee the adoption of a reasonable power  
5 supply shut off program.

6           259. In addition, on information and belief, under the leadership of Dasso and others,  
7 PG&E conducted an analysis of the cost of shutting off power and then inspecting all the lines,  
8 before turning the power back on, and chose profit over safety when PG&E management,  
9 including Dasso, chose not to institute a power shutoff program until after the 2017 fires. This is  
10 true even though Dasso knew or should have known that previously the Governor had approved  
11 a CEMA program to combat wildfire and despite PG&E knowing that wildfire was the number  
12 one risk to EO business enterprise.

13           260. Dasso, and PG&E management chose not to disable reclosers because when the  
14 recloser is not operational personnel and required to actually determine the cause of the fault and  
15 because an open line affect reliability statistics. During the 2017 fire season, only 38 reclosers  
16 were part of the process to disable automatic reclosing during fire conditions. The program was  
17 not expanded until 2018. Under the direction of Dasso and others, PG&E was not industry leading  
18 because other utilities had adopted this risk reducing safety measure prior to 2017.

19           261. Additionally, Dasso knew or should have known:

- 20           1) PG&E was accepting 17 tree related outages for every 1,000 miles of distribution line;
- 21           2) PG&E was accepting a “small number of fires” caused by its lines. For example, that  
22           number included more than 400 fires in 2015.
- 23           3) PG&E had trees along its lines, which posed a specific risk of falling into the lines,  
24           which were not being accounted for and which posed a significant risk of wildfire.
- 25           4) There were numerous known failings within PG&E’s vegetation management program  
26           following the Butte Fire, yet PG&E made no specific changes to its vegetation program  
27           management program following the Butte Fire.
- 28           5) PG&E had a program which rewarded Third Party Contractors and their employees for

- 1 not identifying for work and/or working on trees along PG&E's distribution lines.
- 2 6) PG&E's contractors were significantly behind in performing inspections and/or tree
- 3 trimming in the areas of the North Bay Fires.
- 4 7) PG&E vegetation management program was known not to be effective if wind speeds
- 5 exceeded 39 miles per hour.
- 6 8) Wires down posed a significant risk of wildfire and that PG&E distribution lines and
- 7 poles were aging and in need of repair and/or replacement. PG&E's annual business
- 8 enterprise risk assessments identified wires down as a significant risk, yet PG&E failed
- 9 to direct sufficient resources to the problem and instead chose to pay dividends to
- 10 shareholders and bonuses to executives, including Dasso.
- 11 9) The vast majority of PG&E's reclosers were manual and could not be operated
- 12 remotely. PG&E was having a significant issue with wires down and knew that
- 13 reclosers would be problematic in high fire areas.
- 14 10) Dasso knew or should have known that PG&E's Quality Control Program was being
- 15 run by people who did not know or understand what they were doing, did not
- 16 understand their own statistical formula, who failed to extrapolate the number of FPT
- 17 Trees discovered and who failed to take steps to ensure that deficiencies were corrected.
- 18 11) Dasso knew or should have known of the facts and circumstances leading to the
- 19 Trauner Fire and the convictions relating to PG&E's performance.
- 20 12) Dasso knew or should have known of the facts and circumstances leading to the Butte
- 21 Fire and the related CPUC violation.
- 22 13) Third Party Contractors were told they could hire employees who did not meet the
- 23 minimum standards to work as inspectors.
- 24 14) PG&E Session D reports identify risks which were not properly mitigated, specifically
- 25 including wires down.
- 26 15) PG&E's distribution lines were aging and in need of repair, replacement and/or
- 27 maintenance and PG&E did not budget sufficient funds to keep up with the need to
- 28 repair, replace and maintain its lines.

1                   **b.      Camp Fire**

2                   262.   Dasso oversaw the utility’s approval of a maintenance program which adopted a  
3 run to failure policy concerning the transmission line connectors. Dasso knew or should have  
4 known that PG&E did not have specific construction documents, but believed the subject lines  
5 were more than 100 years old and beyond their expected work life. Dasso knew or should have  
6 known that the connectors, including C hooks, were subject to wear and failure. Dasso had  
7 available to him actual reports identifying the wear that would occur on the C Hooks on the  
8 transmission towers, particularly in area subject to high winds. Dasso knew or should have known  
9 that if a transmission line failed it posed a significant risk of wildfire. Under Dasso’s direction,  
10 PG&E failed to have a program which inspected the transmission lines in a way which would  
11 identify the defects, as a result of wear, in the connectors, including C hooks. Essentially Dasso  
12 was responsible for an inspection program which failed to effectively inspect transmission towers,  
13 and which resulted in a run to failure system. Dasso oversaw a maintenance program which was  
14 essentially run to failure as it applied to the connectors, including C hooks. Further, PG&E without  
15 any reasonable basis for its position, believed that the transmission lines would only fail during a  
16 rainstorm. Dasso has represented that he implemented industry best practices in engineering,  
17 system design, technical services, and standards at PG&E, yet he knew or should have known, that  
18 PG&E infrastructure was aging and needed to be repaired, removed or replaced, yet he failed to  
19 take steps necessary to accomplish this and instead participated in a risk assessment designed to  
20 save money, while failing to protect the public from the risk posed by wildfire.

21                   263.   PG&E routinely cited drought and claimant change as factors which increase the  
22 chance of catastrophic wildfire. Yet Dasso knew or should have known that PG&E’s transmission  
23 towers were subject to failure, that in fact PG&E had adopted a maintenance program of run to  
24 failure, and that the PG&E inspection program would not discover connection defects, including  
25 C hook defects and disrepair. Despite this knowledge and despite knowledge that other utilities  
26 had acted to harden their systems, Dasso failed to prepare and implement a budget, which would  
27 actually address PG&E’s need to properly inspect and harden the system. Dasso failed to ensure  
28 that PG&E inspection system could actually inspect the transmission towers so they would not be

1 in an unreasonably dangerous condition.

2 264. Dasso oversaw a program which, in an attempt to save money, scored and delayed  
3 projects based on perceived risk (the RIBA program). That program, for example, created a  
4 situation where PG&E was aware that the likelihood of failure on the Caribou Palermo Line was  
5 a “high”, but PG&E employees, under Dasso’s supervision, chose not to make a repair because  
6 they assumed the line would fail in a rainstorm. In addition, the maintenance system was such that  
7 repairs could and would be delayed for years.

8 265. Dasso knew or should have known that the inspection reports showed the number  
9 of towers being inspected within a work day and knew or should have known that the inspections  
10 could not identify defects. This was confirmed, even after the Camp Fire, by the fact that PG&E  
11 inspectors continued to miss defects.

12 266. As a member of the industry, and an Officer of PG&E, Dasso knew or should have  
13 known and/or it was a dereliction of duty not to know that the “down-guy” design was  
14 unreasonably dangerous and should not have been utilized by PG&E.

15 267. [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]

21 268. [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]  
26 [REDACTED]

27 269. Defendant’s actions and/or unreasonable failures to act substantially contributed to  
28 the causes of the 2017 North Bay Fires and 2018 Camp Fire and the damages that ensued.

1           **2.     Earley**

2           270.   Earley became the President, Chief Executive Officer and Chairman of the Board  
3 of PG&E Corporation in 2011. Defendant Earley made representations to the public after he  
4 became the President, CEO and Chairman of the Board of PG&E that he would steer PG&E in a  
5 different direction and would rectify the years of mismanagement at PG&E and would change the  
6 PG&E culture. However, it is now evident that Defendant Earley has not done so and has, instead,  
7 continued to lead PG&E in the same manner as his predecessors, which subjected PG&E to the  
8 risk of further fines, penalties and lawsuits. Indeed, Defendant Earley's representations that PG&E  
9 had changed from its past ways, when in fact PG&E did not, increased the risk of liability that  
10 suffered PG&E after September 10, 2009 due to Defendant Earley's misconduct. Defendant  
11 Earley was the President, CEO and Chairman of the Board of PG&E and directed PG&E's policies  
12 from July of 2013 through December 15, 2017. Defendant Earley caused PG&E to suffer  
13 significant losses for the 2017 and 2018 fires because he misrepresented to the public that PG&E  
14 had changed its operations and safety priorities. Rather, his focus on gas operations led him to  
15 abandon his safety and risk management responsibilities for PG&E's electrical operations which  
16 relied on policies that were even worse, from a safety assurance standpoint, than PG&E's gas  
17 operations.

18           271.   As the President, CEO and Chairman of the Board of PG&E, Defendant Earley was  
19 in charge of overseeing and implementing an internal control system to ensure that PG&E  
20 identified, corrected and mitigated any potential risks of the company's electrical operations  
21 causing harm in areas that could affect human safety, and preserve the value of PG&E's assets.  
22 Defendant Earley was also specifically charged with overseeing PG&E's risk management  
23 practices and policies. Defendant Earley not only failed to change PG&E's policies, procedures  
24 and practices regarding safety, but he has also misrepresented PG&E's and his efforts to change  
25 those policies, procedures and practices.

26           272.   Earley took over leadership of PG&E from Chris Johns and knew or should have  
27 known of the various deficiencies and problems with PG&E's electrical distribution and  
28 transmission lines which posed an increased risk of wildfires and consequent harm to PG&E's



1 assets and potential liabilities. In his role as President and CEO of PG&E Earley should have been  
2 briefed by the other officers and managing agents responsible for: electrical operations, Enterprise  
3 risks, vegetation management practices, quality control, quality assurance, risk drivers for  
4 wildfires, mitigation measures adopted for wildfire risk, policies and practices for replacement,  
5 repair and/or inspection of electrical transmission equipment, budgets for electrical operations,  
6 financial performance goals, CPUC investigative reports regarding deficiencies in PG&E safety  
7 culture, and SDG&E and SCE de-energization programs. Indeed, knowledge of such background  
8 information was essential to understand in order to re-shape PG&E's safety, including, but not  
9 limited to: PG&E's risk management program as it related to the wildfire risk; mitigation measures  
10 such as inspections, quality control and quality assurance; and the efficacy of the programs adopted  
11 by PG&E. *See also* ¶¶ 200-201, 206, 208, 211, 214, 216, 220-223, 244-250.

12 **a. North Bay Fires**

13 273. With respect to the North Bay Fires:

- 14 1) Earley knew or should have known that PG&E's vegetation management program was  
15 not in compliance with CUPC requirements.
- 16 2) PG&E had trees along its lines, which posed a specific risk of falling into the lines,  
17 which were not being accounted for and which posed a significant risk of wildfire.
- 18 3) Earley knew or should have known of numerous failings within PG&E's vegetation  
19 management program following the Butte Fire, yet made no changes to its vegetation  
20 program management program following the Butte Fire.
- 21 4) PG&E utilized a program that rewarded Third Party Contractors and their employees  
22 for not identifying for work and/or working on trees along PG&E's distribution lines.
- 23 5) Earley knew or should have known that PG&E's contractors were significantly behind  
24 in performing inspections and/or tree trimming in the areas of the North Bay Fires.
- 25 6) Earley knew or should have known that PG&E vegetation management program was  
26 known not to be effective if wind speeds exceeded 39 miles per hour.
- 27 7) Earley knew or should have known that wires down posed a significant risk of wildfire,  
28 as identified in the Session D reports, and that PG&E distribution lines and poles were

1 aging and in need of repair and/or replacement. Earley knew or should have known that  
2 PG&E's annual business enterprise risk assessments identified wires down as a  
3 significant risk, yet he failed to direct sufficient resources to the problem and instead  
4 chose to pay dividends to shareholders and bonuses to executives, including himself.

5 8) Earley knew or should have known the vast majority of PG&E's reclosers were manual  
6 and could not be operated remotely. PG&E was having a significant issue with wires  
7 down and knew that reclosers would be problematic in high fire areas. Earley endorsed  
8 a program where only a small number of reclosers were capable of being turned off  
9 and/or were turned off in high fire conditions.

10 9) Earley knew or should have known that PG&E's Quality Control Program was being  
11 run by people who did not know or understand what they were doing, did not  
12 understand their own statistical formula, who failed to extrapolate the number of FPT  
13 Trees discovered and who failed to take steps to ensure that deficiencies were corrected.

14 10) Earley was inexperienced and unfamiliar with issues relating to wildfire and failed to  
15 take steps to gain sufficient knowledge so she could oversee the vegetation  
16 management program and wildfire prevention.

17 11) Earley knew or should have known that PG&E was conducting investigations relating  
18 to various contractors and determining whether or not those contractors were  
19 intentionally and/or negligently falsifying inspection and/or tree trimming records.

20 12) Despite routinely citing drought and claimant change as factors which increase the  
21 chance of catastrophic wildfire, despite knowledge of items 1 through 11 above, and  
22 despite knowledge that other utilities had actually adopted power supply shut off and a  
23 method of protecting the public from the danger posed by wildfire, Earley failed and  
24 refused to oversee the adoption of a reasonable power supply shut off program. In  
25 addition, Plaintiff is informed and believes that under Earley's leadership, PG&E  
26 conducted an analysis of the cost of shutting off power and then inspecting all of the  
27 lines, before turning the power back on, and chose profit over safety when PG&E  
28 management, including Earley, chose to institute a power shutoff program until after

1 the 2017 fires.

2 13) He knew or should have known that these problems referenced above were not new in  
3 origin, as PG&E had previously been convicted of 739 counts of criminal negligence  
4 for a fire that burned 500 acres and leveled a dozen homes in the high sierra town of  
5 Rough & Ready. Additionally, the state regulators charged PG&E with more than  
6 500,000 instances of failure to trim trees near electrical lines between 1994 and 1998.

7 14) He knew or should have known that from June 2014 until the time he left PG&E,  
8 PG&E's equipment led to more than 1500 fires.

9 15) He knew or should have known that PG&E did not have a formal recloser policy until  
10 after the October 2017 North Bay Fires, while other utilities had such policies.

11 16) He knew or should have known of the facts and circumstances leading to the Trauner  
12 Fire and to the Butte Fire.

13 274. Earley took no effective steps to determine whether or not PG&E's wildfire  
14 mitigation measures were actually being performed and took no steps to ensure that they were  
15 being done properly. Instead he relied on people whom he supervised, but he failed to determine  
16 whether or not they were capable of and/or properly performing. In fact he essentially knew  
17 nothing of their experience and/or training with regard to wildfire. Earley did not know and took  
18 no steps to learn whether or not the employees of PG&E sub-contractors were properly and  
19 appropriately trained, and/or trained and certified as required by PG&E's contracts with those  
20 subcontractors. Earley approved PG&E's risk management program, as it related to wildfire,  
21 without knowing whether or not PG&E's mitigation measures, specifically including inspections,  
22 quality control, and/or tree trimming were effective.

23 275. Earley approved PG&E's risk management program, as it related to wildfire,  
24 without knowing whether or not PG&E's mitigation measures, specifically including inspections,  
25 quality control, quality control, and/or tree trimming were effective. No independent audit was  
26 ever undertaken. As a result, Earley's failures caused PG&E to violate the spirit and intent of PUC  
27 Code §451.

28 276. In his capacity, Earley failed to determine whether or not "mitigation" and "control"

1 measures were in fact effective and/or being followed at PG&E. For example, he did not confirm  
2 that the people hired by third party contractors possessed the minimum qualifications and/or  
3 certifications required by the contract. He did not confirm that the QA and/or QC programs were  
4 effective. He did not determine whether or not controls, for example, the Hazard Tree Rating  
5 System were actually being used by contractors. He did not determine whether or not VM was  
6 being timely and/or correctly performed. He did not determine if the VM clearance was being  
7 correctly maintained in compliance with the PRC and CPUC regulations. He did not determine if  
8 “hazard trees” (FPT), were being timely and appropriately mitigated. He knew or should have  
9 known that PG&E’s infrastructure, specifically including the transmission and distribution lines  
10 were aging and in need of replacement and/or repair. As such he did not identify the specific risks  
11 to the public which would result from the failure to implement a de-energization program.

12           277. Despite representing that it had replaced a significant number of manual reclosers  
13 with remote reclosers the truth was that as of the 2017 fire season PG&E had very few remote  
14 controlled reclosers and instead had manual reclosers which could only be modified on site. Prior  
15 to the 2017 fire season Earley was aware that when there was a fault the recloser would attempt to  
16 reclose the circuit and could start a fire. Earley knew or should have known that reclosers posed  
17 a serious risk of wildland fire. Prior to 2017 Earley did not direct that the reclosers be reset in  
18 high fire areas, in fact there was no found policy to de-activate reclosers prior to October 2017.  
19 Older reclosers that need to be adjusted by hand will be switched off for the entire fire season, if  
20 they lie in areas particularly prone to flames. In addition, Plaintiff is informed and believes that  
21 under Earley’s supervision PG&E did not inspect all of its distribution lines in 2013 or 2014 for  
22 the purpose of saving money. Plaintiff is informed and believes that PG&E represented that the  
23 money would be used to purchase remote reclosers, but despite not completing the inspections,  
24 PG&E did not purchase and install a significant number of remotely controlled reclosers. In  
25 addition, Plaintiff is informed and believes that before the October 2017 wildfires, PG&E, under  
26 Earley’s supervision, opted to shut down just 38 of its reclosers as part of a pilot project limited to  
27 the worst wildfire-prone areas that included just three in the hardest hit fire areas of Napa and  
28 Sonoma. However, in December of that same year, PG&E disabled 4,000 reclosers across its

1 service territory.

2 278. Under his leadership PG&E actively resisted implementation of a de-energization  
3 program, Despite routinely citing drought and claimant change as factors which increase the  
4 chance of catastrophic wildfire, despite knowledge of items above, and despite knowledge that  
5 other utilities had actually adopted power supply shut off and a method of protecting the public  
6 from the danger posed by wildfire, Earley failed and refused to oversee the adoption of a  
7 reasonable power supply shut off program. However, shortly after Earley left, PG&E adopted  
8 such a de-energization program modeled after SDG&E.

9 **b. Camp Fire**

10 279. As it relates to the Camp Fire, Earley oversaw the utilities approval of a  
11 maintenance program which adopted a Run to Failure policy concerning the transmission line  
12 connectors. Earley knew or should have known that PG&E did not have specific construction  
13 documents, but believed the subject lines were more than 100 years old and beyond their expected  
14 work life. PG&E was aware that the connectors, including C hooks, were subject to wear and  
15 failure. Earley had available to him actual reports identifying the wear that would occur on the C  
16 Hooks on the transmission towers, particularly in area subject to high winds.

17 280. In addition, Early knew or should have known that between 2014 to 2017 PG&E  
18 electrical equipment started 500 fires. He knew or should have known that the transmission towers  
19 and equipment that caused the Camp Fire were more than 25 years overdue for replacement using  
20 PG&E's own standards. He was aware that from 2008-2017 PG&E adopted policies and  
21 procedures to resist CPUC rules and regulations designed to reduce the risk of wildland fires.

22 281. Earley knew or should have known, based on the information available, including  
23 the Session D reports and prior reports concerning the wear on C Hooks, that PG&E's distribution  
24 and transmission lines were not being maintained, repaired and/or replaced at a rate which would  
25 keep the system in a reasonably safe condition. He also knew or should have known that the utility  
26 industry, including PG&E had neglected its basic infrastructure, most of which was at or above  
27 100 years old. The equipment was beyond its recognized work life. Instead of actually spending  
28 the money to replace, repair and maintain its infrastructure, PG&E sought a "risk based asset

1 management strategy” to reduce asset failure. This system combined with a run to failure policy  
2 resulted in a failure to maintain, repair and/or replace the equipment in a reasonable manner.

3 282. Mr. Early also knew or should have known of the dangers of metal fatigue and  
4 cracking of worn metal equipment like C Hooks. He knew or should have known that PG&E  
5 policies required replacement of metal parts like C Hooks with over 50% wear, but failed to  
6 implement practices to ensure policies were followed. He knew or should have known that if a  
7 transmission line failed it posed a significant risk of wildfire; yet PG&E failed to have a program  
8 which inspected the transmission lines in a way which would actually identify the defects, as a  
9 result of wear, in the connectors, including C hooks. Further, PG&E without any reasonable basis  
10 for its position, believed that the transmission lines would only fail during a winter rain storm.  
11 Earley has stated that it was his job to oversee the operations of the utility and he knew, at least as  
12 of 2013, that PG&E infrastructure was aging and needed to be repaired, removed or replaced, yet  
13 he failed to take steps necessary to accomplish this and instead approved the borrowing of money  
14 to pay dividends, while failing to protect the public from the risk posed by wildfire.

15 283. A project to replace and repair a section of the Caribou Palermo Line was scheduled  
16 to be performed and budgeted, but then not performed in order to save money. Plaintiff is informed  
17 and believes that the decision not to perform that work as well as other budget work, was approved  
18 by PG&E management, including Earley. The project was deferred as part of the EO RIBA efforts  
19 of PG&E and that deferral was approved by management, including Earley.

20 284. As a member of the industry, and an Officer of PG&E, Earley knew or should have  
21 known and/or it was a dereliction of duty not to know that the “down-guy” design, which PG&E  
22 utilized on its transmission lines, specifically the Caribou-Palmero line, was unreasonably  
23 dangerous and should not have been utilized by PG&E.

24 285. Under Earley’s direction and leadership he oversaw and approved a program which  
25 prioritized and delayed work which had been approved and budgeted, without regard to the actual  
26 risk posed by the delay. For example, the program delayed a project on the Caribou Palermo line,  
27 despite knowledge that there was a high likelihood that structures (the towers and lines) would  
28 fail, by assuming there was no danger because it was (1) in a remote area and (2) failure was likely

1 to occur in a winter rain storm. These were obviously false narratives because a wildfire starting  
2 in a remote high fire danger area is likely to cause a catastrophic event (witness the Camp Fire)  
3 and the specific area was known to be subject to high winds, with or without rain. The reason for  
4 delaying the project was to save money. He was or should have been aware that PG&E's  
5 infrastructure was aging and in need of repair, replacement and/or maintenance. Under his  
6 direction Transmission Operations lacked the controls to ensure that (1) inspection and correction  
7 work was accurate and complete, (2) quality control processes were consistently performed in line  
8 with accepted standards, and (3) pre and post job safety checks were performed and maintenance  
9 plans were updated. However, rather than spending the money necessary to address these issues,  
10 under his direction PG&E continued to focus on ROI and profits.

11 286. In addition, Earley knew or should have known of prior C Hook failure and knew  
12 or should have known of reports detailing C Hook wear in areas subject to wind. Despite knowing  
13 that its system was again and beyond its useful life, PG&E was relying on a risk management  
14 system which routinely risked the lives of people in rural areas and which made decisions like this  
15 one, involving the Caribou Palermo Line:

16 Caribou Palermo: <200 score because there is no likely large environmental event  
17 (if structures fail, it will be likely due to heavy rain and no wildfires are possible  
18 then). Also no likely public safety issue with live wires down because it is in a  
19 remote area. Reliability score is not that high because although the likelihood of  
20 failed structures happening is high, the affected customers are likely in the order of  
21 >1K.

22 287. This kind of decision demonstrates a conscious disregard for the safety of others  
23 and can and did result in the deaths of 84 people. This kind of decision results in a utility having  
24 to file for bankruptcy protection and in a utility being convicted of 84 felony counts of  
25 manslaughter. This decision, as well as these kinds of decisions, were made under Early's tenure  
26 as PG&E Corporation's President, CEO, and Chairman of the Board.

27 288. Despite routinely citing drought and claimant change as factors which increase the  
28 chance of catastrophic wildfire, despite common knowledge within PG&E that the transmission

1 towers were subject to failure and that in fact PG&E had adopted a maintenance program of run  
2 to failure and an inspection program which would not discovery connection defects, and despite  
3 knowledge that other had acted to harden their systems, Mr. Early failed to prepare and implement  
4 a budget that would actually address PG&E's need to properly inspect and harden the system,  
5 specifically including the transmission towers and their connectors.

6 289. [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]

12 290. [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]

18 291. Defendant's actions and/or unreasonable failures to act substantially contributed to  
19 the causes of the 2017 North Bay Fires and 2018 Camp Fire and the damages that ensued.

20 **3. Hogan**

21 292. Hogan came to PG&E in 2013 as VP of Asset Management, including T&D, and  
22 vegetation management. He was given this position despite having no experience with regard to  
23 wildfires and wildfire prevention. Strategy was added to his responsibility and then in March of  
24 2016 he became the Senior VP of Electric Operation, and he oversaw all aspects of Electric  
25 Operations, specifically including, but not limited to vegetation management, maintenance, repair,  
26 inspection, replacement, risk management and safety. As an example, Hogan admits that it was  
27 his job to oversee Vegetation Management, but he admits that he did not know how the quality  
28 assurance program worked, did not know if it was properly applied, did not know if the people in



1 charge of the program knew how to apply the various statistical formulas, and did not know if the  
2 program was actually effective. Hogan took no effective steps to determine whether PG&E  
3 wildfire mitigation measures were actually being performed and took no steps to ensure that they  
4 were being done properly. Instead, he relied on people whom he supervised, but he failed to  
5 determine whether they were capable of and/or properly performing. Hogan did not know and  
6 took no steps to learn whether the employees of PG&E sub-contractors were properly and  
7 appropriately trained, and/or trained and certified as required by PG&E's contracts with those  
8 subcontractors. Hogan approved PG&E's risk management program, as it related to wildfire,  
9 without knowing whether nor not PG&E's mitigation measures, specifically including inspections,  
10 quality control, quality control, and/or tree trimming were effective. *See also* ¶¶ 200, 208, 210,  
11 212-214, 216, 223, 229, 238, 243-244, 246, 250.

12 **a. North Bay Fires**

13 293. With respect to the North Bay Fires:

- 14 1) Hogan knew or should have known that PG&E's vegetation management program  
15 accepted that one tree, out of one hundred, along its lines would not be in compliance,  
16 a standard that violated the Public Resources Code and CPUC regulation.
- 17 2) Hogan knew or should have known that PG&E had trees along its lines, which posed  
18 a specific risk of falling into the lines, which were not being accounted for and which  
19 posed a significant risk of wildfire.
- 20 3) Hogan knew or should have known of numerous failings within PG&E's vegetation  
21 management program following the Butte Fire, [REDACTED]  
22 [REDACTED]  
23 [REDACTED]
- 24 4) Hogan oversaw a program that rewarded third party contractors and their employees  
25 for not identifying for work and/or working on trees along PG&E's distribution lines.
- 26 5) Hogan knew or should have known that PG&E's contractors were significantly behind  
27 in performing inspections and/or tree trimming in the areas of the North Bay Fires.
- 28 6) Hogan knew or should have known that PG&E vegetation management program was

1 known not to be effective if wind speeds exceeded 39 miles per hour.

2 7) Hogan knew or should have known that wires down posed a significant risk of  
3 wildfire, and that PG&E distribution lines and poles were aging and in need of repair  
4 and/or replacement. Hogan knew or should have known that PG&E's annual business  
5 enterprise risk assessments identified wires down as a significant risk, yet failed to  
6 direct sufficient resources to the problem and instead chose to pay dividends to  
7 shareholders and bonuses to executives, including himself.

8 8) Hogan knew or should have known the vast majority of PG&E's reclosers were  
9 manual and could not be operated remotely. PG&E was having a significant issue  
10 with wires down and knew that reclosers would be problematic in high fire areas.  
11 Hogan endorsed a program where only a small number of reclosers were capable of  
12 being turned off and/or were turned off in high fire conditions. Prior to the 2017 fire  
13 season Hogan was aware that when there was a fault the recloser would attempt to  
14 reclose the line and could start a fire. Hogan knew or should have known that reclosers  
15 posed a serious risk of wildland fire. Prior to 2017 Hogan did not direct that the  
16 reclosers be reset in high fire areas, but after the 2017 fires he told that press words to  
17 the effect that from now on PG&E would reprogram its remote-controlled reclosers  
18 during times of high fire risk, so that the devices would not close the circuit. Older  
19 reclosers that need to be adjusted by hand will be switched off for the entire fire  
20 season, if they lie in areas particularly prone to flames. In addition, Plaintiff is  
21 informed and believes that under Hogan's supervision PG&E did not inspect all of its  
22 distribution lines in 2013 or 2014 for the purpose of saving money. Plaintiff is  
23 informed and believes that PG&E represented that the money would be used to  
24 purchase remote reclosers, but despite not completing the inspections, PG&E did not  
25 purchase and install a significant number of remotely controlled reclosers. In addition,  
26 Plaintiff is informed and believes that before the 2017 North Bay Fires, PG&E, under  
27 Hogan's supervision, opted to shut down just 38 of its reclosers as part of a pilot  
28 project limited to the worst wildfire-prone areas that included just three in the hardest

1 hit fire areas of Napa and Sonoma. However, in December of that same year, PG&E  
2 disabled 4,000 reclosers across its service territory.

3 9) Hogan knew or should have known that PG&E's Quality Control Program was being  
4 run by people who did not know or understand what they were doing, did not  
5 understand their own statistical formula, who failed to extrapolate the number of FPT  
6 Trees discovered and who failed to take steps to ensure that deficiencies were  
7 corrected.

8 10) Hogan was inexperienced and unfamiliar with issues relating to wildfire and failed to  
9 take steps to gain sufficient knowledge so he could oversee the vegetation  
10 management program and wildfire prevention. Instead, he simply failed to determine  
11 whether in fact PG&E identified highest risk to enterprise operations was being  
12 properly mitigated.

13 11) Hogan believed that PG&E Quality Assurance audits used statistically significant  
14 samples and that when those audits showed non-compliance trees and/or hazard trees  
15 (FPT) those numbers could be extrapolated to identify the condition of the area being  
16 sampled. Despite this knowledge Hogan did not ask that the extrapolation be done  
17 and did not ask that any action be taken to immediately identify the non-compliant  
18 and/or hazard trees which the sample told them should exist.

19 12) Hogan knew or should have known that PG&E was conducting investigations relating  
20 to various contractors and determining whether those contractors were intentionally  
21 and/or negligently falsifying inspection and/or tree trimming records.

22 13) Hogan knew or should have known that PG&E was accepting 17 tree related outages  
23 per 1000 miles of line and knew or should have known that PG&E was accepting that  
24 more than 400 fires, per year, would be caused by PG&E equipment. For example, in  
25 2015, it was 434 fires.

26 14) Hogan knew or should have known about PG&E Session D reports that identified  
27 wildfire risks which were not properly mitigated, specifically including wires down.

28 294. Hogan had little to no experience with wildfire when he came to PG&E. He did

1 not take reasonable steps to educate himself on the topic after coming to PG&E and despite  
2 learning that wildfire was the number one enterprise risk to PG&E's business, he failed to  
3 determine whether "mitigation" and "control" measures were in fact effective and/or being  
4 followed at PG&E. For example, he did not confirm that the people hired by Third Party  
5 Contractors possessed the minimum qualifications and/or certifications required by the contract.  
6 He should have known that third party contractors were told they could hire employees who did  
7 not meet the minimum standards to work as inspectors. He did not confirm that the QA and/or  
8 QC programs were effective. He did not determine whether controls, for example, the Hazard  
9 Tree Rating System were actually being used by contractors. He did not determine whether VM  
10 was being timely and/or correctly performed. He did not determine if the VM clearance was being  
11 correctly maintained in compliance with the PRC and CPUC regulations. He did not determine if  
12 "hazard trees" (FPT), were being timely and appropriately mitigated. He knew or should have  
13 known that PG&E's infrastructure, specifically including the transmission and distribution lines  
14 were aging and in need of replacement and/or repair. As such he did not identify the specific risks  
15 to the public which would result from the failure to implement a de-energization program.

16 295. Hogan knew of and approved PG&E's acceptance of a vegetation management  
17 program which he knew was ineffective if winds exceeded 39 miles per hour and which he knew  
18 would result in tree related outages in the neighborhood of 17 per 1,000 miles of distribution line,  
19 would result in trees in contact with PG&E lines, in violation of the PRC and "a small number of  
20 wildfires caused by PG&E equipment each year." That "small number" exceeded 400 fires per  
21 year. For example, in 2015 it was 434 fires. This acceptance was part of the rate case that extended  
22 into 2018 and PG&E, under the direction of Hogan and others, made the decision to accept these  
23 fires, rather than spend the money to reduce fires, at the same time they were borrowing money to  
24 pay dividends to shareholders and paying executive bonuses. In addition, Hogan failed to ensure  
25 that mitigation and controlling measures, which he claimed he was relying on to mitigate the  
26 wildfire risk were actually in place, being properly performed and effective.

27 296. Despite routinely citing drought and claimant change as factors which increase the  
28 chance of catastrophic wildfire, despite knowledge of items 1 through 14 above, and despite

1 knowledge that other utilities had actually adopted power supply shut off and a method of  
2 protecting the public from the danger posed by wildfire, Hogan failed and refused to oversee the  
3 adoption of a reasonable power supply shut off program. In addition, Plaintiff is informed and  
4 believes that under Hogan’s leadership, PG&E conducted an analysis of the cost of shutting off  
5 power and then inspecting all of the lines, before turning the power back on, and chose profit over  
6 safety when PG&E management, including Hogan, chose to institute a power shutoff program  
7 until after the 2017 fires. As recently as January of 2018, Hogan stated that the company was now  
8 “open” to the idea but did not have plans to implement a de-energization or power safety shutoff  
9 program.

10 **b. Camp Fire**

11 297. With respect to the Camp Fire, beginning in 2013 Hogan specifically oversaw Asset  
12 Management, including Transmission & Distribution. Hogan oversaw the utilities approval of a  
13 maintenance program which adopted a Run to Failure policy concerning the transmission line  
14 connectors. As it relates to the Camp Fire, Hogan oversaw the utilities approval of a maintenance  
15 program which adopted a “Run to Failure” policy concerning the transmission line connectors.  
16 Hogan knew or should have known that PG&E did not have specific construction documents, but  
17 believed the subject lines were more than 100 years old and beyond their expected work life.  
18 PG&E was aware that the connectors, including C hooks, which is the type of equipment that  
19 failed and started the Camp Fire, were subject to wear and failure. Hogan had available to him  
20 actual reports identifying the wear that would occur on the C Hooks on the transmission towers,  
21 particularly in area subject to high winds. Hogan knew or should have known that if a transmission  
22 line failed it posed a significant risk of wildfire. PG&E failed to have a program which inspected  
23 the transmission lines in a way which would actually identify the defects, as a result of wear, in  
24 the connectors, including C hooks.

25 298. Under Hogan’s direction and leadership Hogan oversaw and approved a program  
26 which prioritized and delayed work which had been approved and budgeted, without regard to the  
27 actual risk posed by the delay. For example, the program delayed a project on the Caribou Palermo  
28 line, despite knowledge that there was a high likelihood that structures (the towers and lines) would

1 fail, by assuming there was no danger because it was (1) in a remote area and (2) failure was likely  
2 to occur in a rainstorm. These were obviously false narratives because a wildfire starting in a  
3 remote high fire danger area is likely to cause a catastrophic event (witness the Camp Fire) and  
4 the specific area was known to be subject to high winds, with or without rain. The reason for  
5 delaying the delaying the project was to save money.

6 299. Additionally, a project to replace and repair a section of the Caribou Palermo Line  
7 was scheduled to be performed and budgeted, but then not performed in order to save money.  
8 Plaintiff is informed and believes that the decision not to perform that work as well as other budget  
9 work, was approved by PG&E management, including Hogan, who has described himself as  
10 overseeing all activities of the utility. The project was deferred as part of the EO RIBA efforts of  
11 PG&E and that deferral was approved by management, including Hogan.

12 300. As a member of the industry, and an Officer of PG&E, Hogan knew or should have  
13 known and/or it was a dereliction of duty not to know that the “down-guy” design, which PG&E  
14 utilized on its transmission lines, specifically the Caribou-Palmero line, was unreasonably  
15 dangerous and should not have been utilized by PG&E.

16 301. Hogan knew or should have known based on the information available, including  
17 the Session D reports that PG&E’s distribution and transmission lines were not being maintained,  
18 repaired and/or replaced at a rate which would keep the system in a reasonably safe condition.

19 302. Hogan was or should have been aware that PG&E’s infrastructure was aging and  
20 in need of repair, replacement and/or maintenance. Under his direction Transmission Operations  
21 lacked the controls to ensure that (1) inspection and correction work was accurate and complete,  
22 (2) quality control processes were consistently performed in line with accepted standards, and (3)  
23 pre and post job safety checks were performed, and maintenance plans were updated. Hogan has  
24 stated that it was his job to oversee the operations of the utility and he knew, at least as of 2013,  
25 that PG&E infrastructure was aging and needed to be repaired, removed or replaced. However,  
26 rather than spending the money necessary to address these issues, under Hogan’s direction PG&E  
27 continued to focus on ROI and profits and approved the borrowing of money to pay dividends,  
28 while failing to protect the public from the risk posed by wildfire.

1           303. Despite routinely citing drought and claimant change as factors which increase the  
2 chance of catastrophic wildfire, despite common knowledge within PG&E that the transmission  
3 towers were subject to failure and that in fact PG&E had adopted a maintenance program of run  
4 to failure and an inspection program which would not discovery connection defects, and despite  
5 knowledge that other utilities had acted to harden their systems, Hogan failed to prepare and  
6 implement a budget that would actually address PG&E’s need to properly inspect and harden the  
7 system.

8           304. [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]

14           305. [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]

20           306. Defendant’s actions and/or unreasonable failures to act substantially contributed to  
21 the causes of the 2017 North Bay Fires and 2018 Camp Fire and the damages that ensued.

22           **4. Johns**

23           307. Johns, in his role as CFO of the Corporation, President and Director of the Utility  
24 was a key figure in creating and perpetuating PG&E’s culture of placing profits over safety. As  
25 early as 2008, he understood that PG&E faced a crisis of aged infrastructure serving its gas and  
26 electric operations that were badly in need of costly replacement and repairs. Rather than  
27 committing the financial resources necessary to upgrade electrical infrastructure for aged  
28 transmission equipment, he established policies that placed a premium on maintaining an 8%

1 return on investment as PG&E’s top priority, sacrificing adequate funding for: necessary safety  
 2 inspections of transmission lines; vegetation management; delay of projects designed to bury  
 3 distribution lines underground in areas posing high risk of wildfires; insulating electrical lines in  
 4 high fire danger areas; and replacement of aged electrical transmission towers and equipment. In  
 5 addition, his adherence to the policy of placing profits over safety, PG&E failed to devote financial  
 6 resources to the development of a power safety shut off system; sophisticated weather monitoring  
 7 equipment; communication systems; replacement of wood poles with steel poles, and related  
 8 wildfire risk reduction methods that had achieved success with SDG&E after the 2007 Witch,  
 9 Guejito and Rice wildfires.

10 308. As CFO, President and a Director of the Utility Johns represented to shareholders  
 11 and the public that his goal was to make PG&E “the safest utility in the country.” Under his  
 12 stewardship, and those who followed him PG&E became a corporate criminal. PG&E’s leadership  
 13 including Johns, have repeatedly stated that safety was their highest priority, however their actions  
 14 betray their proclamations leading to multiple violations of safety regulations, and criminal  
 15 convictions.

16 309. Johns received the following compensation from PG&E:

Year	Salary	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value	LTIP Payouts	All Others	Total
2011	\$701,250	\$3,418,732	-	\$319,245	\$614,133	-	\$79,366	\$5,132,726
2010	\$672,500	\$1,932,429	-	-	\$629,560	-	\$76,696	\$3,311,185
2009	\$593,866	\$1,880,357	-	\$684,431	\$268,077	-	\$70,999	\$3,497,730
2008	\$541,457	\$893,206	-	\$350,809	\$193,500	-	\$89,819	\$2,068,791
2007	\$523,640	\$832,935	-	\$343,010	\$156,155	-	\$88,486	\$1,944,226
2006	\$494,000	\$931,415	\$221,802	\$414,071	\$157,985	-	\$94,638	\$2,313,911
2005	\$475,000	\$231,470	-	-	-	-	\$39,542	\$746,012
2004	\$316,860	\$265,537	-	-	-	\$114,323	\$16,817	\$713,537

22 310. Johns received substantial financial benefits from serving in his role as CFO of the  
 23 Corporation and as a director of the Utility. These substantial financial benefits were obtained by  
 24 Johns at the same time PG&E was underfunding and ignoring the safety obligations that PG&E  
 25 owed to its customers and to the citizens of the State of California. The current directors of PG&E  
 26 owe their positions and the substantial financial benefits obtained from those positions due to the  
 27 misconduct and malfeasance of Johns. Johns knew or should have known that PG&E’s  
 28



1 transmission and distribution operations had no robust safety and/or risk management policies.  
2 Nonetheless, he led PG&E to squander \$46 Million at ballot initiatives designed to thwart local  
3 efforts to control energy, and to pay executive bonuses.

4 311. In his role as CFO of the Corporation, President and Director of the Utility, Johns  
5 was responsible for overseeing PG&E'S risk management practices. Johns breached his  
6 fiduciaries duties in his role of oversight of PG&E's risk management practices, as alleged herein,  
7 by failing to ensure that adequate internal controls were implemented to properly assess the  
8 efficacy of mitigation measures used by PG&E to reduce the catastrophic risk of wildfires  
9 attendant to PG&E's electrical operations. Under his stewardship, budgets related to mitigation  
10 of the wildfire risk were cut, to ensure return to shareholders in the form of dividends and increase  
11 his executive bonus, which was tied in part to the financial success of PG&E.

12 312. Given his position and responsibilities outlined above, Johns' breaches of fiduciary  
13 duties affected all business units responsible for managing catastrophic wildfire risk; including but  
14 not limited to: quality control; quality assurance; vegetation management; electrical distribution;  
15 long range electrical transmission lines; budgets; tree inspections and tree trimming; utility audits;  
16 compliance; the finance committee; corporate governance; compensation committee; public  
17 policy; asset management; and overall enterprise risk.

18 313. As CFO of the Corporation and President, and a director of the Utility, Johns was  
19 responsible to oversee the entire utility operations, including but not limited to ensuring the safe  
20 operation of electrical distribution and transmission systems in accordance with Public Utility  
21 Code §451. Johns breached his fiduciary duty to PG&E to ensure the company complied with  
22 CPUC regulations for the safe delivery of electrical service by failing to: adequately fund  
23 resources for vegetation management and infrastructure inspections and/or replacement of aged  
24 transmission lines; development of a power safety shut off system in light of the successful  
25 program developed by SDG&E; audit the efficacy of mitigation measurement used by PG&E to  
26 manage the risk of a catastrophic wildfire; independently audit the effectiveness of PG&E's quality  
27 control and/or quality assurance process for inspections of electrical distribution and/or  
28 transmission lines; disregarding warnings by PG&E's Director of Enterprise Risk Management

1 that PG&E’s process for evaluating safety risks to its assets were ineffective, PG&E lacked  
2 operational focus, process discipline and poorly allocated resources.

3 314. In addition, Johns failed to adopt policies and practices to assess the efficacy of risk  
4 management mitigation measures to combat the wildfire risk, or properly fund resources for  
5 properly monitoring weather conditions, and high fire danger conditions thereby failing to  
6 coordinate the re-programming of reclosers when circumstances warranted. The lack of resources,  
7 clear policies and/or procedures for risk management of wildfire during high fire danger conditions  
8 led to PG&E’s failure to reprogram reclosers during the 2017 wildfire season.

9 315. Given Johns oversight responsibilities and role as CFO of the Corporation and  
10 President and Director of the Utility, Johns abandonment of his fiduciary duties for ensuring  
11 adequate funding and/or the adoption of adequate controls over risk management practices led to  
12 reductions in the quality and number of inspections for the identification of hazards attendant to  
13 risk of wildfires from electrical operations. This includes, but is not limited to budget cuts to  
14 vegetation management, hiring untrained inspectors, failure to replace transmission towers and/or  
15 equipment on the Caribou-Palermo line, failing to audit the quality of inspections, and/or adoption  
16 of policies to run equipment to failure instead of increasing the number of inspections for aged  
17 equipment. *See also* ¶¶ 200-201, 206-208, 211-212, 233, 244-246.

18 **a. North Bay Fires**

19 316. With respect to the 2017 North Bay Fires, Johns knew or should have known about  
20 PG&E Session D reports that identified wildfire risks which were not properly mitigated,  
21 specifically including wires down. “Wires down” was an ongoing problem and PG&E which was  
22 increasing, as identified in PG&E Session D reports. Wires down was occurring both as a result  
23 of poor vegetation management, poor pole inspection, and poor equipment and distribution line  
24 inspections. The poles and distribution lines were aging and PG&E failed to properly inspect,  
25 maintain, repair and/or replace equipment and lines. For example, PG&E had distribution lines  
26 where a span would contain multiple splices and/or poles which had not been properly or timely  
27 inspected. Johns knew or should have known based on the information available, including the  
28 Session D reports that PG&E’s distribution and transmission lines were not being maintained,

1 repaired and/or replaced at a rate which would keep the system in a reasonably safe condition.

2 317. Under Johns' leadership, PG&E resisted implementation of any de-energization  
3 policy claiming PG&E did not need one. While Johns was President of the Utility, PG&E stated  
4 that "No company makes money when it is forced to terminate power." It was not until after the  
5 2017 North Bay Fires that PG&E instituted a de-energization policy which was modeled after the  
6 one used by SDG&E as early as 2010.

7 **b. Camp Fire**

8 318. With respect to the 2018 Camp Fire, Johns created and/or fostered policies and  
9 practices to delay necessary infrastructure upgrades and/or replacement of electrical transmission  
10 towers and appurtenant equipment that was over 50 years of age and or lacked appropriate records  
11 of age and condition, adopting a run to failure policy. Rather than establish practices and  
12 procedures for replacement of infrastructure based on calculations of material fatigue with  
13 appropriate safety cushions to avoid risk of wear failure of C-Hooks; Johns established and/or  
14 approved policies to delay or defer expenditures on the Caribou-Palermo line, which practices  
15 were continued by his successors in order to meet PG&E goals of achieving an 8% return to  
16 shareholders, a steady stream of dividends and boost executive bonuses that were based in part on  
17 PG&E's financial performance In addition, Johns knew or should have known of prior C Hook  
18 failure and knew or should have known of reports detailing C Hook wear in areas subject to wind.

19 319. As a member of the industry, and an Officer of PG&E, Johns also knew or should  
20 have known and/or it was a dereliction of duty not to know that the "down-guy" design was  
21 unreasonably dangerous and should not have been utilized by PG&E.

22 320. In addition, Johns knew or should have known of prior C Hook failure and knew  
23 or should have known of reports detailing C Hook wear in areas subject to wind. Despite knowing  
24 that its system was again and beyond its useful life, Johns was relying on a risk management system  
25 which routinely risked the lives of United States in rural areas and which made decisions like this  
26 one, involving the Caribou Palermo Line:

27 Caribou Palermo: <200 score because there is no likely large environmental event  
28 (if structures fail, it will be likely due to heavy rain and no wildfires are possible

1 then). Also no likely public safety issue with live wires down because it is in a  
2 remote area. Reliability score is not that high because although the likelihood of  
3 failed structures happening is high, the affected customers are likely in the order of  
4 >1K.

5 321. This kind of decision demonstrates a conscious disregard for the safety of others  
6 and can and did result in the deaths of 84 people. This kind of decision results in a utility having  
7 to file for bankruptcy protection and in a utility being convicted of 84 felony counts of  
8 manslaughter. These decisions were made under Johns' tenure as an officer and director of the  
9 Utility.

10 322. In addition, Johns was aware that PG&E's failure to have complete, accurate  
11 records regarding the age and condition of electrical transmission lines led PG&E employees  
12 charged with maintenance to have to guess about the age of its electrical transmission equipment  
13 and required maintenance. As a result, PG&E failed to correctly assess the wear, corrosive effects  
14 or material strength of transmission lines and appurtenant equipment, including the failure of the  
15 C-hook on the Caribou-Palmero line, which was the cause of the Camp Fire.

16 323. In addition, Johns knew or should have known that between 2014 to 2017 PG&E  
17 electrical equipment started 500 fires. He knew or should have known that the transmission towers  
18 and equipment that caused the Camp Fire were more than 25 years overdue for replacement using  
19 PG&E's own standards. He was aware that from 2008-2017 PG&E adopted policies and  
20 procedures to resist CPUC rules and regulations designed to reduce the risk of wildland fires.

21 324. [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]  
26 [REDACTED]

27 325. [REDACTED]  
28 [REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]

5 326. Defendant’s actions and/or unreasonable failures to act substantially contributed to  
6 the causes of the 2017 North Bay Fires and 2018 Camp Fire and the damages that ensued.

7 **5. Lemler**

8 327. Lemler holds himself out as having over 35 years of experience in the power  
9 industry and has been a key member of Pacific Gas & Electric Company. Lemler has been Vice  
10 President of Electric Transmission Operations, as well as Senior Director of, both, Transmission  
11 System Operations and Distribution Maintenance & Construction. He claims expertise in  
12 distribution and transmission planning, asset management, system maintenance, system  
13 operations, emergency response, and project engineering/construction. He was the Chair of the  
14 Executive Steering Committee for PG&E’s Reliability Team. He was a member of the RCC  
15 Committee. He represented that PG&E was delivering “operational excellence,” built upon safety  
16 and reliability. He represented that PG&E was “23,000” employees that “really care” about “the  
17 community.” At the same time, PG&E was not operationally excellent, and instead PG&E’s  
18 management, including Lemler, approved a VM system, despite not knowing how the quality  
19 assurance program worked, not knowing if it was properly applied, not knowing if the people in  
20 charge of the program knew how to apply the various statistical formulas, and not knowing if the  
21 program was actually effective. To Plaintiff’s knowledge, Lemler took no effective steps to  
22 determine whether PG&E wildfire mitigation measures were actually being performed and took  
23 no steps to ensure that they were being done properly. Instead, he relied on people who were not  
24 qualified to determine whether the operations were actually properly performing. Lemler did not  
25 know and took no steps to learn whether the employees of PG&E sub-contractors were properly  
26 and appropriately trained, and/or trained and certified as required by PG&E’s contracts with those  
27 subcontractors. Lemler participated in PG&E’s risk management program, as it related to  
28 wildfire, without knowing whether nor not PG&E’s mitigation measures, specifically including

1 inspections, quality control, quality control, and/or tree trimming were effective. *See also* ¶¶ 200,  
2 208-209, 216, 243.

3 **a. North Bay Fires**

4 328. With respect to the North Bay Fires:

- 5 1) Lemler knew or should have known that PG&E's vegetation management program  
6 accepted that one tree, out of one hundred, along its lines would not comply with CPUC  
7 regulations and/or the PRC, a standard that violated the Public Resources Code and the  
8 CPUC regulations.
- 9 2) Lemler should have known that PG&E had trees along its lines, which posed a specific  
10 risk of falling into the lines, which were not being accounted for and which posed a  
11 significant risk of wildfire.
- 12 3) Lemler knew or should have known of numerous failings within PG&E's vegetation  
13 management program following the Butte Fire, yet PG&E made no changes to its  
14 vegetation program management program following the Butte Fire.
- 15 4) Lemler knew or should have known that PG&E had an issue with wires down which  
16 affected both reliability and wildfire safety. Lemler knew or should have known that  
17 the wire down problem related to both T&D and that the aging system, not properly  
18 maintained, repaired and/or replaced was a fire hazard to the public.
- 19 5) Lemler knew or should have known that PG&E's contractors were significantly behind  
20 in performing inspections and/or tree trimming in the areas of the North Bay Fires.
- 21 6) Lemler knew or should have known that PG&E vegetation management program was  
22 known not to be effective if wind speeds exceeded 39 miles per hour. For example, in  
23 2014 Lemler publicly announced that "as winds pick up," PG&E will have to mobilize  
24 to restore power caused by "vegetation and other debris" bringing lines down.
- 25 7) Lemler knew or should have known most PG&E's reclosers were manual and could  
26 not be operated remotely. PG&E was having a significant issue with wires down and  
27 knew that reclosers would be problematic in high fire areas. Lemler endorsed a  
28 program where only a small number of reclosers were capable of being turned off

1 and/or were turned off in high fire conditions.

2 8) Lemler knew or should have known that PG&E's Quality Control Program was being  
3 run by people who did not know or understand what they were doing, did not  
4 understand their own statistical formula, who failed to extrapolate the number of FPT  
5 Trees discovered and who failed to take steps to ensure that deficiencies were corrected.

6 9) Lemler was inexperienced and unfamiliar with issues relating to wildfire and failed to  
7 take steps to gain sufficient knowledge so he could properly oversee operations and  
8 assist in wildfire prevention. Instead, he simply failed to determine whether in fact  
9 PG&E's identified highest risk to enterprise operations was being properly mitigated.

10 329. Despite routinely citing drought and claimant change as factors which increase the  
11 chance of catastrophic wildfire, despite knowledge of items 1 through 9 above, and despite  
12 knowledge that other utilities had adopted power supply shut off and a method of protecting the  
13 public from the danger posed by wildfire, Lemler failed and refused to oversee the adoption of a  
14 reasonable power supply shut off program. In addition, Plaintiff is informed and believes that  
15 under the leadership of Lemler and others, PG&E conducted an analysis of the cost of shutting off  
16 power and then inspecting all the lines, before turning the power back on, and chose profit over  
17 safety when PG&E management, including Lemler, chose not to institute a power shutoff program  
18 until after the 2017 fires. This is true even though Lemler knew or should have known that  
19 previously the Governor had approved a CEMA program to combat wildfire and despite PG&E  
20 knowing that wildfire was the number one risk to EO business enterprise. After the 2017 fires  
21 Lemler was recommending including 115kv lines and below in PSPS and "reclosing disable," but  
22 according to Lemler it had not been implemented as of August 2018.

23 330. Lemler knew of and approved PG&E's acceptance of a vegetation management  
24 program which it knew was ineffective if winds exceeded 39 miles per hour and which he knew  
25 would result in tree related outages in the neighborhood of 17 per 1,000 miles of distribution line,  
26 would result in trees in contact with PG&E lines, in violation of the PRC and "a small number of  
27 wildfires caused by PG&E equipment each year." That "small number" exceeded 250 fires per  
28 year. For example, in 2015 it was 434 fires. This acceptance was part of the rate case that extended

1 into 2018 and PG&E, under the direction of Lemler and others, made the decision to accept these  
2 fires, rather than spend the money to reduce fires, at the same time they were borrowing money to  
3 pay dividends to shareholders and paying executive bonuses. In addition, Lemler failed to ensure  
4 that mitigation and controlling measures, which he claimed he was relying on to mitigate the  
5 wildfire risk were actually in place, being properly performed and effective.

6 **b. Camp Fire**

7 331. As it relates to the Camp Fire, Lemler oversaw the utility's approval of a  
8 maintenance program which adopted a Run to failure policy concerning the transmission line  
9 connectors. Lemler knew or should have known that PG&E did not have specific construction  
10 documents, but believed the subject lines were more than 100 years old and beyond their expected  
11 work life. Lemler knew or should have known that the connectors, including C hooks, were subject  
12 to wear and failure. Lemler had available to him actual reports identifying the wear that would  
13 occur on the C Hooks on the transmission towers, particularly in area subject to high winds.  
14 Lemler knew or should have known that if a transmission line failed it posed a significant risk of  
15 wildfire. Under Lemler's direction, PG&E failed to have a program which inspected the  
16 transmission lines in a way which would identify the defects, as a result of wear, in the connectors,  
17 including C hooks. Essentially Lemler was responsible for an inspection program which failed to  
18 effectively inspect transmission towers, and which resulted in a run to failure system. Lemler  
19 oversaw a maintenance program which was essentially run to failure as it applied to the connectors,  
20 including C hooks. Further, PG&E without any reasonable basis for its position, believed that the  
21 transmission lines would only fail during a rainstorm. Lemler has stated that it was his job to  
22 oversee the operations of the utility and he knew, at least as of 2013, that PG&E infrastructure was  
23 aging and needed to be repaired, removed or replaced, yet he failed to take steps necessary to  
24 accomplish this and instead approved the borrowing of money to pay dividends, while failing to  
25 protect the public from the risk posed by wildfire.

26 332. Lemler knew or should have known that PG&E was routinely citing drought and  
27 claimant change as factors which increase the chance of catastrophic wildfire; knew or should  
28 have known that PG&E transmission towers and connectors were at the end of their useful life and



1 subject to failure; knew or should have known that in fact PG&E had adopted a maintenance  
2 program of run to failure and an inspection program which would not discover connection defects,  
3 and knew or should have known that other utilities had acted to harden their systems. At the same  
4 time, Lemler failed to prepare and implement a budget that would actually address PG&E's need  
5 to properly inspect, maintain and harden the system.

6 333. Plaintiff is informed and believes that operational safety was part of Lemler's job  
7 duties and in fact he represented that safety was one of the pillars upon which he would improve  
8 PG&E's Transmission Operations into a world class system. He represented that his mission was  
9 to continuously operate a safe and reliable transmission system. Lemler represented that safety  
10 was the most important part of his job and his highest priority. According to PG&E management,  
11 including Lemler, a new element of the 2017 GRC was an "increased focus on safety" and a risk  
12 based criteria promoting safety. Lemler was the lead on COE Restoration and SIF. Lemler's  
13 duties included overseeing mitigation efforts and compliance through Electric Asset Management  
14 System Safety and Risk Management, and he was the sponsor for 2016 Session D Deep Dive,  
15 Patrols & Inspections and Electric Grid Restoration, and the executive sponsor for numerous  
16 projects. Reported to the Nuclear Operations and Safety Committee concerning Electric  
17 Operations and risk, including a key enterprise risk, wildfire. Lemler supervised Eric Back on  
18 issues relating to Public Safety.

19 334. Lemler knew or should have known, based on the information available, including  
20 the Session D reports that PG&E's distribution and transmission lines were not being maintained,  
21 repaired and/or replaced at a rate which would keep the system in a reasonably safe condition.  
22 Under his direction, PG&E was performing "inspections" of transmission lines which he knew or  
23 should have known could not identify defects and which resulted in a run to failure maintenance  
24 program. In addition, Lemler knew or should have known that distribution lines were spliced on  
25 multiple occasions and many conductors had exceeded their reasonable work life.

26 335. A project to replace and repair a section of the Caribou Palermo Line was scheduled  
27 to be performed and budgeted, but then not performed in order to save money. The decision not  
28 to perform that work as well as other budget work, was approved by PG&E management, including

1 Lemler, who has described himself as overseeing all activities of the utility. The project was  
2 deferred as part of the EO RIBA efforts of PG&E, and that deferral was approved by management,  
3 including Lemler.

4 336. As a member of the industry, and an Officer of PG&E, Lemler knew or should have  
5 known and/or it was a dereliction of duty not to know that the “down-guy” design was  
6 unreasonably dangerous and should not have been utilized by PG&E.

7 337. [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]

13 338. [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]

19 339. Defendant’s actions and/or unreasonable failures to act substantially contributed to  
20 the causes of the 2017 North Bay Fires and 2018 Camp Fire and the damages that ensued.

21 **6. Malnight**

22 340. Malnight served as Senior Vice President Regulatory Affairs 2014-2017; Senior  
23 Vice President, Energy Supply and Policy from 2018 to 2019; as Senior Vice President, Strategy  
24 and Policy for PG&E Corporation and Utility from 2017 to 2018; and as Senior Vice President.

25 341. At all times after Geisha Williams became CEO and President of PG&E with  
26 oversight responsibility of Electrical Operations, Enterprise Risk Management and managing the  
27 wildfire risk, Malnight was involved as her consultant for communications, asset strategy,  
28 compliance policy and relations with other utilities.

1           342. Malnight had no experience working for a utility before joining PG&E in 2014.  
2 After joining PG&E he focused on finance and revenue, especially learning “how PG&E makes  
3 money”. He was part of PG&E’s communications team working with PG&E’s leadership to  
4 deflect their internal violations of Pipeline Safety Standards after the San Bruno Pipeline  
5 explosion, and thereby became familiar with the seeds of PG&E’s cultural problems of placing  
6 profits over safety, techniques to delay safety projects to improve PG&E’s financial performance  
7 and poor record keeping practices. Despite promises to place a premium on safety made by  
8 Anthony Early and other Officers of PG&E in the aftermath of the San Bruno calamity, Malnight  
9 along with other Officers continued to employ the same techniques to manipulate earnings by  
10 delaying safety projects for electrical operations and cutting funding for electrical infrastructure  
11 upgrades for maintenance, repair or replacement of aged transmission towers and related  
12 equipment; and the failure to implement of power safety shut off systems and related infrastructure  
13 improvements such as: replacement of wooden poles with steel poles; increased weather  
14 monitoring stations; remote deactivation of re-closers; improved weather forecasting and  
15 communications systems; and burying lines underground in high fire danger areas. *See also* ¶¶  
16 211, 214, 229, 244.

17                   **a. North Bay Fires**

18           343. With respect to the North bay Fires, Malnight knew or should have known, that  
19 PG&E’s vegetation management program was substantially in arrears in assuring the identification  
20 and/or removal of trees posing a hazard to electrical distribution lines. Additionally, he knew or  
21 should have known that PG&E lacked adequate assurance through documentation of the age of its  
22 equipment, leaving those entrusted with maintenance and inspections to haphazardly guess at the  
23 age and coordination, thereby adopting maintenance, inspection and replacement programs that  
24 increased the risk of a catastrophic wildfire.

25           344. As a result of the Butte Fire in 2015, he knew or should have known that the quality  
26 assurance and quality control over vegetation inspections were deficient and being entrusted to  
27 individuals who were not qualified or trained adequately to identify trees that posed a hazard to  
28 PG&E’s assets, thereby exacerbating the probability of a catastrophic wildfire.

1           345. Rather than assist in the development of asset strategy designed to increase budgets  
2 for vegetation management and recommend an independent audit of PG&E's mitigation measures  
3 for combating wildfire risk, Malnight ignored the problem to safeguard dividends for shareholders.

4           346. Despite his role in communications with other utilities facing similar wildfire risks  
5 Malnight ignored development of a de-energization program and related improvements to weather  
6 forecasting and high wind forecasting, which had been successfully utilized by SDG&E to manage  
7 wildfire risk during high fire danger conditions. This mitigation measure was mandatory given  
8 the deficiencies in PG&E's vegetation management program.

9           347. While entrusted with asset strategy and policy, he sanctioned approval of a  
10 maintenance program which adopted Run to failure policy concerning the transmission line  
11 connectors. He knew or should have known that PG&E did not have specific construction  
12 documents, but should have known they needed to be replaced due to risk of failure. PG&E was  
13 aware that the connectors, including C Hooks, were subject to wear and failure. He had available  
14 to him actual reports identifying the wear that would occur on the C Hooks on the transmission  
15 towers, particularly in areas subject to high winds. He knew or should have known that if a  
16 transmission line failed it posed a significant risk of wildfire. PG&E failed to have a program  
17 which inspected the transmission lines in a way which would actually identify the defects, as a  
18 result of wear, in the connectors, including C Hooks. Further, PG&E without any reasonable basis  
19 for its position, believed that the transmission lines would only fail during a winter rain storm. He  
20 knew or should have known that at least as of 2013, PG&E's infrastructure was aging and needed  
21 to be repaired, removed or replaced, yet he failed to take and steps to recommend and accomplish  
22 this and instead approved the borrowing of money to pay dividends, while failing to protect the  
23 public from the risk posed by wildfire.

24           348. Despite knowledge that other utilities like SDG&E had acted to harden their  
25 systems, Malnight failed to prepare and implement a budget that would actually address PG&E's  
26 need to properly inspect and harden their electrical system, specifically including the transmission  
27 towers and their connectors; insulating distribution lines in high fire danger areas, replacing  
28 wooden poles with steel poles, adding more weather monitoring stations, burying lines

1 underground and improving communications with the public when facing high fire danger  
2 conditions.

3 349. The foregoing mitigation measures to combat the risk of wildfires were well known  
4 to Malnight by at least 2015 since he knew:

- 5 1) There were an unprecedented number of dead trees near electric infrastructure and the  
6 challenges posed to tree removal work;
- 7 2) He was present during Audit Committee presentations to discuss PG&E violations of  
8 CPUC regulations regarding electrical operations;
- 9 3) SDGE and SCE had adopted power safety shut off systems, and he attended board  
10 presentations of PG&E about PG&E's need to move forward with this last resort  
11 mitigation measure;
- 12 4) The State Legislature was frustrated by PG&E's failure to have implemented a power  
13 safety shut off system/de-energization policy in advance of the 2017 North Bay Fires  
14 and threatened to force PG&E to establish a de-energization policy through legislative  
15 action.
- 16 5) Executive Compensation bonuses for Geisha Williams doubled while other executive  
17 compensation increased in the immediate aftermath of the 2017 North Bay Fires;
- 18 6) No independent audit of the efficiency of PG&E's wildfire mitigation measures were  
19 ever performed to express weakness.
- 20 7) PG&E was inadequately insured for the wildfire risk under the circumstances;
- 21 8) He knew that for decades PG&E had been fined and sued for failing to inspect and  
22 maintain its own lines, causing fires that killed dozens and burned hundreds of  
23 thousands of acres and thousands of structures.

24 350. As a consequence of all the above factors, Malnight failed to exercise his duty to  
25 have implemented a de-energization program in advance of the 2017 North Bay Fires as required  
26 by CPUC Regulation 451.

27 351. In light of the background knowledge and familiarity with the wildfire risks  
28 presented, Malnight breached his fiduciary duty in failing to urge development of systems to

1 redesign, reprogram or implement technology for remote de-activation of reclosers during high  
2 fire danger conditions. Nor did Malnight urge development of policies or practices for de-  
3 activation of reclosures in high fire danger conditions, despite industry knowledge for 30 years  
4 that reclosers can start fires and that other utilities implemented policies to de-activate reclosers  
5 during fire season.

6 352. Malnight was aware that significant bonuses were paid to Geisha Williams and at  
7 least six other corporate officers even after the calamity of the North Bay Fires, with the knowledge  
8 that such monies should have been spent to address wildfire risk mitigation measures. Based on  
9 public documents, \$100 million budgeted for burying lines underground was unspent and directed  
10 for executive bonuses. Also, \$4.5 Billion was paid to shareholders as dividends. These  
11 expenditures were unconscionable given the serious deficiencies in wildfire risk management.

12 **b. Camp Fire**

13 353. With respect to the 2018 Camp Fire, and given Malnight's role as a consultant to  
14 Geisha Williams, and knowledge of information regarding the aged infrastructure of the Caribou-  
15 Palermo line, cuts to the frequency of inspections, lack of accurate records of the age of C Hooks,  
16 and adoption of a run to failure policy toward this asset, he breached his fiduciary duty to PG&E  
17 and increased the risk of a catastrophic wildfire due to delays in replacing the equipment which  
18 was identified as the cause of the 2018 Camp Fire. Malnight developed talking points and various  
19 public messaging for PG&E stating that "safety was their highest priority".

20 354. Malnight knew or should have known that between 2014 to 2017 PG&E electrical  
21 equipment started 500 fires. He knew or should have known that the transmission towers and  
22 equipment that caused the Camp Fire were more than 25 years overdue for replacement  
23 using PG&E's own standards. He was aware that from 2008-2017 PG&E adopted policies and  
24 procedures to resist CPUC rules and regulations designed to reduce the risk of wildland fires.

25 355. Malnight knew or should have known of prior equipment failures, including C  
26 Hook failure, and knew or should have known of reports detailing C Hook wear in areas subject  
27 to wind. Despite knowing that its system was beyond its useful life, PG&E was relying on a risk  
28 management system which routinely risked the lives of people in rural areas and which made

1 decisions to defer maintenance on projects that had been flagged for repair.

2 356. [REDACTED]

8 357. [REDACTED]

14 358. Defendant's actions and/or unreasonable failures to act substantially contributed to  
15 the causes of the 2017 North Bay Fires and 2018 Camp Fire and the damages that ensued.

16 **7. Williams**

17 359. Williams, as of the time she became the CEO and President of PG&E Corporation,  
18 stated that she was an officer of PG&E Corporation and responsible to, "[O]verse the entire utility  
19 operation. Vegetation management being a function of the utility, it's included generally in the  
20 work that I oversee." As an example, Williams admits that it was her job to oversee Vegetation  
21 Management, but she admits that she did not know how the quality assurance program worked,  
22 did not know if it was properly applied, did not know if the people in charge of the program knew  
23 how to apply the various statistical formulas, and did not know if the program was actually  
24 effective. Williams took no effective steps to determine whether or not PG&E wildfire mitigation  
25 measures were actually being performed and took no steps to ensure that they were being done  
26 properly. Instead, he relied on people whom he supervised, but he failed to determine whether or  
27 not they were capable of and/or properly performing. Williams did not know and took no steps to  
28 learn whether or not the employees of PG&E sub-contractors were properly and appropriately

1 trained, and/or trained and certified as required by PG&E's contracts with those subcontractors.  
2 Williams approved PG&E's risk management program, as it related to wildfire, without knowing  
3 whether nor not PG&E's mitigation measures, specifically including inspections, quality control,  
4 quality control, and/or tree trimming were effective.

5 360. Williams was involved in Session D presentations and specifically was involved in  
6 risk management decisions as it related to wildfire, the mitigation and controls of the wildfire risk  
7 and risk management relating to Electric Operations. She was responsible for Electric Operations  
8 for a period of at least 6 years before the North Bay Fires and she claimed to be focused on  
9 enhancing the safety and reliability of PG&E's system. According to Williams when she became  
10 Executive Vice President of Electric Operations her focus and charge from the board was public  
11 safety. *See also* ¶¶ 200-201, 206, 208-212, 214, 216, 220-223, 226, 228-229, 243, 245-250.

12 **a. North Bay Fires**

13 361. With respect to the North Bay Fires:

- 14 1) Williams knew or should have known that PG&E's vegetation management program  
15 accepted that one tree, out of one hundred, along its lines would not be in compliance,  
16 a standard that violated the Public Resources Code.
- 17 2) Williams knew or should have known that PG&E had trees along its lines, which posed  
18 a specific risk of falling into the lines, which were not being accounted for and which  
19 posed a significant risk of wildfire.
- 20 3) Williams knew or should have known of numerous failings within PG&E's vegetation  
21 management program following the Butte Fire, [REDACTED]  
22 [REDACTED]  
23 [REDACTED]
- 24 4) Williams oversaw a program that rewarded Third Party Contractors and their  
25 employees for not identifying for work and/or working on trees along PG&E's  
26 distribution lines.
- 27 5) Williams knew or should have known that PG&E's contractors were significantly  
28 behind in performing inspections and/or tree trimming in the areas of the North Bay



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- Fires.
- 6) Williams knew or should have known that PG&E vegetation management program was known not to be effective if wind speeds exceeded 39 miles per hour.
  - 7) Williams knew or should have known that wires down posed a significant risk of wildfire, and that PG&E distribution lines and poles were aging and in need of repair and/or replacement. Williams knew or should have known that PG&E’s annual business enterprise risk assessments identified wires down as a significant risk, yet she failed to direct sufficient resources to the problem and instead chose to pay dividends to shareholders and bonuses to executives, including herself.
  - 8) Williams knew or should have known the vast majority of PG&E’s reclosers were manual and could not be operated remotely. PG&E was having a significant issue with wires down and knew that reclosers would be problematic in high fire areas. Williams endorsed a program where only a small number of reclosers were capable of being turned off and/or were turned off in high fire conditions.
  - 9) Williams knew or should have known that PG&E’s Quality Control Program was being run by people who did not know or understand what they were doing, did not understand their own statistical formula, who failed to extrapolate the number of FPT Trees discovered and who failed to take steps to ensure that deficiencies were corrected.
  - 10) Williams was inexperienced and unfamiliar with issues relating to wildfire and failed to take steps to gain sufficient knowledge so she could oversee the vegetation management program and wildfire prevention. Instead, she simply failed to determine whether in fact PG&E’s identified highest risk to enterprise operations was being properly mitigated. She chose to rely on Patrick Hogan to have a particular expertise and training with regard to wildfire, when in fact Patrick Hogan had no such experience or expertise.
  - 11) Williams believed that PG&E Quality Assurance audits used statistically significant samples and that when those audits showed non-compliance trees and/or hazard trees (FPT) those numbers could be extrapolated to identify the condition of the area being

1 sampled. Despite this knowledge Williams did not ask that the extrapolation be done  
2 and did not ask that any action be taken to immediately identify the non-compliant  
3 and/or hazard trees which the sample told them should exist.

4 12) Williams knew or should have known that PG&E was conducting investigations  
5 relating to various contractors and determining whether or not those contractors were  
6 intentionally and/or negligently falsifying inspection and/or tree trimming records.

7 13) Williams knew or should have known that PG&E was accepting 17 tree related outages  
8 for every 1000 miles of distribution line and was further accepting that PG&E's  
9 equipment would cause a "small number" of fires each year. In 2015 that number was  
10 in excess of 400 fires. This "risk" to the public was accepted by PG&E. Williams made  
11 the decision to accept these fires, rather than spend the money to reduce fires, at the  
12 same time they were borrowing money to paid dividends to shareholders and paying  
13 executive bonuses. In addition, Williams failed to ensure that mitigation and  
14 controlling measures, which she claimed she was relying on to mitigate the wildfire  
15 risk were actually in place, being properly performed and effective.

16 362. Despite routinely citing drought and claimant change as factors which increase the  
17 chance of catastrophic wildfire, despite knowledge of items 1 through 13 above, and despite  
18 knowledge that other utilities had actually adopted power supply shut off and a method of  
19 protecting the public from the danger posed by wildfire, Williams failed and refused to oversee  
20 the adoption of a reasonable power supply shut off program. In addition, Plaintiff is informed and  
21 believes that under Williams's leadership, PG&E conducted an analysis of the cost of shutting off  
22 power and then inspecting all of the lines, before turning the power back on, and chose profit over  
23 safety when PG&E management, including Williams, chose to institute a power shutoff program  
24 until after the 2017 fires. As recently as January of 2018, Williams stated that the company was  
25 now "open" to the idea but did not have plans to implement a power shutoff.

26 363. Williams did not take reasonable steps to educate herself on the risks of wildfire  
27 after coming to PG&E and despite learning that wildfire was the number one enterprise risk to  
28 PG&E's business, she failed to determine whether or not "mitigation" and "control" measures

1 were in fact effective and/or being followed at PG&E. For example she did not confirm that the  
2 people hired by Third Party Contractors possessed the minimum qualifications and/or  
3 certifications required by the contract. She did not confirm that the QA and/or QC programs were  
4 effective. She did not determine whether or not controls, for example the Hazard Tree Rating  
5 System, were actually being used by contractors. She did not determine whether or not VM was  
6 being timely and/or correctly performed. She did not determine if the VM clearance was being  
7 correctly maintained in compliance with the PRC and CPUC regulations. She did not determine  
8 if “hazard trees” (FPT), were being timely and appropriately mitigated. She knew or should have  
9 known that PG&E’s infrastructure, specifically including the transmission and distribution lines  
10 were aging and in need of replacement and/or repair. As such she did not identify the specific  
11 risks to the public which would result from the failure to implement a de-energization program.

12 364. Despite representing that it had replaced a significant number of manual reclosers  
13 with remote reclosers the truth was that as of the 2017 fire season PG&E had very few remote  
14 controlled reclosers and instead had manual reclosers which could only be modified on site. Prior  
15 to the 2017 fire season Williams was aware that when there was a fault the recloser would attempt  
16 to reclose the circuit and could start a fire. Williams knew or should have known that reclosers  
17 posed a serious risk of wildland fire. Prior to 2017 Williams did not direct that the reclosers be  
18 reset in high fire areas, but after the 2017 fires Hogan told that press words to the effect that from  
19 now on PG&E would reprogram its remote-controlled reclosers during times of high fire risk, so  
20 that the devices would not close the circuit. Older reclosers that need to be adjusted by hand will  
21 be switched off for the entire fire season, if they lie in areas particularly prone to flames. In  
22 addition, Plaintiff is informed and believes that under Williams’s supervision PG&E did not  
23 inspect all of its distribution lines in 2013 or 2014 for the purpose of saving money. Plaintiff is  
24 informed and believes that PG&E represented that the money would be used to purchase remote  
25 reclosers, but despite not completing the inspections, PG&E did not purchase and install a  
26 significant number of remotely controlled reclosers. In addition, Plaintiff is informed and believes  
27 that before the October 2017 wildfires, PG&E, under Williams’s supervision, opted to shut down  
28 just 38 of its reclosers as part of a pilot project limited to the worst wildfire-prone areas that

1 included just three in the hardest hit fire areas of Napa and Sonoma. However, in December of  
2 that same year, PG&E disabled 4,000 reclosers across its service territory.

3 **b. Camp Fire**

4 365. As it relates to the Camp Fire, Williams oversaw the utilities approval of a  
5 maintenance program which adopted a run to failure policy concerning the transmission line  
6 connectors. Williams knew or should have known that PG&E did not have specific construction  
7 documents, but believed the subject lines were more than 100 years old and beyond their expected  
8 work life. PG&E was aware that the connectors, including C hooks, were subject to wear and  
9 failure. Williams had available to her actual reports identifying the wear that would occur on the  
10 C Hooks on the transmission towers, particularly in area subject to high winds. Williams knew or  
11 should have known that if a transmission line failed it posed a significant risk of wildfire. PG&E  
12 failed to have a program which inspected the transmission lines in a way which would actually  
13 identify the defects, as a result of wear, in the connectors, including C hooks. Further, PG&E  
14 without any reasonable basis for its position, believed that the transmission lines would only fail  
15 during a rainstorm. Williams has stated that it was her job to oversee the operations of the utility  
16 and she knew, at least as of 2013, that PG&E infrastructure was aging and needed to be repaired,  
17 removed or replaced, yet she failed to take steps necessary to accomplish this and instead approved  
18 the borrowing of money to pay dividends, while failing to protect the public from the risk posed  
19 by wildfire. In addition, she oversaw PG&E's risk management activities, including the RCC.

20 366. Despite routinely citing drought and claimant change as factors which increase the  
21 chance of catastrophic wildfire, despite common knowledge within PG&E that the transmission  
22 towers were subject to failure and that in fact PG&E had adopted a maintenance program of run  
23 to failure and an inspection program which would not discover connection defects, and despite  
24 knowledge that others had acted to harden their systems, Williams failed to prepare and implement  
25 a budget that would actually address PG&E's need to properly inspect and harden the system,  
26 specifically including the transmission towers and their connectors.

27 367. A project to replace and repair a section of the Caribou Palermo Line was scheduled  
28 to be performed and budgeted, but then not performed in order to save money. Plaintiff is informed

1 and believes that the decision not to perform that work as well as other budget work, was approved  
2 by PG&E management, including Williams, who has described herself as overseeing all activities  
3 of the utility. The project was deferred as part of the EO RIBA efforts of PG&E and that deferral  
4 was approved by management, including Williams.

5 368. Plaintiff is informed and believes that under Williams’s direction and leadership  
6 Williams oversaw and approved a program which prioritized and delayed work which had been  
7 approved and budgeted, without regard to the actual risk posed by the delay. Instead of actually  
8 spending the money to replace, repair and maintain its infrastructure, PG&E sought a “risk based  
9 asset management strategy” to reduce asset failure. This system combined with a run to failure  
10 policy resulted in a failure to maintain, repair and/or replace the equipment in a reasonable manner.  
11 For example, the program delayed a project on the Caribou Palermo line, despite knowledge that  
12 there was a high likelihood that structures (the towers and lines) would fail, by assuming there was  
13 no danger because it was (1) in a remote area and (2) failure was likely to occur in a rainstorm.  
14 These were obviously false narratives because a wildfire starting in a remote high fire danger area  
15 is likely to cause a catastrophic event (witness the Camp Fire) and the specific area was known to  
16 be subject to high winds, with or without rain. The reason for delaying the project was to save  
17 money. Williams was or should have been aware that PG&E’s infrastructure was aging and in  
18 need of repair, replacement and/or maintenance. Under her direction Transmission Operations  
19 lacked the controls to ensure that (1) inspection and correction work was accurate and complete,  
20 (2) quality control processes were consistently performed in line with accepted standards, and (3)  
21 pre and post job safety checks were performed, and maintenance plans were updated. However,  
22 rather than spending the money necessary to address these issues, under Williams’s direction  
23 PG&E continued to focus on ROI and profits.

24 369. During her tenure, Williams was aware of, and ignored or failed to properly respond  
25 to the following red flags:

- 26 1) PG&E’s vegetation management program accepted that one tree, out of one hundred,  
27 along its lines would not be in compliance, a standard that violated the Public  
28 Resources Code.

- 1 2) PG&E was accepting 17 tree related outages for every 1,000 miles of distribution line.
- 2 3) PG&E was accepting a “small number of fires” caused by its lines. That number
- 3 included more than 400 fires in 2015.
- 4 4) PG&E had trees along its lines, which posed a specific risk of falling into the lines,
- 5 which were not being accounted for and which posed a significant risk of wildfire.
- 6 5) There were numerous known failings within PG&E’s vegetation management
- 7 program following the Butte Fire, yet PG&E made no specific changes to its
- 8 vegetation program management program following the Butte Fire.
- 9 6) PG&E had a program which rewarded Third Party Contractors and their employees
- 10 for not identifying for work and/or working on trees along PG&E’s distribution lines.
- 11 7) PG&E’s contractors were significantly behind in performing inspections and/or tree
- 12 trimming in the areas of the North Bay Fires.
- 13 8) PG&E vegetation management program was known not to be effective if wind speeds
- 14 exceeded 39 miles per hour.
- 15 9) Wires down posed a significant risk of wildfire and that PG&E distribution lines and
- 16 poles were aging and in need of repair and/or replacement. PG&E’s annual business
- 17 enterprise risk assessments identified wires down as a significant risk, yet PG&E
- 18 failed to direct sufficient resources to the problem and instead chose to pay dividends
- 19 to shareholders and bonuses to executives, including Williams.
- 20 10) The vast majority of PG&E’s reclosers were manual and could not be operated
- 21 remotely. PG&E was having a significant issue with wires down and knew that
- 22 reclosers would be problematic in high fire areas.
- 23 11) Williams knew or should have known that PG&E’s Quality Control Program was
- 24 being run by people who did not know or understand what they were doing, did not
- 25 understand their own statistical formula, who failed to extrapolate the number of FPT
- 26 Trees discovered and who failed to take steps to ensure that deficiencies were
- 27 corrected.
- 28 12) Williams knew or should have known of the facts and circumstances leading to the

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Trauner Fire;

13) Williams knew or should have known of the facts and circumstances leading to the Butte Fire;

14) Third Party Contractors were told they could hire employees who did not meet the minimum standards to work as inspectors.

15) PG&E Session D reports identify risks which were not properly mitigated, specifically including wires down.

16) PG&E’s distribution lines were aging and in need of repair, replacement and/or maintenance and PG&E did not budget sufficient funds to keep up with the need to repair, replace and maintain is lines.

370. As a member of the industry, and an Officer of PG&E, Williams knew or should have known and/or it was a dereliction of duty not to know that the “down-guy” design was unreasonably dangerous and should not have been utilized by PG&E.

371. [REDACTED]

372. [REDACTED]

373. Defendant’s actions and/or unreasonable failures to act substantially contributed to the causes of the 2017 North Bay Fires and 2018 Camp Fire and the damages that ensued.

1           **C.     Each Director Defendant Breached Their Fiduciary Duties**

2           374.    The Director Defendants failed to act in the best interest of the Company by failing  
3 to act in the face of a known duty to prevent wildfires; including the unexcused patterns of  
4 inattention for failing to properly oversee vegetation management, manage wires down risks, and  
5 oversee the maintenance and replacement of aging and failing equipment. Moreover, the Directors  
6 breached their fiduciary duties by acting in bad faith and by failing to conduct a reasonable inquiry  
7 into the risks presented to them, and failing to consider and or implement available remedies. As  
8 explained herein, the Directors acted in bad faith by recklessly disregarding enterprise risks, safety,  
9 and maintenance for years, and that separate, unexcused patterns of inattention, ultimately caused  
10 (1) the 2017 North Bay Fires and (2) the 2018 Camp Fire, which resulted in such massive losses  
11 that PG&E was forced to go bankrupt.

12           **1.     Chew**

13           375.    As alleged above, Chew served as director of PG&E Corporation and the Utility  
14 from September 2009 to April 2019. Chew served as a member of PG&E Corporation's and  
15 Utility's Executive Committees from 2014 to April 2019, PG&E Corporation's and Utility's Audit  
16 Committees from 2011 to April 2019 (serving as the Chair from May 2017 to April 2019), and  
17 PG&E Corporation's Compliance and Public Policy Committee from 2011 to April 2019 (serving  
18 as the Chair from 2013 to May 2017).

19           **a.     North Bay Fires**

20           376.    Chew attended the Board and/or Committee meetings on December 17, 2014,  
21 February 2, 2016, April 19, 2016, February 15, 2017, and May 30-31, 2017, as referenced in  
22 paragraphs 214, 221, 222, 228, and 229, and is included in the allegations in paragraphs 197-205,  
23 all of which are incorporated herein. As a result, Chew knew or recklessly disregarded that PG&E  
24 was exposed to risks related to its vegetation management, wires down occurrences, and overhead  
25 conductor maintenance. Chew knew or had a reckless disregard of the fact that vegetation  
26 management was a top cause of wires down. Chew knew or had a reckless disregard of the fact  
27 that the increasing drought conditions were causing an extreme enterprise risk. Chew knew or had  
28 a reckless disregard of the fact that the Utility's vegetation management system was not capable



1 of preventing catastrophic wildfires. Chew knew or had a reckless disregard of the fact that CPUC  
2 had approved San Diego Gas & Electric to implement a PSPS program in Southern California in  
3 2012. Chew engaged in an unexcused pattern of inattention and/or acted in reckless disregard by  
4 failing to inquire and/or implement a PSPS program given all the red flags of which he was made  
5 aware in his role as a member of the Boards of Directors.

6 **b. Camp Fire**

7 377. Chew attended the Board and/or Committee meetings on December 17, 2014,  
8 October 26, 2015, and May 31, 2017, as referenced above in paragraphs 237, and 239-242, and is  
9 included in the allegations in paragraphs 241-242 and 251-252, all of which are incorporated  
10 herein. As a result, Chew was aware of the RIBA program and how it was used to defer  
11 maintenance, including on PG&E's aging equipment, which was likely to fail, and the risks posed  
12 thereby. Chew engaged in an unexcused pattern of inattention and/or acted in reckless disregard  
13 by failing to inquire and/or implement an adequate maintenance and replacement program given  
14 all the red flags of which he was made aware in his role as a member of the Boards of Directors.

15 378. Defendant Chew, acting individually as herein above specified, and/or in  
16 combination with specified acts and/or omissions of the other named Defendants set forth herein,  
17 breached his fiduciary duties to PGE Corporation and/or Utility, which acts and/or omissions  
18 individually and/or combination with the acts of the other named Defendants herein, were a  
19 substantial factor in creating or increasing the serious catastrophic wildfire risks identified in this  
20 Complaint, and failing to monitor and address such risks, including but not limited to: (a) a  
21 vegetation management program that failed to identify the serious backlog of trees posing a hazard  
22 to its electrical equipment; (b) the failure to implement a power safety shutoff/de-energizing  
23 program during times of extreme fire danger as early as 2010; (c) the failure to strictly enforce  
24 policies and procedures designed to carefully inspect and/or repair equipment on its long range  
25 transmission lines that were over 75 years old, and audit their effectiveness; (d) the failure to  
26 implement a proactive system to replace equipment on its long range transmission lines to avoid  
27 material failure due to wear, material fatigue, corrosion or other failure modes associated with use.  
28 Defendant Chew's conduct was a substantial factor in causing the harm, losses and/or damages

1 suffered by PG&E from the North Bay and Camp Fires.

2 **2. Fowler**

3 379. Fowler served as a director of PG&E Corporation and Utility from March 2012 to  
4 July 2020. Fowler served as a member of PG&E Corporation's Finance Committee from 2015 to  
5 July 2020. Fowler served as a member of PG&E Corporation's Nuclear, Operations, and Safety  
6 Committee, later renamed the Safety and Nuclear Oversight Committee, from March 2012 to July  
7 2020, and Utility's Safety and Nuclear Oversight Committee from September 2017 to July 2020.

8 **a. North Bay Fires**

9 380. Fowler attended the Board and/or Committee meetings on February 19, 2013,  
10 February 18, 2014, September 16, 2014, December 16-17, 2014, February 17, 2015, May 4, 2015,  
11 September 15, 2015, December 15, 2015, December 16, 2015, February 2, 2016, April 19, 2016,  
12 February 14, 2017, May 30-31, 2017, and September 19, 2017, as referenced in paragraphs 206,  
13 208-214, 216, 220-223, and 229-231, and is included in the allegations in paragraphs 197-205, all  
14 of which are incorporated herein. As a result, Fowler knew or recklessly disregarded that PG&E  
15 was exposed to risks related to its vegetation management, wires down occurrences, and overhead  
16 conductor maintenance. Fowler knew or had a reckless disregard of the fact that vegetation  
17 management was a top cause of wires down. Fowler knew or had a reckless disregard of the fact  
18 that the increasing drought conditions were causing an extreme enterprise risk. Fowler knew or  
19 had a reckless disregard of the fact that the Utility's vegetation management system was not  
20 capable of preventing catastrophic wildfires. Fowler knew or had a reckless disregard of the fact  
21 that CPUC had approved San Diego Gas & Electric to implement a PSPS program in Southern  
22 California in 2012. Fowler engaged in an unexcused pattern of inattention and/or acted in reckless  
23 disregard by failing to inquire and/or implement a PSPS program given all the red flags of which  
24 he was made aware in his role as a member of the Boards of Directors.

25 **b. Camp Fire**

26 381. Fowler attended the Board and/or Committee meetings on December 17, 2014,  
27 February 17, 2015, October 26, 2015, and May 31, 2017, as referenced above in paragraphs 245-  
28 250 above, and is included in the allegations in paragraphs 241-242 and 251-252, all of which are

1 incorporated herein. As a result, Fowler was aware of the RIBA program and how it was used to  
2 defer maintenance, including on PG&E's aging equipment, which was likely to fail, and the risks  
3 posed thereby. Fowler engaged in an unexcused pattern of inattention and/or acted in reckless  
4 disregard by failing to inquire and/or implement an adequate maintenance and replacement  
5 program given all the red flags of which he was made aware in his role as a member of the Boards  
6 of Directors.

7 382. Defendant Fowler, acting individually as herein above specified, and/or in  
8 combination with specified acts and/or omissions of the other named Defendants set forth herein,  
9 breached his fiduciary duties to PGE Corporation and/or Utility, which acts and/or omissions  
10 individually and/or combination with the acts of the other named Defendants herein, were a  
11 substantial factor in creating or increasing the serious catastrophic wildfire risks identified in this  
12 Complaint, and failing to monitor and address such risks, including but not limited to: (a) a  
13 vegetation management program that failed to identify the serious backlog of trees posing a hazard  
14 to its electrical equipment; (b) the failure to implement a power safety shutoff/de-energizing  
15 program during times of extreme fire danger as early as 2010; (c) the failure to strictly enforce  
16 policies and procedures designed to carefully inspect and/or repair equipment on its long range  
17 transmission lines that were over 75 years old, and audit their effectiveness; (d) the failure to  
18 implement a proactive system to replace equipment on its long range transmission lines to avoid  
19 material failure due to wear, material fatigue, corrosion or other failure modes associated with use.  
20 Defendant Fowler's conduct was a substantial factor in causing the harm, losses and/or damages  
21 suffered by PG&E from the North Bay and Camp Fires.

22 **3. Herringer**

23 383. Herringer served as director of PG&E Corporation and Utility from October 2005  
24 to May 30, 2017. Herringer served as the Chair of PG&E Corporation's Nominating and  
25 Governance Committee and a member of PG&E Corporation's and Utility's Executive  
26 Committees and Audit Committees from 2010 to May 2017.

27 **a. North Bay Fires**

28 384. Herringer attended the Board and/or Committee meetings on December 17, 2014,

1 May 4, 2015, December 16, 2015, February 2, 2016, April 19, 2016, February 14, 2017, February  
2 15, 2017, and May 30-31, 2017, as referenced above in paragraphs 211, 213, 220-223, and 228-  
3 229, and is included in the allegations in paragraphs 197-205, all of which are incorporated herein.  
4 As a result, Herringer knew or recklessly disregarded that PG&E was exposed to risks related to  
5 its vegetation management, wires down occurrences, and overhead conductor maintenance.  
6 Herringer knew or had a reckless disregard of the fact that vegetation management was a top cause  
7 of wires down. Herringer knew or had a reckless disregard of the fact that the increasing drought  
8 conditions were causing an extreme enterprise risk. Herringer knew or had a reckless disregard of  
9 the fact that the Utility's vegetation management system was not capable of preventing  
10 catastrophic wildfires. Herringer knew or had a reckless disregard of the fact that CPUC had  
11 approved San Diego Gas & Electric to implement a PSPS program in Southern California in 2012.  
12 Herringer engaged in an unexcused pattern of inattention and/or acted in reckless disregard by  
13 failing to inquire and/or implement a PSPS program given all the red flags of which she was made  
14 aware in her role as a member of the Boards of Directors.

15 **b. Camp Fire**

16 385. Herringer attended the Boards and/or Committee meetings on December 17, 2014,  
17 and October 26, 2015, as referenced in paragraphs 245, and 247-249 above, and is included in the  
18 allegations in paragraphs 241-242 and 251-252, all of which are incorporated herein. Herringer  
19 was therefore aware of the RIBA program and how it was used to defer maintenance, including on  
20 PG&E's aging equipment, which was likely to fail, and the risks posed thereby. Herringer engaged  
21 in an unexcused pattern of inattention and/or acted in reckless disregard by failing to inquire and/or  
22 implement an adequate maintenance and replacement program given all the red flags of which she  
23 was made aware in her role as a member of the Boards of Directors.

24 386. Defendant Herringer acting individually as herein above specified, and/or in  
25 combination with specified acts and/or omissions of the other named Defendants set forth herein,  
26 breached her fiduciary duties to PGE Corporation and/or Utility, which acts and/or omissions  
27 individually and/or combination with the acts of the other named Defendants herein, were a  
28 substantial factor in creating or increasing the serious catastrophic wildfire risks identified in this

1 Complaint, and failing to monitor and address such risks, including but not limited to: (a) a  
2 vegetation management program that failed to identify the serious backlog of trees posing a hazard  
3 to its electrical equipment; (b) the failure to implement a power safety shutoff/de-energizing  
4 program during times of extreme fire danger as early as 2010; (c) the failure to strictly enforce  
5 policies and procedures designed to carefully inspect and/or repair equipment on its long range  
6 transmission lines that were over 75 years old, and audit their effectiveness; (d) the failure to  
7 implement a proactive system to replace equipment on its long range transmission lines to avoid  
8 material failure due to wear, material fatigue, corrosion or other failure modes associated with use.  
9 Defendant Herringer's conduct was a substantial factor in causing the harm, losses and/or damages  
10 suffered by PG&E from the North Bay and Camp Fires.

11 **4. Kelly**

12 387. Kelly served as a director of PG&E Corporation and Utility from June 2013 to April  
13 2019 and as Chair of PG&E Corporation's Board from December 2017 to April 2019, responsible  
14 for leading the Board's independent oversight of management. Kelly served as a member of PG&E  
15 Corporation's Nominating and Governance Committee from 2015 to April 2019 (Chair from May  
16 2017 to April 2019), PG&E Corporation's Compensation Committee from 2017 to April 2019,  
17 PG&E Corporation's and Utility's Audit Committees from 2013 to April 2019, PG&E  
18 Corporation's and Utility's Executive Committees from March 2017 to April 2019 (Chair of  
19 PG&E Corporation's Executive Committee from March 2017 to April 2019), PG&E Corporation's  
20 Nuclear, Operations, and Safety Committee, later renamed the Safety and Nuclear Oversight  
21 Committee, from 2013 to April 2017.

22 **a. North Bay Fires**

23 388. Kelly attended the Board and/or Committee meetings on attended the Board and/or  
24 Committee meetings on February 18, 2014, September 16, 2014, December 16 and December 17,  
25 2014, February 17, 2015, May 4, 2015, September 15, 2015, December 15 and December 16,  
26 2015, February 2, 2016, April 19, 2016, February 14 and February 15, 2017, and May 30-31, 2017,  
27 as referenced in paragraphs 208-214, 216, 220-223, and 228-229, and is included in the allegations  
28 in paragraphs 197-205, all of which are incorporated herein. As a result, Kelly knew or recklessly

1 disregarded that PG&E was exposed to risks related to its vegetation management, wires down  
2 occurrences, and overhead conductor maintenance. Kelly knew or had a reckless disregard of the  
3 fact that vegetation management was a top cause of wires down. Kelly knew or had a reckless  
4 disregard of the fact that the increasing drought conditions were causing an extreme enterprise  
5 risk. Kelly knew or had a reckless disregard of the fact that the Utility's vegetation management  
6 system was not capable of preventing catastrophic wildfires. Kelly knew or had a reckless  
7 disregard of the fact that CPUC had approved San Diego Gas & Electric to implement a PSPS  
8 program in Southern California in 2012. Kelly engaged in an unexcused pattern of inattention  
9 and/or acted in reckless disregard by failing to inquire and/or implement a PSPS program given  
10 all the red flags of which he was made aware in his role as a member of the Boards of Directors.

11 **b. Camp Fire**

12 389. Kelly attended the Board and/or Committee meetings on December 17, 2014,  
13 February 17, 2015, October 26, 2015, and May 31, 2017, as referenced above in paragraphs 245-  
14 250, and is included in the allegations in paragraphs 241-242 and 251-252, all of which are  
15 incorporated herein. Kelly was therefore aware of the RIBA program and how it was used to defer  
16 maintenance, including on PG&E's aging equipment, which was likely to fail, and the risks posed  
17 thereby. Kelly engaged in an unexcused pattern of inattention and/or acted in reckless disregard  
18 by failing to inquire and/or implement an adequate maintenance and replacement program given  
19 all the red flags of which he was made aware in his role as a member of the Boards of Directors.

20 390. Defendant Kelly, acting individually as herein above specified, and/or in  
21 combination with specified acts and/or omissions of the other named Defendants set forth herein,  
22 breached his fiduciary duties to PGE Corporation and/or Utility, which acts and/or omissions  
23 individually and/or combination with the acts of the other named Defendants herein, were a  
24 substantial factor in creating or increasing the serious catastrophic wildfire risks identified in this  
25 Complaint, and failing to monitor and address such risks, including but not limited to: (a) a  
26 vegetation management program that failed to identify the serious backlog of trees posing a hazard  
27 to its electrical equipment; (b) the failure to implement a power safety shutoff/de-energizing  
28 program during times of extreme fire danger as early as 2010; (c) the failure to strictly enforce

1 policies and procedures designed to carefully inspect and/or repair equipment on its long range  
2 transmission lines that were over 75 years old, and audit their effectiveness; (d) the failure to  
3 implement a proactive system to replace equipment on its long range transmission lines to avoid  
4 material failure due to wear, material fatigue, corrosion or other failure modes associated with use.  
5 Defendant Kelly's conduct was a substantial factor in causing the harm, losses and/or damages  
6 suffered by PG&E from the North Bay and Camp Fires.

7 **5. Kimmel**

8 391. Kimmel served as a director of PG&E Corporation and Utility from January 2009  
9 to January 2019. Kimmel served as a member of PG&E Corporation's Compliance & Public  
10 Policy Committee from 2010 to January 2019 (Chair from May 2017 to January 2019), Finance  
11 Committee from 2011 to January 2019, Nominating and Governance Committee from 2013 to  
12 January 2019. Kimmel also served on PG&E Corporation's and Utility's Executive Committees  
13 from May 2017 to January 2019.

14 **a. North Bay Fires**

15 392. Kimmel attended the Board and/or Committee meetings on December 17, 2014,  
16 May 4, 2015, December 16, 2015, February 2, 2016, April 19, 2016, May 30-31, 2017, and  
17 September 19, 2017, as referenced above in paragraphs 211, 213, 220-222, 229, and 231, and is  
18 included in the allegations in paragraphs 197-205, all of which are incorporated herein. As a result,  
19 Kimmel knew or recklessly disregarded that PG&E was exposed to risks related to its vegetation  
20 management, wires down occurrences, and overhead conductor maintenance. Kimmel knew or  
21 had a reckless disregard of the fact that vegetation management was a top cause of wires down.  
22 Kimmel knew or had a reckless disregard of the fact that the increasing drought conditions were  
23 causing an extreme enterprise risk. Kimmel knew or had a reckless disregard of the fact that the  
24 Utility's vegetation management system was not capable of preventing catastrophic wildfires.  
25 Kimmel knew or had a reckless disregard of the fact that CPUC had approved San Diego Gas &  
26 Electric to implement a PSPS program in Southern California in 2012. Kimmel engaged in an  
27 unexcused pattern of inattention and/or acted in reckless disregard by failing to inquire and/or  
28 implement a PSPS program given all the red flags of which he was made aware in his role as a

1 member of the Boards of Directors.

2 **b. Camp Fire**

3 393. Kimmel attended the Board and/or Committee meetings on December 16 and  
4 December 17, 2014, October 26, 2015, and May 31, 2017, as referenced above in paragraphs 244-  
5 245, and 247-250, and is included in the allegations in paragraphs 241-242 and 251-252, all of  
6 which are incorporated herein. Kimmel was therefore aware of the RIBA program and how it was  
7 used to defer maintenance, including on PG&E's aging equipment, which was likely to fail, and  
8 the risks posed thereby. Kimmel engaged in an unexcused pattern of inattention and/or acted in  
9 reckless disregard by failing to inquire and/or implement an adequate maintenance and  
10 replacement program given all the red flags of which he was made aware in his role as a member  
11 of the Boards of Directors.

12 394. Defendant Kimmel, acting individually as herein above specified, and/or in  
13 combination with specified acts and/or omissions of the other named Defendants set forth herein,  
14 breached his fiduciary duties to PGE Corporation and/or Utility, which acts and/or omissions  
15 individually and/or combination with the acts of the other named Defendants herein, were a  
16 substantial factor in creating or increasing the serious catastrophic wildfire risks identified in this  
17 Complaint, and failing to monitor and address such risks, including but not limited to: (a) a  
18 vegetation management program that failed to identify the serious backlog of trees posing a hazard  
19 to its electrical equipment; (b) the failure to implement a power safety shutoff/de-energizing  
20 program during times of extreme fire danger as early as 2010; (c) the failure to strictly enforce  
21 policies and procedures designed to carefully inspect and/or repair equipment on its long range  
22 transmission lines that were over 75 years old, and audit their effectiveness; (d) the failure to  
23 implement a proactive system to replace equipment on its long range transmission lines to avoid  
24 material failure due to wear, material fatigue, corrosion or other failure modes associated with use.  
25 Defendant Kimmel's conduct was a substantial factor in causing the harm, losses and/or damages  
26 suffered by PG&E from the North Bay and Camp Fires.

27 **6. Meserve**

28 395. Meserve served as a director of PG&E Corporation and Utility from December



1 2006 to April 2019. Meserve served as a member of PG&E Corporation's Nominating and  
2 Governance Committee from 2010 to April 2019, PG&E Corporation's Compliance and Public  
3 Policy Committee from 2010 to April 2019, and PG&E Corporation's and Utility's Executive  
4 Committees from 2012 to April 2019. Meserve also served as Chair of PG&E's Nuclear,  
5 Operations, and Safety Committee, later renamed the Safety and Nuclear Oversight Committee,  
6 from 2012 to April 2019, and as Chair of Utility's Safety and Nuclear Oversight Committee from  
7 September 2017 to April 2019.

8 **a. North Bay Fires**

9 396. Meserve attended the Board and/or Committee meetings on February 19, 2013,  
10 February 18, 2014, September 16, 2014, December 16 and December 17, 2014, February 17, 2015,  
11 May 4, 2015, September 15, 2015, December 15 and December 16, 2015, February 2, 2016, April  
12 19, 2016, February 14, 2017, May 30-31, 2017, and September 19, 2017, as referenced above in  
13 paragraphs 206, 208-214, 216, 220-223, and 229-230, and is included in the allegations in  
14 paragraphs 197-205, all of which are incorporated herein. As a result, Meserve knew or recklessly  
15 disregarded that PG&E was exposed to risks related to its vegetation management, wires down  
16 occurrences, and overhead conductor maintenance. Meserve knew or had a reckless disregard of  
17 the fact that vegetation management was a top cause of wires down. Meserve knew or had a  
18 reckless disregard of the fact that the increasing drought conditions were causing an extreme  
19 enterprise risk. Meserve knew or had a reckless disregard of the fact that the Utility's vegetation  
20 management system was not capable of preventing catastrophic wildfires. Meserve knew or had  
21 a reckless disregard of the fact that CPUC had approved San Diego Gas & Electric to implement  
22 a PSPS program in Southern California in 2012. Meserve engaged in an unexcused pattern of  
23 inattention and/or acted in reckless disregard by failing to inquire and/or implement a PSPS  
24 program given all the red flags of which he was made aware in his role as a member of the Boards  
25 of Directors.

26 **b. Camp Fire**

27 397. Meserve attended the Board and/or Committee meetings on December 17, 2014,  
28 February 17, 2015, October 26, 2015, and May 31, 2017, as referenced above in paragraphs 245-

1 248, and 250, and is included in the allegations in paragraphs 241-242 and 251-252, all of which  
2 are incorporated herein. Meserve was therefore aware of the RIBA program and how it was used  
3 to defer maintenance, including on PG&E's aging equipment, which was likely to fail, and the  
4 risks posed thereby. Meserve engaged in an unexcused pattern of inattention and/or acted in  
5 reckless disregard by failing to inquire and/or implement an adequate maintenance and  
6 replacement program given all the red flags of which he was made aware in his role as a member  
7 of the Boards of Directors.

8 398. Defendant Meserve, acting individually as herein above specified, and/or in  
9 combination with specified acts and/or omissions of the other named Defendants set forth herein,  
10 breached his fiduciary duties to PGE Corporation and/or Utility, which acts and/or omissions  
11 individually and/or combination with the acts of the other named Defendants herein, were a  
12 substantial factor in creating or increasing the serious catastrophic wildfire risks identified in this  
13 Complaint, and failing to monitor and address such risks, including but not limited to: (a) a  
14 vegetation management program that failed to identify the serious backlog of trees posing a hazard  
15 to its electrical equipment; (b) the failure to implement a power safety shutoff/de-energizing  
16 program during times of extreme fire danger as early as 2010; (c) the failure to strictly enforce  
17 policies and procedures designed to carefully inspect and/or repair equipment on its long range  
18 transmission lines that were over 75 years old, and audit their effectiveness; (d) the failure to  
19 implement a proactive system to replace equipment on its long range transmission lines to avoid  
20 material failure due to wear, material fatigue, corrosion or other failure modes associated with use.  
21 Defendant Meserve's conduct was a substantial factor in causing the harm, losses and/or damages  
22 suffered by PG&E from the North Bay and Camp Fires.

23 **7. Miller**

24 399. Miller served as a director of PG&E Corporation and Utility from February 2009  
25 to April 2019. Miller served on PG&E Corporation's and Utility's Audit Committees from 2010  
26 to April 2019 (Chair from May 2014 to May 2017) and Executive Committees from 2015 to April  
27 2019 (Chair of Utility's Executive Committee from 2018 to April 2019). Miller served on PG&E  
28 Corporation's Compensation Committee from 2010 to April 2019 (Chair from April 2018 to April

1 2019). Miller served as the lead director of PG&E Corporation and Chair of the Board of the  
2 Utility from May 2017 to April 2019.

3 **a. North Bay Fires**

4 400. Miller attended the Board and/or Committee meetings on February 19 and February  
5 20, 2013, December 17, 2014, May 4, 2015, December 15 and December 16, 2015, February 2,  
6 2016, April 19, 2016, February 14 and February 15, 2017, and May 30-31, 2017 as referenced  
7 above in paragraphs 206-207, 211, 213, 216, 220-223, and 228-229, and is included in the  
8 allegations in paragraphs 197-205, all of which are incorporated herein. As a result, Miller knew  
9 or recklessly disregarded that PG&E was exposed to risks related to its vegetation management,  
10 wires down occurrences, and overhead conductor maintenance. Miller knew or had a reckless  
11 disregard of the fact that vegetation management was a top cause of wires down. Miller knew or  
12 had a reckless disregard of the fact that the increasing drought conditions were causing an extreme  
13 enterprise risk. Miller knew or had a reckless disregard of the fact that the Utility's vegetation  
14 management system was not capable of preventing catastrophic wildfires. Miller knew or had a  
15 reckless disregard of the fact that CPUC had approved San Diego Gas & Electric to implement a  
16 PSPS program in Southern California in 2012. Miller engaged in an unexcused pattern of  
17 inattention and/or acted in reckless disregard by failing to inquire and/or implement a PSPS  
18 program given all the red flags of which he was made aware in his role as a member of the Boards  
19 of Directors.

20 **b. Camp Fire**

21 401. Miller attended the Board and/or Committee meeting on December 17, 2014,  
22 October 26, 2015, and May 31, 2017 as referenced above in paragraph 245, 247, and 249-250, and  
23 is included in the allegations in paragraphs 241-242 and 251-252, all of which are incorporated  
24 herein. Miller was therefore aware of the RIBA program and how it was used to defer  
25 maintenance, including on PG&E's aging equipment, which was likely to fail, and the risks posed  
26 thereby. Miller engaged in an unexcused pattern of inattention and/or acted in reckless disregard  
27 by failing to inquire and/or implement an adequate maintenance and replacement program given  
28 all the red flags of which he was made aware in his role as a member of the Boards of Directors.

1           402. Defendant Miller, acting individually as herein above specified, and/or in  
2 combination with specified acts and/or omissions of the other named Defendants set forth herein,  
3 breached his fiduciary duties to PGE Corporation and/or Utility, which acts and/or omissions  
4 individually and/or combination with the acts of the other named Defendants herein, were a  
5 substantial factor in creating or increasing the serious catastrophic wildfire risks identified in this  
6 Complaint, and failing to monitor and address such risks, including but not limited to: (a) a  
7 vegetation management program that failed to identify the serious backlog of trees posing a hazard  
8 to its electrical equipment; (b) the failure to implement a power safety shutoff/de-energizing  
9 program during times of extreme fire danger as early as 2010; (c) the failure to strictly enforce  
10 policies and procedures designed to carefully inspect and/or repair equipment on its long range  
11 transmission lines that were over 75 years old, and audit their effectiveness; (d) the failure to  
12 implement a proactive system to replace equipment on its long range transmission lines to avoid  
13 material failure due to wear, material fatigue, corrosion or other failure modes associated with use.  
14 Defendant Miller's conduct was a substantial factor in causing the harm, losses and/or damages  
15 suffered by PG&E from the North Bay and Camp Fires.

16           **8. Mullins**

17           403. Mullins served as a director of PG&E Corporation and Utility from September 2016  
18 to July 2020. Mullins served as a member of PG&E Corporation's and Utility's Audit Committees  
19 from September 2016 to July 2020, and a member of PG&E Corporation's and Utility's Safety  
20 and Nuclear Oversight Committees from May 2017 to July 2020.

21           **a. North Bay Fires**

22           404. Mullins attended the Board and/or Committee meetings on May 31, 2017 and  
23 September 19, 2017 as referenced above in paragraphs 221 and 222, and is included in the  
24 allegations in paragraphs 197-205, all of which are incorporated herein. As a result, Mullins knew  
25 or recklessly disregarded that PG&E was exposed to risks related to its vegetation management,  
26 wires down occurrences, and overhead conductor maintenance. Mullins knew or had a reckless  
27 disregard of the fact that vegetation management was a top cause of wires down. Mullins knew  
28 or had a reckless disregard of the fact that the increasing drought conditions were causing an

1 extreme enterprise risk. Mullins knew or had a reckless disregard of the fact that the Utility's  
2 vegetation management system was not capable of preventing catastrophic wildfires. Mullins  
3 knew or had a reckless disregard of the fact that CPUC had approved San Diego Gas & Electric to  
4 implement a PSPS program in Southern California in 2012. Mullins engaged in an unexcused  
5 pattern of inattention and/or acted in reckless disregard by failing to inquire and/or implement a  
6 PSPS program given all the red flags of which he was made aware in his role as a member of the  
7 Boards of Directors

8 **b. Camp Fire**

9 405. Mullins attended the Board and/or Committee meeting on May 31, 2017, as  
10 referenced above in paragraphs 250, and is included in the allegations in paragraphs 241-242 and  
11 251-252, all of which are incorporated herein. Mullins was therefore aware of the RIBA program  
12 and how it was used to defer maintenance, including on PG&E's aging equipment, which was  
13 likely to fail, and the risks posed thereby. Mullins engaged in an unexcused pattern of inattention  
14 and/or acted in reckless disregard by failing to inquire and/or implement an adequate maintenance  
15 and replacement program given all the red flags of which he was made aware in his role as a  
16 member of the Boards of Directors.

17 406. Defendant Mullins, acting individually as herein above specified, and/or in  
18 combination with specified acts and/or omissions of the other named Defendants set forth herein,  
19 breached his fiduciary duties to PGE Corporation and/or Utility, which acts and/or omissions  
20 individually and/or combination with the acts of the other named Defendants herein, were a  
21 substantial factor in creating or increasing the serious catastrophic wildfire risks identified in this  
22 Complaint, and failing to monitor and address such risks, including but not limited to: (a) a  
23 vegetation management program that failed to identify the serious backlog of trees posing a hazard  
24 to its electrical equipment; (b) the failure to implement a power safety shutoff/de-energizing  
25 program during times of extreme fire danger as early as 2010; (c) the failure to strictly enforce  
26 policies and procedures designed to carefully inspect and/or repair equipment on its long range  
27 transmission lines that were over 75 years old, and audit their effectiveness; (d) the failure to  
28 implement a proactive system to replace equipment on its long range transmission lines to avoid

1 material failure due to wear, material fatigue, corrosion or other failure modes associated with use.  
2 Defendant Mullins' conduct was a substantial factor in causing the harm, losses and/or damages  
3 suffered by PG&E from the North Bay and Camp Fires.

4 **9. Parra**

5 407. Parra served as a director of PG&E Corporation and Utility from September 2009  
6 to April 2019. Parra served as a member of PG&E Corporation's Finance Committee from  
7 September 2009 to May 2016, Nominating and Governance Committee from September 2009 to  
8 April 2019, Compensation Committee from May 2016 to April 2019. Parra also served as a  
9 member of PG&E's Nuclear, Operations, and Safety Committee, later renamed the Safety and  
10 Nuclear Oversight Committee, from December 2014 to April 2019, and a member of Utility's  
11 Safety and Nuclear Oversight Committee from September 2017 to April 2019.

12 **a. North Bay Fires**

13 408. Parra attended the Board and/or Committee meetings on February 18, 2014,  
14 September 16, 2014, December 16, 2014, December 17, 2014, February 17, 2015, May 4, 2015,  
15 September 15, 2015, December 15 and December 16, 2015, February 2, 2016, April 19, 2016,  
16 February 14, 2017, May 30-31, 2017, and September 19, 2017, as referenced above in paragraphs  
17 208-214, 216, 220-223, and 229-230, and is included in the allegations in paragraphs 197-205, all  
18 of which are incorporated herein. As a result, Parra knew or recklessly disregarded that PG&E was  
19 exposed to risks related to its vegetation management, wires down occurrences, and overhead  
20 conductor maintenance. Parra knew or had a reckless disregard of the fact that vegetation  
21 management was a top cause of wires down. Parra knew or had a reckless disregard of the fact that  
22 the increasing drought conditions were causing an extreme enterprise risk. Parra knew or had a  
23 reckless disregard of the fact that the Utility's vegetation management system was not capable of  
24 preventing catastrophic wildfires. Parra knew or had a reckless disregard of the fact that CPUC  
25 had approved San Diego Gas & Electric to implement a PSPS program in Southern California in  
26 2012. Parra engaged in an unexcused pattern of inattention and/or acted in reckless disregard by  
27 failing to inquire and/or implement a PSPS program given all the red flags of which he was made  
28 aware in his role as a member of the Boards of Directors

1                   **b.     Camp Fire**

2           409. Parra attended the Board and/or Committee meetings on December 16 and  
3 December 17, 2014, February 17, 2015, October 26, 2015, and May 31, 2017 as referenced above  
4 in paragraphs 244-247 and 250, and is included in the allegations in paragraphs 241-242 and 251-  
5 252, all of which are also incorporated herein. Parra was therefore aware of the RIBA program  
6 and how it was used to defer maintenance, including on PG&E's aging equipment, which was  
7 likely to fail, and the risks posed thereby. Parra engaged in an unexcused pattern of inattention  
8 and/or acted in reckless disregard by failing to inquire and/or implement an adequate maintenance  
9 and replacement program given all the red flags of which he was made aware in his role as a  
10 member of the Boards of Directors.

11           410. Defendant Parra, acting individually as herein above specified, and/or in  
12 combination with specified acts and/or omissions of the other named Defendants set forth herein,  
13 breached her fiduciary duties to PGE Corporation and/or Utility, which acts and/or omissions  
14 individually and/or combination with the acts of the other named Defendants herein, were a  
15 substantial factor in creating or increasing the serious catastrophic wildfire risks identified in this  
16 Complaint, and failing to monitor and address such risks, including but not limited to: (a) a  
17 vegetation management program that failed to identify the serious backlog of trees posing a hazard  
18 to its electrical equipment; (b) the failure to implement a power safety shutoff/de-energizing  
19 program during times of extreme fire danger as early as 2010; (c) the failure to strictly enforce  
20 policies and procedures designed to carefully inspect and/or repair equipment on its long range  
21 transmission lines that were over 75 years old, and audit their effectiveness; (d) the failure to  
22 implement a proactive system to replace equipment on its long range transmission lines to avoid  
23 material failure due to wear, material fatigue, corrosion or other failure modes associated with use.  
24 Defendant Parra's conduct was a substantial factor in causing the harm, losses and/or damages  
25 suffered by PG&E from the North Bay and Camp Fires.

26                   **10.     Rambo**

27           411. Rambo served as a director of PG&E Corporation and Utility from January 2005 to  
28 April 2019. Rambo served as a member of PG&E Corporation's and Utility's Executive

1 Committees from 2010 to April 2019. Rambo also served as a member of PG&E Corporation's  
2 Compensation Committee and Nominating and Governance Committee, and the Chair of PG&E's  
3 Finance Committee, from 2010 to April 2019.

4 **a. North Bay Fires**

5 412. Rambo attended the Board and/or Committee meetings on February 20, 2013,  
6 December 17, 2014, May 4, 2015, December 16, 2015, February 2, 2016, April 19, 2016, May 30-  
7 31, 2017, and September 19, 2017, as referenced above in paragraphs 207, 211, 213, 220-222, 229,  
8 and 231, and is included in the allegations in paragraphs 197-205, all of which are incorporated  
9 herein. As a result, Rambo knew or recklessly disregarded that PG&E was exposed to risks related  
10 to its vegetation management, wires down occurrences, and overhead conductor maintenance.  
11 Rambo knew or had a reckless disregard of the fact that vegetation management was a top cause  
12 of wires down. Rambo knew or had a reckless disregard of the fact that the increasing drought  
13 conditions were causing an extreme enterprise risk. Rambo knew or had a reckless disregard of  
14 the fact that the Utility's vegetation management system was not capable of preventing  
15 catastrophic wildfires. Rambo knew or had a reckless disregard of the fact that CPUC had  
16 approved San Diego Gas & Electric to implement a PSPS program in Southern California in 2012.  
17 Rambo engaged in an unexcused pattern of inattention and/or acted in reckless disregard by failing  
18 to inquire and/or implement a PSPS program given all the red flags of which she was made aware  
19 in her role as a member of the Boards of Directors.

20 **b. Camp Fire**

21 413. Rambo attended the Board and/or Committee meetings on December 16 and 17,  
22 2014 as referenced above in paragraphs 244-245, and is included in the allegations in paragraphs  
23 241-242 and 251-252, and incorporated herein. Rambo was therefore aware of the RIBA program  
24 and how it was used to defer maintenance, including on PG&E's aging equipment, which was  
25 likely to fail, and the risks posed thereby. Rambo engaged in an unexcused pattern of inattention  
26 and/or acted in reckless disregard by failing to inquire and/or implement an adequate maintenance  
27 and replacement program given all the red flags of which she was made aware in her role as a  
28 member of the Boards of Directors.



1           414. Defendant Rambo, acting individually as herein above specified, and/or in  
2 combination with specified acts and/or omissions of the other named Defendants set forth herein,  
3 breached her fiduciary duties to PGE Corporation and/or Utility, which acts and/or omissions  
4 individually and/or combination with the acts of the other named Defendants herein, were a  
5 substantial factor in creating or increasing the serious catastrophic wildfire risks identified in this  
6 Complaint, and failing to monitor and address such risks, including but not limited to: (a) a  
7 vegetation management program that failed to identify the serious backlog of trees posing a hazard  
8 to its electrical equipment; (b) the failure to implement a power safety shutoff/de-energizing  
9 program during times of extreme fire danger as early as 2010; (c) the failure to strictly enforce  
10 policies and procedures designed to carefully inspect and/or repair equipment on its long range  
11 transmission lines that were over 75 years old, and audit their effectiveness; (d) the failure to  
12 implement a proactive system to replace equipment on its long range transmission lines to avoid  
13 material failure due to wear, material fatigue, corrosion or other failure modes associated with use.  
14 Defendant Rambo's conduct was a substantial factor in causing the harm, losses and/or damages  
15 suffered by PG&E from the North Bay and Camp Fires.

16           **11. Smith**

17           415. Smith served as a director of PG&E Corporation and Utility from February 2015 to  
18 April 2019. Smith served as a member of PG&E Corporation's Compliance and Public Policy  
19 Committee from February 2015 to April 2019, Finance Committee from May 2017 to April 2019,  
20 and Nuclear, Operations and Safety Committee, later renamed the Safety and Nuclear Oversight  
21 Committee, from February 2015 to April 2019. Smith also served as a member of Utility's Safety  
22 and Oversight Committee from September 2017 to April 2019.

23           **a. North Bay Fires**

24           416. Smith attended the Board and/or Committee meetings on May 14, 2015, September  
25 15, 2015, December 15 and 16, 2015, February 2, 2016, April 19, 2016, February 14, 2017, May  
26 30-31, 2017, and September 19, 2017, as referenced above in paragraphs 213-214, 216, 220-223,  
27 and 229-231, and is included in the allegations in paragraphs 197-205, all of which are  
28 incorporated herein. As a result, Smith knew or recklessly disregarded that PG&E was exposed

1 to risks related to its vegetation management, wires down occurrences, and overhead conductor  
2 maintenance. Smith knew or had a reckless disregard of the fact that vegetation management was  
3 a top cause of wires down. Smith knew or had a reckless disregard of the fact that the increasing  
4 drought conditions were causing an extreme enterprise risk. Smith knew or had a reckless  
5 disregard of the fact that the Utility's vegetation management system was not capable of  
6 preventing catastrophic wildfires. Smith knew that CPUC had approved San Diego Gas & Electric  
7 to implement a PSPS program in Southern California in 2012. Smith engaged in an unexcused  
8 pattern of inattention and/or acted in reckless disregard by failing to inquire and/or implement a  
9 PSPS program at PG&E given all the red flags of which she was made aware in her role as a  
10 member of the Boards of Directors.

11 **b. Camp Fire**

12 417. Smith attended the Board and/or Committee meetings on May 31, 2017, as  
13 referenced above in paragraph 250, and is included in the allegations in paragraphs 241-242 and  
14 251-252, all of which are incorporated herein. Smith was therefore aware of the RIBA program  
15 and how it was used to defer maintenance, including on PG&E's aging equipment, which was  
16 likely to fail, and the risks posed thereby. Smith engaged in an unexcused pattern of inattention  
17 and/or acted in reckless disregard by failing to inquire and/or implement an adequate maintenance  
18 and replacement program given all the red flags of which she was made aware in her role as a  
19 member of the Boards of Directors.

20 418. Defendant Smith, acting individually as herein above specified, and/or in  
21 combination with specified acts and/or omissions of the other named Defendants set forth herein,  
22 breached her fiduciary duties to PGE Corporation and/or Utility, which acts and/or omissions  
23 individually and/or combination with the acts of the other named Defendants herein, were a  
24 substantial factor in creating or increasing the serious catastrophic wildfire risks identified in this  
25 Complaint, and failing to monitor and address such risks, including but not limited to: (a) a  
26 vegetation management program that failed to identify the serious backlog of trees posing a hazard  
27 to its electrical equipment; (b) the failure to implement a power safety shutoff/de-energizing  
28 program during times of extreme fire danger as early as 2010; (c) the failure to strictly enforce

1 policies and procedures designed to carefully inspect and/or repair equipment on its long range  
2 transmission lines that were over 75 years old, and audit their effectiveness; (d) the failure to  
3 implement a proactive system to replace equipment on its long range transmission lines to avoid  
4 material failure due to wear, material fatigue, corrosion or other failure modes associated with use.  
5 Defendant Smith's conduct was a substantial factor in causing the harm, losses and/or damages  
6 suffered by PG&E from the North Bay and Camp Fires.

7 **12. B.L. Williams**

8 419. B.L. Williams served as a director of Utility from 1990 to May 2017, and Chair of  
9 Utility's Board from May 2014 to May 2017. B.L. Williams served as a director of PG&E  
10 Corporation from 1996 to May 2017, and its lead director from May 2014 to May 2017. B.L.  
11 Williams served as a member of PG&E Corporation's and Utility's Executive Committees from  
12 2010 to May 2017, and a member of their Audit Committees from 2010 to April 2017 (Chair from  
13 2010 to May 2014). B.L. Williams served as a member of PG&E Corporation's Finance  
14 Committee from 2010 to May 2017, and Chair of its Compensation Committee from May 2014 to  
15 May 2017.

16 **a. North Bay Fires**

17 420. B.L. Williams attended the Board and/or Committee meetings on February 20,  
18 2013, December 17, 2014, May 4, 2015, February 2, 2016, April 19, 2016, and May 30-31, 2017,  
19 and as referenced above in paragraphs 207, 211, 213, 221-222 and 229, and is included in the  
20 allegations in paragraphs 197-205, all of which are incorporated herein. As a result, B.L. Williams  
21 knew or recklessly disregarded that PG&E was exposed to risks related to its vegetation  
22 management, wires down occurrences, and overhead conductor maintenance. B.L. Williams knew  
23 or had a reckless disregard of the fact that vegetation management was a top cause of wires down.  
24 B.L. Williams knew or had a reckless disregard of the fact that the increasing drought conditions  
25 were causing an extreme enterprise risk. B.L. Williams knew or had a reckless disregard of the  
26 fact that the Utility's vegetation management system was not capable of preventing catastrophic  
27 wildfires. B.L. Williams knew or had a reckless disregard of the fact that CPUC had approved  
28 San Diego Gas & Electric to implement a PSPS program in Southern California in 2012. B.L.

1 Williams engaged in an unexcused pattern of inattention and/or acted in reckless disregard by  
2 failing to inquire and/or implement a PSPS program given all the red flags of which he was made  
3 aware in his role as a member of the Boards of Directors

4 **b. Camp Fire**

5 421. B.L. Williams attended the Board and/or Committee meeting on December 16 and  
6 17, 2014 and October 26, 2015, as referenced above in paragraphs 244-245, 247, and 249, and is  
7 included in the allegations in paragraphs 241-242, and 251-252, all of which are incorporated  
8 herein. B.L. Williams was therefore aware of the RIBA program and how it was used to defer  
9 maintenance, including on PG&E's aging equipment, which was likely to fail, and the risks posed  
10 thereby. B.L. Williams engaged in an unexcused pattern of inattention and/or acted in reckless  
11 disregard by failing to inquire and/or implement an adequate maintenance and replacement  
12 program given all the red flags of which he was made aware in his role as a member of the Boards  
13 of Directors.

14 422. Defendant B.L. Williams, acting individually as herein above specified, and/or in  
15 combination with specified acts and/or omissions of the other named Defendants set forth herein,  
16 breached his fiduciary duties to PGE Corporation and/or Utility, which acts and/or omissions  
17 individually and/or combination with the acts of the other named Defendants herein, were a  
18 substantial factor in creating or increasing the serious catastrophic wildfire risks identified in this  
19 Complaint, and failing to monitor and address such risks, including but not limited to: (a) a  
20 vegetation management program that failed to identify the serious backlog of trees posing a hazard  
21 to its electrical equipment; (b) the failure to implement a power safety shutoff/de-energizing  
22 program during times of extreme fire danger as early as 2010; (c) the failure to strictly enforce  
23 policies and procedures designed to carefully inspect and/or repair equipment on its long range  
24 transmission lines that were over 75 years old, and audit their effectiveness; (d) the failure to  
25 implement a proactive system to replace equipment on its long range transmission lines to avoid  
26 material failure due to wear, material fatigue, corrosion or other failure modes associated with use.  
27 Defendant B.L. Williams' conduct was a substantial factor in causing the harm, losses and/or  
28 damages suffered by PG&E from the North Bay and Camp Fires.

1 **VIII. CAUSES OF ACTION**

2 **First Cause of Action: Breach of Fiduciary Duty – 2017 North Bay Fires**

3 **(Against All Defendants)**

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

6 193. Defendants, as PG&E's directors and officers, owed fiduciary duties to PG&E, and  
7 were required to use their abilities to control and manage PG&E and the Utility in a reasonable  
8 manner and to ensure that the Company complied with applicable laws and standards. For those  
9 Defendants who were officers and directors of PG&E Corporation, their compensation was  
10 directly tied to the financial performance of the Utility. Such Defendants also owed a fiduciary  
11 duty to PG&E Corporation to ensure that the Utility was prudently operated and managed since  
12 the financial performance and operations of the Utility were the sole or primary source of PG&E  
13 Corporation's revenues and expenses.

14 194. Under California law, Defendants, as officers and directors of the Utility, owed  
15 fiduciary duties to both the Utility and its shareholders. During the relevant time period, PG&E  
16 Corporation was the sole shareholder of Utility. Thus, Defendants who were officers and directors  
17 of the Utility owed fiduciary duties to both Utility and PG&E Corporation.

18 195. As alleged in the Complaint, due to their acts and omissions related to the 2017  
19 North Bay Fires, Defendants breached their fiduciary duties to PG&E and to Utility.

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

26 197. Defendants' conduct was a substantial factor in the harm suffered by PG&E. By  
27 reason of the foregoing, PG&E has sustained and will continue to sustain damages and injuries  
28 including from claims for compensation by victims of the 2017 North Bay Fires, along with fees,

1 expenses, and injuries to PG&E's reputation from the 2017 North Bay Fires, for which it has no  
2 adequate remedy at law.

3 **Second Cause of Action: Breach of Fiduciary Duty – 2018 Camp Fire**

4 **(Against All Defendants)**

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

7 199. Defendants, as PG&E's directors and officers, owed fiduciary duties to PG&E, and  
8 were required to use their abilities to control and manage PG&E and Utility in a reasonable manner  
9 and to ensure that the Company complied with applicable laws and standards. For those  
10 Defendants who were officers and directors of PG&E Corporation, their compensation was  
11 directly tied to the financial performance of the Utility. Such Defendants also owed a fiduciary  
12 duty to PG&E Corporation to ensure that the Utility was prudently operated and managed since  
13 the financial performance and operations of the Utility were the sole or primary source of PG&E  
14 Corporation's revenues and expenses.

15 200. Under California law, Defendants, as officers and directors of the Utility, owed  
16 fiduciary duties to both the Utility and its shareholders. During the relevant time period, PG&E  
17 Corporation was the sole shareholder of Utility. Thus, Defendants who were officers and directors  
18 of the Utility owed fiduciary duties to both Utility and PG&E Corporation.

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

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

27 194. Defendants' conduct was a substantial factor in the harm suffered by PG&E. By  
28 reason of the foregoing, PG&E has sustained and will continue to sustain damages and injuries

1 including from claims for compensation by victims of the 2018 Camp Fire, along with fees,  
2 expenses, and injuries to PG&E's reputation from the 2018 Camp Fire, for which it has no adequate  
3 remedy at law.

4 **IX. PRAYER FOR RELIEF**

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

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

12 Dated: November 18, 2021

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