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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

_____, Individually and On Behalf
of All Others Similarly Situated,

Plaintiff,

v.

WILLIAM D. JOHNSON, JOHN R. SIMON,
GEISHA WILLIAMS, and JASON P.
WELLS,

Defendants.

)
) Case No.
)
)
) CLASS ACTION
) COMPLAINT FOR VIOLATIONS OF THE
) FEDERAL SECURITIES LAWS
)
) DEMAND FOR JURY TRIAL
)
)

1 Plaintiff _____ (“Plaintiff”), individually and on behalf of all other persons
2 similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against
3 Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s
4 own acts, and information and belief as to all other matters, based upon, *inter alia*, the
5 investigation conducted by and through Plaintiff’s attorneys, which included, among other
6 things, a review of the Defendants’ public documents, conference calls and announcements made
7 by Defendants, United States Securities and Exchange Commission (“SEC”) filings, wire and
8 press releases published by and regarding PG&E Corporation (“PG&E” or the “Company”),
9 analysts’ reports and advisories about the Company, and information readily obtainable on the
10 Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set
11 forth herein after a reasonable opportunity for discovery.
12

13 NATURE OF THE ACTION

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15 1. This is a federal securities class action on behalf of a class consisting of all
16 persons other than Defendants who purchased or otherwise acquired PG&E securities between
17 December 11, 2018, and October 11, 2019, both dates inclusive (the “Class Period”), seeking to
18 recover damages caused by Defendants’ violations of the federal securities laws and to pursue
19 remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange
20 Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of its top
21 officials.
22

23 2. PG&E Corporation was incorporated in 1905 and is based in San Francisco,
24 California. The Company, through its subsidiary, Pacific Gas and Electric Company (“Pacific
25 Gas”), engages in the sale and delivery of electricity and natural gas to residential, commercial,
26 industrial, and agricultural customers in northern and central California of the United States.
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1 3. PG&E's electricity distribution network consists of approximately 107,000 circuit
2 miles of distribution lines, fifty transmission switching substations, and 769 distribution
3 substations. The Company's electricity transmission network comprises approximately 18,000
4 circuit miles of interconnected transmission lines and eighty-four electric transmission
5 substations. The Company's natural gas system consists of approximately 43,100 miles of
6 distribution pipelines, approximately 6,400 miles of backbone and local transmission pipelines,
7 and various storage facilities. Additionally, the Company also owns and operates nuclear,
8 hydroelectric, fossil fuel-fired, and solar electricity generation facilities.

10 4. On January 29, 2019, PG&E filed a voluntary petition for reorganization under
11 Chapter 11 in the U.S. Bankruptcy Court for the Northern District of California. The Chapter 11
12 petition followed in the wake of multiple high-profile lawsuits against PG&E related to widely
13 publicized and catastrophic wildfire incidents that occurred in California in 2015, 2017, and
14 2018. The incidents were faulted to PG&E, whose alleged misconduct apparently caused the
15 Company's equipment to ignite the wildfires. PG&E is facing \$30 billion in liabilities in
16 connection with the wildfires.

18 5. Following the wildfire incidents, PG&E began periodically initiating rolling
19 power outages across its customers' facilities and service areas. The blackouts were intended to
20 reduce the risk of future wildfire events and scheduled for times when dangerous weather
21 conditions exacerbated chances of further wildfires occurring.

23 6. Throughout the Class Period, Defendants made materially false and misleading
24 statements regarding the Company's business, operational and compliance policies. Specifically,
25 Defendants made false and/or misleading statements and/or failed to disclose that: (i) PG&E's
26 purportedly enhanced wildfire prevention and safety protocols and procedures were inadequate
27 to meet the challenges for which they were ostensibly designed; (ii) as a result, PG&E was
28

1 unprepared for the rolling power cuts the Company implemented to minimize wildfire risk; and
2 (iii) as a result, the Company's public statements were materially false and misleading at all
3 relevant times.

4 7. On October 12, 2019, the *New York Times* published an article reporting on
5 PG&E's efforts to deal with the rolling power cuts it had implemented in California aimed at
6 minimizing wildfire risk. The article reported, among other issues, that "PG&E's
7 communications and computer systems faltered, and its website went down as customers tried to
8 find out whether they would be cut off or spared." According to the article, "[a]s the company
9 struggled to tell people what areas would be affected and when, chaos and confusion unspooled
10 outside. Roads and businesses went dark without warning, nursing homes and other critical
11 services scrambled to find backup power and even government agencies calling the company
12 were put on hold for hours."

13
14
15 8. On this news, PG&E's stock price fell \$0.35 per share, or 4.36%, to close at \$7.67
16 per share on October 14, 2019, the following trading day.

17 9. On October 23, 2019, it was reported that as a last resort to prevent additional
18 wildfires PG&E began shutting off power to 179,000 homes and businesses in 17 northern and
19 central California counties.

20 10. Following this news, PG&E's stock price fell \$1.00 per share, or 12.2%, to close
21 at \$7.20 on October 24, 2019.

22
23 11. As a result of Defendants' wrongful acts and omissions, and the precipitous
24 decline in the market value of the Company's securities, Plaintiff and other Class members have
25 suffered significant losses and damages.

1 **JURISDICTION AND VENUE**

2 12. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of
3 the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by
4 the SEC (17 C.F.R. § 240.10b-5).

5 13. This Court has jurisdiction over the subject matter of this action pursuant to 28
6 U.S.C. § 1331 and Section 27 of the Exchange Act.

7 14. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange
8 Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). PG&E is headquartered in this Judicial
9 District, Defendants conduct business in this Judicial District, and a significant portion of
10 Defendants' activities took place within this Judicial District.

11 15. In connection with the acts alleged in this complaint, Defendants, directly or
12 indirectly, used the means and instrumentalities of interstate commerce, including, but not
13 limited to, the mails, interstate telephone communications, and the facilities of the national
14 securities markets.
15

16 **PARTIES**

17 16. Plaintiff, as set forth in the attached Certification, acquired PG&E securities at
18 artificially inflated prices during the Class Period and was damaged upon the revelation of the
19 alleged corrective disclosures.
20

21 17. Defendant William "Bill" D. Johnson ("Johnson") has served as PG&E's Chief
22 Executive Officer ("CEO") and President since May 2, 2019.
23

24 18. Defendant John R. Simon ("Simon") was named as PG&E's Interim CEO on
25 January 13, 2019. Simon served in this role since January 13, 2019, following the resignation of
26 Defendant Geisha Williams ("Williams"), and while the Company was searching for a new
27 CEO. Simon stepped down from the role of Interim CEO following the Company's decision to
28

1 name Defendant Johnson as CEO. Simon currently serves as PG&E’s Executive Vice President,
2 Law, Strategy and Policy.

3 19. Defendant Williams served as PG&E’s CEO from before the start of the Class
4 Period until January 13, 2019, when she stepped down from her role as CEO and resigned from
5 the Boards of both PG&E and Pacific Gas.

6
7 20. Defendant Jason P. Wells (“Wells”) has served as PG&E’s Chief Financial
8 Officer at all relevant times.

9 21. Defendants Johnson, Simon, Williams, and Wells are sometimes referred to
10 herein as the “Individual Defendants.”

11 22. The Individual Defendants possessed the power and authority to control the
12 contents of PG&E’s SEC filings, press releases, and other market communications. The
13 Individual Defendants were provided with copies of PG&E’s SEC filings and press releases
14 alleged herein to be misleading prior to or shortly after their issuance and had the ability and
15 opportunity to prevent their issuance or to cause them to be corrected. Because of their positions
16 with PG&E, and their access to material information available to them but not to the public, the
17 Individual Defendants knew that the adverse facts specified herein had not been disclosed to and
18 were being concealed from the public, and that the positive representations being made were
19 then materially false and misleading. The Individual Defendants are liable for the false
20 statements and omissions pleaded herein.
21
22

23 **SUBSTANTIVE ALLEGATIONS**

24 **Background**

25 23. PG&E is a California-registered corporation with its principal executive offices
26 located at 77 Beale Street, P.O. Box 770000, San Francisco, California 94177. PG&E’s
27
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1 securities trade in an efficient market on the New York Stock Exchange (“NYSE”) under the
2 ticker symbol “PCG.”

3 24. PG&E Corporation was incorporated in 1905 and is based in San Francisco,
4 California. The Company, through its subsidiary, Pacific Gas, engages in the sale and delivery
5 of electricity and natural gas to residential, commercial, industrial, and agricultural customers in
6 northern and central California of the United States.

7
8 25. PG&E’s electricity distribution network consists of approximately 107,000 circuit
9 miles of distribution lines, fifty transmission switching substations, and 769 distribution
10 substations. The Company’s electricity transmission network comprises approximately 18,000
11 circuit miles of interconnected transmission lines and eighty-four electric transmission
12 substations. The Company’s natural gas system consists of approximately 43,100 miles of
13 distribution pipelines, approximately 6,400 miles of backbone and local transmission pipelines,
14 and various storage facilities. Additionally, the Company also owns and operates nuclear,
15 hydroelectric, fossil fuel-fired, and solar electricity generation facilities.

16
17 26. On January 29, 2019, PG&E filed a voluntary petition for reorganization under
18 Chapter 11 in the U.S. Bankruptcy Court for the Northern District of California. The Chapter 11
19 petition followed in the wake of multiple high-profile lawsuits against PG&E related to widely
20 publicized and catastrophic wildfire incidents that occurred in California in 2015, 2017, and
21 2018. The incidents were faulted to PG&E, whose alleged misconduct apparently caused the
22 Company’s equipment to ignite the wildfires. PG&E is facing \$30 billion in liabilities in
23 connection with the wildfires.

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25 27. Following the wildfire incidents, PG&E began periodically initiating rolling
26 power outages across its customers’ facilities and service areas. The blackouts were intended to
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1 reduce the risk of future wildfire events and scheduled for times when dangerous weather
2 conditions exacerbated chances of further wildfires occurring.

3 **Materially False and Misleading Statements Issued During the Class Period**

4 28. The Class Period begins on December 11, 2018. On December 10, 2018, during
5 after-market hours, PG&E issued a press release announcing its enhanced wildfire prevention
6 and safety efforts (the “December 10, 2018 Press Release”). The December 10, 2018 Press
7 Release touted that PG&E would “be implementing a series of additional precautionary measures
8 intended to further decrease wildfire threats in communities that are at higher risk of wildfires,”
9 including, in relevant part:

- 10
- 11 • Implementing a series of additional safety measures, including expanded
12 inspections and other safety precautions intended to further reduce wildfire
13 threats throughout its service area[.]

14 * * *

- 15
- 16 • Detailed and Enhanced Inspections of Electric Infrastructure: Conducting
17 detailed safety inspections of more than 5,500 miles of transmission lines
18 (consisting of approximately 50,000 transmission poles and towers in high
19 fire-threat areas), in addition to routine inspections and maintenance If
any issues are identified as a potential risk to public safety, PG&E will take
action to address them right away. PG&E also plans to begin similar
inspections of its distribution lines in high fire-threat areas in early 2019.

20 * * *

- 21
- 22 • More Real-Time Monitoring and Intelligence: As shared in early November
23 and a part of the company’s 2020 General Rate Case, expanding PG&E’s
24 weather station network to enhance weather forecasting and modeling. By
25 2022, PG&E will add approximately 1,300 new weather stations, a density of
one station roughly every 20 miles in the high fire-risk areas. In addition,
PG&E plans to install nearly 600 new, high definition cameras in high fire-
threat areas by 2022, increasing coverage across high fire-risk areas to more
than 90 percent.

26 29. Additionally, the December 10, 2018 Press Release touted that “PG&E will be
27 expanding and enhancing its system-wide Community Wildfire Safety Program (CWSP), which
28

1 was implemented following the 2017 wildfires as an additional set of precautionary measures
2 intended to further reduce wildfire threats,” and that “[t]hese new safety and operational actions
3 and enhancements are designed to enhance current safety measures, as well as further inspect
4 and harden the electric system.”

5
6 30. The December 10, 2018 Press Release also quoted the Company’s then-CEO,
7 Defendant Williams, who assured investors that PG&E was taking the necessary steps and
8 “acting decisively” to address wildfire-related threats, and was committed to working with
9 regulators, state leaders, and customers to make the communities the Company served safer.
10 Specifically, as quoted in the December 10, 2018 Press Release, Defendant Williams stated, in
11 relevant part:

12
13 As Californians, we are all faced with the devastating realities of extreme weather
14 and the growing wildfire threat. In recent years, we’ve made significant changes
15 and additions to our business to combat these weather events, but the climate is
16 changing faster. All of us at PG&E are determined to enact additional safety
17 measures and initiatives that will help further reduce the risk of wildfires and keep
18 customers and communities safe We are acting decisively now to address
19 these real and growing threats, and we are committed to working together with
20 our regulators, state leaders and customers to consider what additional wildfire
21 safety efforts we can all take to make our communities safer.

22
23 31. A few days later, on December 13, 2018, PG&E issued another press release
24 announcing the Company’s proposed critical investments to enhance wildfire safety and help
25 reduce wildfire risk (the “December 13, 2018 Press Release”). According to the December 13,
26 2018 Press Release, and as “[r]eflecting the company’s commitment to address the growing
27 threat of wildfires, PG&E . . . propos[ed] a series of important additional safety investments as
28 part of its 2020 General Rate Case” (the “GRC”), which the Company submitted to the CPUC
[California Public Utility Commission] on the same date, “to help further protect the 16 million
people it serves.” Further, Defendants touted that the GRC “include[d] additional precautionary
measures implemented after the 2017 and 2018 wildfires to help further reduce wildfire threats,”

1 and that “[s]uch measures will help bolster wildfire prevention, risk monitoring and emergency
2 response; add new and enhanced safety measures; increase vegetation management; and
3 harden PG&E’s electric system to help further reduce wildfire risk.” (Emphasis added).¹

4 32. Additionally, the December 13, 2018 Press Release quoted Steve Malnight,
5 PG&E’s Senior Vice President of Energy Supply and Policy, who assured investors “[w]e
6 understand and embrace our responsibility to safely provide electricity and gas to the
7 communities we have the privilege to serve,” and that “[a]s California experiences more frequent
8 and intense wildfires and other extreme weather events, we must take necessary, bold and urgent
9 steps to protect our customers. The prudent investments we are proposing will help build a safer
10 and more resilient energy system for the future[.]”

11 33. On January 4, 2019, PG&E released yet another press release espousing promises
12 of expanded safety efforts—this time on behalf of the Company’s Board of Directors (the
13 “Board”)—highlighting at the top of that press release that a “**Board Refreshment Process**
14 **[was] Underway,**” the “**Board [was] Reviewing Structural Options for PG&E,**” and that
15 “**Independent Experts [were] to Advise [the] Board on Additional Wildfire Safety Best**
16 **Practices**” (the “January 2019 Press Release”).

17 34. The January 2019 Press Release touted that “[t]he Board . . . is making changes to
18 reinforce the company’s commitment to safety and improvement,” which included, “[i]n addition
19 to prior actions taken to confront the growing wildfire threat, . . . *actively assessing PG&E’s*
20 *operations, finances, management, structure, and governance*” (emphases added), while
21 “remain[ing] focused on improving safety and operational effectiveness.” According to the
22 January 2019 Press Release, specific actions the Board would take included, in relevant part:
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28 ¹ All other emphases are as they appear in the original statements, unless specified otherwise.

- [C]onducting a Board refreshment process that includes searching for new directors at both the holding company and its utility subsidiary Pacific Gas The Board is looking to add fresh perspectives to augment its existing expertise in safety, operations, and other critical areas. The Board is working with a leading search firm to identify new directors and is currently interviewing several candidates[; and]
- [R]eviewing structural options to best position PG&E to implement necessary changes while meeting customer and operational needs.

In this respect, the January 2019 Press Release also assured investors that the Board had already “formed a special Board committee that is engaging independent experts to advise on best practices in wildfire safety. The committee is also assessing the additional operational changes proposed by management to enhance safety as PG&E prepares for the 2019 wildfire season.”

35. The January 2019 Press Release also contained a quoted statement from the Board, which assured investors, in relevant part:

The members of the Board fully understand PG&E’s responsibility to its customers, the communities it serves, and all of its stakeholders to drive safety and operational excellence. That is why we are redoubling our ongoing wildfire safety efforts ***and are looking at every possible action PG&E can take to improve.*** We want to tap fresh perspectives and additional expertise to help address the changing nature of PG&E’s business and the challenges it faces now and in the future. We are committed to working closely with the California Public Utilities Commission, policymakers, and other stakeholders to provide PG&E customers the safe, reliable, and affordable natural gas and electric services they expect and need.

(Emphasis added.)

36. On February 6, 2019, PG&E issued a press release announcing the Company’s “2019 Wildfire Safety Plan,” which included yet additional safety precautions (the “February 6, 2019 Press Release”). According to the February 6, 2019 Press Release, these “additional and enhanced safety precautions include[ed] the expansion of PG&E’s Public Safety Power Shutoff” (“PSPS”) “program to include all electric lines that pass through high fire-threat areas – both transmission and distribution,” and that “[w]hile customers in high fire-threat areas are more likely to be affected, any of PG&E’s more than 5 million electric customers could have their

1 power shut off for safety only as a last resort when forecasted fire danger conditions warrant.”
2 Further, the February 6, 2019 Press Release specifically assured investors that “[t]he expanded
3 program includes *timely notification to customers* of potential PSPS events” (emphasis added),
4 “reflects the unique size and geography of PG&E’s 70,000-square-mile service area of which
5 more than half is located in extreme or elevated fire-threat areas,” and “addresses an array of
6 wildfire risk factors through new and ongoing measures.”
7

8 37. Additionally, the February 6, 2019 Press Release touted that PG&E’s 2019
9 Wildfire Safety Plan “builds on PG&E’s comprehensive Community Wildfire Safety Program,
10 launched in March 2018,” and that “PG&E has completed or is implementing these important
11 safety enhancements and investments to help keep our customers and communities safe.”
12

13 According to Defendants, these actions included, in relevant part, the following:

- 14 • Established a new 24/7 Wildfire Safety Operations Center to monitor wildfire
15 risks in real-time and coordinate prevention and response efforts;
- 16 • Expanded its network of PG&E weather stations to enhance weather
17 forecasting and modeling and better predict where wildfire danger could
18 occur, with more than 200 new weather stations installed to date;
- 19 • Installed new high-definition cameras in high fire-threat areas in Napa, Marin
20 and Sonoma counties to improve real-time monitoring across high fire-risk
21 areas;

22 * * *

- 23 • Developed a new program to proactively turn off power for safety, only as a
24 last resort, when extreme fire danger conditions are forecasted (Public Safety
25 Power Shutoff), and coordinated efforts with public safety authorities and
26 other community partners;

27 * * *

- 28 • Initiated construction on a pilot resilience zone project in Angwin (Napa
County), which includes infrastructure upgrades that enables the company to
provide electricity to central community resources if power lines need to be
turned off for safety due to high wildfire threats; and

- Held over 450 meetings with state and local community leaders and emergency response partners around wildfire safety and preparedness.

38. The February 6, 2019 Press Release also quoted Michael Lewis (“Lewis”), PG&E’s Electric Operations Senior Vice President, who assured investors that “[w]e know how much our customers rely on electric service,” and that the Company understood that “[p]roactively turning off power is a highly complex issue with significant public safety risks on both sides – all of which need to be carefully considered and addressed.”

39. The February 6, 2019 Press Release additionally quoted Sumeet Singh (“Singh”), PG&E’s Vice President of the Community Wildfire Safety Program, who assured investors that “an extended and more dangerous wildfire season . . . demands urgent action and coordination,” and that “[t]he wildfire safety actions and programs described in [PG&E’s] 2019 plan address the company’s unique and diverse service area and provide our regulators, customers and communities with transparency of our unwavering efforts to help further reduce the risk of wildfire and improve public safety.”

40. On February 11, 2019, PG&E issued a press release providing an update on the Company’s Board refreshment process (the “February 11, 2019 Press Release”). The February 11, 2019 Press Release touted that “[t]he Board is working with a leading search firm and has identified strong candidates who would add fresh perspectives and augment the Board’s expertise in safety, operations and other critical areas.”

41. The February 11, 2019 Press Release also contained a statement from the Board, which assured investors that the Company understood its prior safety deficiencies and was making every effort to enlist management and those with expertise to rectify these deficiencies. Specifically, as quoted in February 11, 2019 Press Release, the Board stated, in relevant part:

We fully understand that PG&E must re-earn trust and credibility with its customers, regulators, the communities it serves and all of its stakeholders, and we are continuing to make changes that reinforce PG&E’s commitment to safety

1 and improvement. We recognize the importance of adding fresh perspectives to
2 the Board to help address the serious challenges the business faces now and in the
3 future. That is why we are committed to significant Board refreshment with the
4 current expectation that no more than five current directors will stand for election
5 and the intention that a majority of the Board will be new independent directors.
6 We have been working diligently to identify respected professionals with relevant
7 experience in safety, operations and other critical areas, and we have identified a
8 number of strong candidates. Throughout this process of identifying and
9 evaluating candidates, we intend to remain engaged with our shareholders and
10 other stakeholders on potential new director nominees to ensure we are aligned
11 and are evaluating the most qualified candidates who can help PG&E deliver safe
12 and reliable service to our customers in the years ahead.

13 42. On February 28, 2019, PG&E filed an Annual Report on Form 10-K with the
14 SEC, reporting the Company's financial and operating results for the quarter and year ended
15 December 31, 2018 (the "2018 10-K"). The 2018 10-K touted PG&E's 2019 Wildfire Safety
16 Plan, stating, in relevant part:

17 The 2019 Wildfire Safety Plan . . . describes forecasted work and investments in
18 2019 that are designed to help further reduce the potential for wildfire ignitions
19 associated with the Utility's electrical equipment in high fire-threat areas. The
20 2019 Wildfire Safety Plan specifically addresses wildfire risk factors that occur
21 most frequently and have potential to start or spread a fire. The new and ongoing
22 safety measures being pursued include:

- 23 • Installing nearly 600 new, high-definition cameras, made available to Cal
24 Fire and local fire officials, in high fire-threat areas by 2022, increasing
25 coverage across high fire-threat areas to more than 90%;
- 26 • Adding approximately 1,300 additional new weather stations by 2022, at a
27 density of one station roughly every 20 circuit miles in high fire-threat
28 areas; [and]

- Partnering with additional communities in high fire-threat areas to create
new resilience zones that can power central community resources during a
Public Safety Power Shutoff.

43. Appended as an exhibit to the 2018 10-K were signed certifications pursuant to
the Sarbanes-Oxley Act of 2002 wherein Defendants Simon and Wells certified that "the [2018]
10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange

1 Act of 1934” and that “the information contained in the [2018] 10-K fairly presents, in all
2 material respects, the financial condition and results of operations of PG&E Corporation.”

3 44. On April 3, 2019, PG&E issued a press release announcing the appointment of a
4 new CEO and a refreshed Board focused on enhancing safety culture and operational excellence
5 (the “April 3, 2019 Press Release”). The April 3, 2019 Press Release touted that “[s]afety at
6 PG&E is the central-most mission of both the management team and the Board,” and that, “[t]o
7 that end, PG&E made a commitment to enacting leadership changes, including selecting a new
8 CEO and undertaking a significant Board refreshment process.” Further, the April 3, 2019 Press
9 Release touted that the “refreshed Board . . . includes 13 highly accomplished individuals
10 committed to further enhancing PG&E’s safety culture, understanding and properly responding
11 to customer concerns and fairly treating wildfire victims, employees, retirees and other interested
12 parties.”
13

14
15 45. The Board, as quoted in the April 3, 2019 Press Release, assured investors that
16 “[w]e have heard the calls for change and have taken action today to ensure that PG&E has the
17 right leadership to bring about real and dynamic change that reinforces our commitment to
18 safety, continuous improvement and operational excellence.” The Board also stated that they
19 “believe [the] new CEO and the newly constituted Board will help PG&E address California’s
20 evolving energy challenges and deliver what our customers expect from their energy company.”
21

22 46. With respect to the new Board’s credentials, the April 3, 2019 Press Release
23 stated, in relevant part:

24 PG&E believes that a diverse Board with a mix of operational, safety, risk
25 management, regulatory, restructuring, financial, audit and business experience
26 will be critical in continuing improvements to safety, driving operational
27 excellence and navigating the restructuring process. The new directors include
28 individuals who have lived and worked in California, received degrees from
universities in California, and who have California-related regulatory experience.
The newly comprised Board will include:

- 1 • Industry leaders who have dedicated their careers to delivering safe and
2 reliable utility service to millions of customers;
- 3 • Leaders with fresh perspectives on safety and risk management; and
- 4 • Leaders with over 125 years of collective experience in financial and
5 operational restructurings, which often involved making fundamental
6 changes to corporate culture. This experience will not only help guide
PG&E through Chapter 11, but will also enable cultural change at PG&E.

7 47. On April 11, 2019, PG&E issued another press release announcing yet further
8 Board actions to enhance safety operations at the Company (the “April 11, 2019 Press Release”).
9 According to the April 11, 2019 Press Release, these further actions included:

- 10 • **Appointing former state and federal regulator Nora Mead Brownell to**
11 **serve as Chair of the Board of PG&E Corporation.** Ms. Brownell has an
12 expansive career in the energy sector and has served as a Commissioner of the
13 Federal Energy Regulatory Commission (FERC), a member of the
14 Pennsylvania Public Utility Commission and President of the National
15 Association of Regulatory Utility Commissioners.
- 16 • **Appointing former U.S. Ambassador Jeffrey Bleich to serve as Chair of**
17 **the Board of Pacific Gas and Electric Company.** Mr. Bleich is a longtime
18 California resident and former Partner at the global law firm Dentons and a
19 leader of its global diplomatic consulting group. He has previously served as
20 the U.S. Ambassador to Australia, Special Counsel to President Obama, Chair
21 of the California State University Board of Trustees, President of the
22 California State Bar, a member of the Governor’s International Trade and
23 Investment Council and President of the Bar Association of San Francisco.
- 24 • **Appointing Bill Johnson as Chief Executive Officer and President,**
25 **effective May 1, 2019.** Mr. Johnson recently concluded a more than six-year
26 tenure as President and CEO of the Tennessee Valley Authority (TVA), where
27 he was responsible for leading the nation’s largest publicly owned utility in its
28 mission of providing energy, environmental stewardship and economic
development across a seven-state region. Mr. Johnson has almost 30 years of
experience in the electric utility industry, where he has collaborated closely
with elected officials and other community leaders to deliver safe and reliable
electricity to millions of customers.

48. With respect to these new appointments, the Board, as quoted in the April 11,
2019 Press Release, stated that it was “focused on taking additional actions to bring about real
and dynamic change that reinforces our commitment to safety and continuous improvement,”

1 and that “[t]he appointments of Nora Mead Brownell and Jeffrey Bleich, two respected leaders
2 with a deep understanding of the California and federal regulatory environments, underscore our
3 commitment to engage with our stakeholders to address the state’s evolving energy challenges.”

4 49. On May 6, 2019, PG&E issued a press release announcing the Company’s
5 “coordinated wildfire safety and awareness campaign” with two of California’s largest energy
6 companies to prepare Californians for anticipated PSPS events (the “May 2019 Press Release”).
7 In describing what Californians should expect during a PSPS event, the May 2019 Press Release
8 assured investors and customers that the Company would utilize various communications
9 methods to keep affected areas, persons, and entities apprised of needed information before,
10 during, and after a PSPS event. In this regard, the May 2019 Press Release stated, in relevant
11 part:
12

13
14 Energy companies will aim to send early warning notifications via phone calls,
15 text alerts, emails and other means before turning off power. SDG&E, SCE and
16 PG&E are all working with customers to ensure they have updated contact
17 information on file and are able to reach customers before, during and after a
18 Public Safety Power Shutoff event. Energy companies will also use websites and
19 social media channels to share information and provide regular updates to local
20 news and radio outlets.

21 50. On August 2, 2019, PG&E issued a press release announcing new upgrades to
22 PG&E’s “Wildfire Safety Operations Center” (the “August 2019 Press Release”). The August
23 2019 Press Release touted that the Wildfire Safety Operations Center “serves as PG&E’s 24/7
24 *hub for* monitoring wildfire risks and *coordinating prevention and response efforts* across
25 Northern and Central California” (emphases added).

26 51. Additionally, the August 2019 Press Release quoted PG&E’s Vice President of
27 the Community Wildfire Safety Program, Singh, who stated that “[t]he newly completed
28 upgrades to [PG&E’s] Wildfire Safety Operations Center provide additional critical tools to
enable our team of experts to monitor wildfire risks across our service territory,” and that “[t]he

1 Wildfire Safety Operations Center played a vital role as [the Company] considered and then
2 subsequently initiated two Public Safety Power Shutoffs in June.”

3 52. On October 8, 2019, PG&E issued a press release announcing that a PSPS event
4 could occur in the near future, impacting more than 600,000 customers across Northern and
5 Central California (the “October 8, 2019 Press Release”). Specifically, the October 9, 2019
6 Press Release stated that the Company “anticipates that it may begin implementing a Public
7 Safety Power Shutoff (PSPS) to more than 600,000 customers across portions of nearly 30
8 northern, central, coastal and Bay Area counties,” and that “[t]his would be a precautionary
9 measure to reduce the risk of wildfire in these communities.”
10

11 53. With respect to communication efforts, the October 9, 2019 Press Release stated
12 that “[c]ustomers are encouraged to visit pge.com/pspsupdates for the most up-to-date Public
13 Safety Power Shutoff information, including addresses for the Community Resource Centers as
14 they open and a link to an address look-up tool where customers can search their address for
15 potential impacts.” In this regard, Defendants also represented that “[a]s part of PSPS
16 preparedness efforts,” customer should update their contact information because “PG&E will use
17 this information to alert customers through automated calls, texts, and emails, when possible,
18 prior to, and during, a Public Safety Power Shutoff.”
19

20 54. The October 8, 2019 Press Release also quoted PG&E’s Electric Operations
21 Senior Vice President, Lewis, who assured investors and customers that PG&E was “working
22 directly with state and local agencies to help prepare [its] customers and the public for this safety
23 event.” That same day, PG&E issued another press release amending the number of affected
24 customers to 800,000.
25

26 55. On October 9, 2019, PG&E issued a press release confirming that the Company
27 had “implemented the first phase of a Public Safety Power Shutoff (PSPS) across significant
28

1 portions of its service area in response to a widespread, severe wind event” (the “October 9, 2019
2 Press Release”). The October 9, 2019 Press Release also assured investors and customers that
3 “PG&E will use [updated contact] information to alert customers through automated calls, texts,
4 and emails, when possible, prior to, and during, a PSPS,” and quoted Lewis, who reaffirmed that
5 Defendants would “do what is necessary to keep our communities safe.”
6

7 56. On October 10, 2019, PG&E issued a press release regarding what was
8 considered the second phase of the PSPS event, purportedly “sharing important updates related
9 to the Public Safety Power Shutoff (PSPS) that has been implemented across portions of its
10 service area as a precautionary measure to reduce the risk of wildfire during a widespread, severe
11 wind event impacting its service area” (the “October 10, 2019 Press Release”). The October 10,
12 2019 Press Release quoted Singh, who assured investors that the Company’s “meteorological
13 and operations teams are actively monitoring the weather and this evolving situation, and
14 [Defendants] are working directly with state and local agencies to help our customers and
15 communities through this event safely.” The October 10, 2019 Press Release mentioned nothing
16 regarding any perceived issues with PG&E’s facility to communicate with or respond to
17 inquiries from affected customers.
18

19 57. That same day, PG&E issued two more updates regarding the second phase of its
20 precautionary PSPS event, which equally failed to mention anything regarding any perceived
21 issues with PG&E’s facility to communicate with or respond to inquiries from affected
22 customers. One of those two announcements again quoted Singh, who continued to assert that
23 the Company’s “meteorological and operations teams are actively monitoring the weather and
24 this evolving situation, and [Defendants] are working directly with state and local agencies to
25 help our customers and communities through this event safely.”
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1 outside. Roads and businesses went dark without warning, nursing homes and other critical
2 services scrambled to find backup power and even government agencies calling the company
3 were put on hold for hours.”

4 61. The *New York Times* article also described how Elizaveta Malashenko
5 (“Malashenko”), Deputy Executive Director for Safety and Enforcement at the California Public
6 Utilities Commission, “arrived at 9 a.m. on Tuesday for the first of her two 12-hour shifts at
7 PG&E’s operations center,” that “said she was stunned by what she saw,” namely, that “PG&E’s
8 website crashed just ahead of the first rounds of power shut-offs that would leave thousands in
9 the dark,” and that “[t]he situation got so bad at one point that Ms. Malashenko called in
10 information technology specialists from the state to help restore PG&E’s systems.” Malashenko
11 also reportedly stated that “[i]t never got to the point where it worked well.”

12
13
14 62. Additionally, the *New York Times* article reported that Defendant Johnson later
15 admitted that “the systems the company uses to alert residents and businesses that they would
16 lose power didn’t work as they were supposed to.” He was also reported in that article as stating
17 “[w]e did not deliver on this commitment this time,” and “[w]e were not prepared to manage the
18 operational event.”

19 63. On this news, PG&E’s stock price fell \$0.35 per share, or 4.36%, to close at \$7.67
20 per share on October 14, 2019, the following trading day.

21
22 64. On October 23, 2019, it was reported that as a last resort to prevent additional
23 wildfires PG&E began shutting off power to 179,000 homes and businesses in 17 northern and
24 central California counties.

25 65. Following this news, PG&E’s stock price fell \$1.00 per share, or 12.2%, to close
26 at \$7.20 on October 24, 2019.

1 70. Plaintiff will fairly and adequately protect the interests of the members of the
2 Class and has retained counsel competent and experienced in class and securities litigation.
3 Plaintiff has no interests antagonistic to or in conflict with those of the Class.

4 71. Common questions of law and fact exist as to all members of the Class and
5 predominate over any questions solely affecting individual members of the Class. Among the
6 questions of law and fact common to the Class are:

- 8 • whether the federal securities laws were violated by Defendants' acts as alleged
9 herein;
- 10 • whether statements made by Defendants to the investing public during the Class
11 Period misrepresented material facts about the business, operations and
12 management of PG&E;
- 13 • whether the Individual Defendants caused PG&E to issue false and misleading
14 financial statements during the Class Period;
- 15 • whether Defendants acted knowingly or recklessly in issuing false and
16 misleading financial statements;
- 17 • whether the prices of PG&E securities during the Class Period were artificially
18 inflated because of the Defendants' conduct complained of herein; and
- 19 • whether the members of the Class have sustained damages and, if so, what is the
20 proper measure of damages.

21 72. A class action is superior to all other available methods for the fair and efficient
22 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as
23 the damages suffered by individual Class members may be relatively small, the expense and
24 burden of individual litigation make it impossible for members of the Class to individually
25 redress the wrongs done to them. There will be no difficulty in the management of this action as
26 a class action.

27 73. Plaintiff will rely, in part, upon the presumption of reliance established by the
28 fraud-on-the-market doctrine in that:

- 1 • Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- 2
- 3 • the omissions and misrepresentations were material;
- 4
- 5 • PG&E securities are traded in an efficient market;
- 6
- 7 • the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- 8
- 9 • the Company traded on the NYSE and was covered by multiple analysts;
- 10
- 11 • the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- 12
- 13 • Plaintiff and members of the Class purchased, acquired and/or sold PG&E securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

14 74. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

15 75. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

21 COUNT I

22 **(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder)**

23 76. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

24 77. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

1 78. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and
2 course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions,
3 practices and courses of business which operated as a fraud and deceit upon Plaintiff and the
4 other members of the Class; made various untrue statements of material facts and omitted to state
5 material facts necessary in order to make the statements made, in light of the circumstances
6 under which they were made, not misleading; and employed devices, schemes and artifices to
7 defraud in connection with the purchase and sale of securities. Such scheme was intended to,
8 and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and
9 other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of
10 PG&E securities; and (iii) cause Plaintiff and other members of the Class to purchase or
11 otherwise acquire PG&E securities and options at artificially inflated prices. In furtherance of
12 this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the
13 actions set forth herein.
14

15
16 79. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the
17 Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly
18 and annual reports, SEC filings, press releases and other statements and documents described
19 above, including statements made to securities analysts and the media that were designed to
20 influence the market for PG&E securities. Such reports, filings, releases and statements were
21 materially false and misleading in that they failed to disclose material adverse information and
22 misrepresented the truth about PG&E's finances and business prospects.
23

24 80. By virtue of their positions at PG&E, Defendants had actual knowledge of the
25 materially false and misleading statements and material omissions alleged herein and intended
26 thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants
27 acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose
28

1 such facts as would reveal the materially false and misleading nature of the statements made,
2 although such facts were readily available to Defendants. Said acts and omissions of Defendants
3 were committed willfully or with reckless disregard for the truth. In addition, each Defendant
4 knew or recklessly disregarded that material facts were being misrepresented or omitted as
5 described above.

6
7 81. Information showing that Defendants acted knowingly or with reckless disregard
8 for the truth is peculiarly within Defendants' knowledge and control. As the senior managers
9 and/or directors of PG&E, the Individual Defendants had knowledge of the details of PG&E's
10 internal affairs.

11 82. The Individual Defendants are liable both directly and indirectly for the wrongs
12 complained of herein. Because of their positions of control and authority, the Individual
13 Defendants were able to and did, directly or indirectly, control the content of the statements of
14 PG&E. As officers and/or directors of a publicly-held company, the Individual Defendants had a
15 duty to disseminate timely, accurate, and truthful information with respect to PG&E's
16 businesses, operations, future financial condition and future prospects. As a result of the
17 dissemination of the aforementioned false and misleading reports, releases and public statements,
18 the market price of PG&E securities was artificially inflated throughout the Class Period. In
19 ignorance of the adverse facts concerning PG&E's business and financial condition which were
20 concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise
21 acquired PG&E securities at artificially inflated prices and relied upon the price of the securities,
22 the integrity of the market for the securities and/or upon statements disseminated by Defendants,
23 and were damaged thereby.

24 83. During the Class Period, PG&E securities were traded on an active and efficient
25 market. Plaintiff and the other members of the Class, relying on the materially false and
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1 misleading statements described herein, which the Defendants made, issued or caused to be
2 disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares
3 of PG&E securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff
4 and the other members of the Class known the truth, they would not have purchased or otherwise
5 acquired said securities, or would not have purchased or otherwise acquired them at the inflated
6 prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class,
7 the true value of PG&E securities was substantially lower than the prices paid by Plaintiff and
8 the other members of the Class. The market price of PG&E securities declined sharply upon
9 public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.
10

11 84. By reason of the conduct alleged herein, Defendants knowingly or recklessly,
12 directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5
13 promulgated thereunder.
14

15 85. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and
16 the other members of the Class suffered damages in connection with their respective purchases,
17 acquisitions and sales of the Company's securities during the Class Period, upon the disclosure
18 that the Company had been disseminating misrepresented financial statements to the investing
19 public.
20

21 **COUNT II**

22 **(Violations of Section 20(a) of the Exchange Act)**

23 86. Plaintiff repeats and re-alleges each and every allegation contained in the
24 foregoing paragraphs as if fully set forth herein.

25 87. During the Class Period, the Individual Defendants participated in the operation
26 and management of PG&E, and conducted and participated, directly and indirectly, in the
27 conduct of PG&E's business affairs. Because of their senior positions, they knew the adverse
28

1 non-public information about PG&E's misstatement of income and expenses and false financial
2 statements.

3 88. As officers and/or directors of a publicly owned company, the Individual
4 Defendants had a duty to disseminate accurate and truthful information with respect to PG&E's
5 financial condition and results of operations, and to correct promptly any public statements
6 issued by PG&E which had become materially false or misleading.
7

8 89. Because of their positions of control and authority as senior officers, the
9 Individual Defendants were able to, and did, control the contents of the various reports, press
10 releases and public filings which PG&E disseminated in the marketplace during the Class Period
11 concerning PG&E's results of operations. Throughout the Class Period, the Individual
12 Defendants exercised their power and authority to cause PG&E to engage in the wrongful acts
13 complained of herein. The Individual Defendants therefore, were "controlling persons" of PG&E
14 within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in
15 the unlawful conduct alleged which artificially inflated the market price of PG&E securities.
16

17 90. Each of the Individual Defendants, therefore, acted as a controlling person of
18 PG&E. By reason of their senior management positions and/or being directors of PG&E, each of
19 the Individual Defendants had the power to direct the actions of, and exercised the same to cause,
20 PG&E to engage in the unlawful acts and conduct complained of herein. Each of the Individual
21 Defendants exercised control over the general operations of PG&E and possessed the power to
22 control the specific activities which comprise the primary violations about which Plaintiff and
23 the other members of the Class complain.
24

25 91. By reason of the above conduct, the Individual Defendants are liable pursuant to
26 Section 20(a) of the Exchange Act for the violations committed by PG&E.
27
28

1 **PRAYER FOR RELIEF**

2 **WHEREFORE**, Plaintiff demands judgment against Defendants as follows:

3 A. Determining that the instant action may be maintained as a class action under
4 Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class
5 representative;

6
7 B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by
8 reason of the acts and transactions alleged herein;

9 C. Awarding Plaintiff and the other members of the Class prejudgment and post-
10 judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

11 D. Awarding such other and further relief as this Court may deem just and proper.

12 **DEMAND FOR TRIAL BY JURY**

13 Plaintiff hereby demands a trial by jury.

14 Dated: October 25, 2019