

Report on Supply Chain Compliance Volume 3, Number 13. June 25, 2020 PG&E pleads guilty

By Sascha Matuszak

In a [gripping session](#)^[1] in the Superior Court of California County of Butte, Pacific Gas and Electric Company (PG&E) CEO and President Bill Johnson pleaded guilty on behalf of the company to 84 separate counts of involuntary manslaughter and one felony count of unlawfully causing a fire. According to a grand jury report released June 16, the California utility was found to have failed to maintain aging power lines, ignored repeated warnings that the aging equipment could cause fires and violated several California state regulations.

PG&E was fined the maximum under the law—USD 3.5 million—for the [fire that killed 85 residents and destroyed about 14,000 homes](#).^[2] The utility must also pay a USD 25.5 billion [settlement](#)^[3] to compensate victims and rebuild areas destroyed by fires. Judge Michael Deems stated in a [press conference](#)^[4] following the arraignment that the fine was inadequate and that corporations tend to escape just punishment under current law.

The fires that ravaged California in 2017 and 2018 were exacerbated by a severe drought linked to climate change. [Risk assessments and guidance from regulators](#)^[5] increasingly require companies to factor climate change and extreme events into their compliance programs.

¹ Superior Court of California County of Butte, “June 16, 2020, 1030: People of the State of California v. Pacific Gas & Electric Company,” YouTube, June 16, 2020, <https://bit.ly/2ChjSvq>.

² Michael Liedtke, “PG&E fined \$4 million in deaths of 84 people in 2018 fire,” *The Washington Post*, June 18, 2020, <https://wapo.st/2UWvA5a>.

³ PG&E Corporation, “Bankruptcy Court Approves PG&E Exit Financing,” news release, March 20, 2020, <https://bit.ly/3do7hmQ>.

⁴ Butte County District Attorney, “Press Conference Following The PG&E Arraignment,” YouTube, June 16, 2020, <https://bit.ly/2YGBg4c>.

⁵ Sascha Matuszak, “PG&E’s lack of prevention leaves California communities up in smoke and possibly footing the bill,” *Report on Supply Chain Compliance* 2, no. 3 (February 21, 2019), <https://bit.ly/3hydoZn>.

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