

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



December 30, 2011

Advice Letter 3221-G/3868-E

Brian K. Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Subject: Affiliate Transaction Rules Compliance Plan

Dear Mr. Cherry:

Advice Letter 3221-G/3868-E is effective June 30, 2011.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division



Brian K. Cherry
Vice President
Regulation and Rates

Pacific Gas and Electric Company
77 Beale St., Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-6520

June 30, 2011

Advice 3221-G/3868-E
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Affiliate Transaction Rules Compliance Plan

Purpose

In accordance with Rule VI.A. of the California Public Utilities Commission's Affiliate Transaction Rules adopted in Decision 06-12-029, Pacific Gas and Electric Company hereby submits its Affiliate Transaction Rules Compliance Plan ("Compliance Plan").

This filing will not increase any other rate or change, cause the withdrawal of service, or conflict with any rate schedule or rule.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **July 20, 2011**, which is 20 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact and should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: mas@cpuc.ca.gov and jnj@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below:

Pacific Gas and Electric Company
Attention: Brian K. Cherry
Vice President, Regulation and Rates
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-6520
E-mail: PGETariffs@pge.com

Effective Date

PG&E submits this advice letter as a Tier 1 filing and requests that it become effective **June 30, 2011**.

Notice

In accordance with General Order 96-B, Section IV a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R.05-10-030. Address changes to the General Order 96-B service list should be directed to e-mail PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

A handwritten signature in black ink that reads "Brian Cherry" followed by a stylized flourish or "lmt".

Vice President - Regulation and Rates

cc: Service List R.05-10-030

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY

ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:

☒ ELC

☒ GAS

☐ PLC

☐ HEAT

☐ WATER

Contact Person: Linda Tom-Martinez

Phone #: (415) 973-4612

E-mail: lmt1@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3221-G/3868-E**

Tier: 1

Subject of AL: Affiliate Transaction Rules Compliance Plan

Keywords (choose from CPUC listing): Affiliate, Compliance

AL filing type: ☐ Monthly ☐ Quarterly ☒ Annual ☐ One-Time ☐ Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.06-12-029

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

Confidential information will be made available to those who have executed a nondisclosure agreement: ☐ Yes ☐ No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: _____

Resolution Required? ☐ Yes ☒ No

Requested effective date: **June 30, 2011**

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave.,

San Francisco, CA 94102

jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian Cherry

Vice President, Regulation and Rates

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com



**California Public Utilities Commission (CPUC)
Affiliate Transaction Rules (Affiliate Rules)
Compliance Plan**

For Rules Adopted in D.06-12-029

June 2011

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Attachment A - List of Affiliated Companies

INTRODUCTION

Pacific Gas and Electric Company (Utility) submits the following revised Compliance Plan (Plan) to comply with the Affiliate Transaction Rules (Rules) adopted by the California Public Utilities Commission (CPUC) in D.06-12-029. Pacific Gas and Electric Company's Plan includes a variety of procedures and mechanisms for implementation and compliance with these Rules, which when taken as a whole, will provide a comprehensive approach to affiliate rules compliance. Although not specifically described in the Plan, all Rules will be implemented by means of a combination of one or more of the following:

- development and distribution of written policies and procedures,
- education, training for and communications to employees throughout Pacific Gas and Electric Company, PG&E Corporation and their subsidiaries governed by these rules,
- monitoring affiliate transactions and overall compliance on a continuing basis, and
- additional training and corrective actions as needed.

Pacific Gas and Electric Company's Compliance and Ethics Department (C&E), which reports to the Vice President Internal Audit and Compliance, PG&E Corporation and Pacific Gas and Electric Company, will implement this Plan. The department is staffed with personnel experienced in accounting, auditing, training, and monitoring and enforcing compliance. Appropriate resources in this department are devoted to training employees on the affiliate rules.

The C&E Department will be responsible for issuing periodic memoranda to PG&E Corporation and its subsidiaries governed by these Rules. These memoranda outline the importance of complying with the Rules and may include corporate guidance documents. The guidance documents clearly articulate what Utility, holding company and affiliate employees must do to ensure that Pacific Gas and Electric Company complies with the Affiliate Rules. The most recent memorandum was issued on July 7, 2010. A new memorandum will be sent by August 2011. A copy of the full Compliance Plan is available to all employees of Pacific Gas and Electric Company via the Pacific Gas and Electric Company Intranet at <http://pgeatwork/Compliance/Pages/AffiliateRules.aspx>.

Additionally, to address compliance with the Rules for PG&E's solar photovoltaic tax equity investments, PG&E filed supplemental advice letters as follows:

Date	Advice Letter	Entities
12/17/10	Advice 3091-G-A/3616-E-A	Pacific Energy Capital I (PEC I), LLC (Formerly Pacific Venture Capital, LLC). Deal between PEC I and Banyan Solar City.
12/17/10	Advice 3141-G-A/3708-E-A	Pacific Energy Capital II, LLC ("PEC II"), acquired a membership interest in SunRun Pacific Solar, LLC.
12/17/10	Advice 3170-G-A/3763-E-A	Pacific Energy Capital III, LLC ("PEC III"), acquired a membership interest in Sequoia Pacific Solar I, LLC.

In the following pages, each Rule is shown in bold type. Following each Rule, in normal type, is Pacific Gas and Electric Company's Plan.

Pacific Gas and Electric Company's parent company, PG&E Corporation, does not fit within the definition of "affiliate" because PG&E Corporation's role is to be a strategic manager of the corporate enterprise, to be a financial consolidator and to engage in corporate governance and corporate support functions. PG&E Corporation is not engaged in the provision of energy-related products and services as described in Rule II.B.

Pacific Gas and Electric Company and PG&E Corporation have in place today the following specific mechanisms and procedures to fully implement these Rules:

- (1) written guidance documents are disseminated to employees of PG&E Corporation and its subsidiaries governed by these Rules describing these Rules and their obligations hereunder;
- (2) employees of PG&E Corporation who provide permitted corporate support or shared services and who have access to non-public Utility information shall be required to sign a statement that they are aware of, have read and will follow all written policies regarding limitations on the use of non-public Utility information and that failure to observe these limitations in the future will result in subjecting them to corporate discipline policies;
- (3) all support personnel, services, physical plant, equipment, supplies, and other overhead owned by Pacific Gas and Electric Company and used by PG&E Corporation shall be charged to PG&E Corporation as required by D.96-11-017; (See the Utility Affiliated Company Transactions Procedures at the Finance/Controller website: <http://pgeatwork/Finance/Controller/AT/>);
- (4) all permitted corporate support services rendered by Pacific Gas and Electric Company employees to affiliates shall be charged to the affiliates receiving the services in accordance with the Affiliated Company Transactions procedures at <http://pgeatwork/Finance/Controller/AT/>;
- (5) periodic training and reminders will be provided to the employees of Pacific Gas and Electric Company, PG&E Corporation and their subsidiaries. PG&E Corporation officers and employees shall be directed to maintain confidential Utility information in a manner to prevent its reaching an affiliate. When needed, Pacific Gas and Electric Company provides training to targeted employee groups to sensitize them to the need to protect confidential Utility information. Online affiliate rules training is also available on PG&E's training platform, My Learning at <https://pgeatworkforme.pge.com/irj/portal> ;
- (6) policy and practice is in place with the effect that a one-time 25% transfer fee will be paid for each non-clerical employee departing the Utility and commencing work at an affiliate. This 25% fee will only be paid once for any individual employee (See the Utility Affiliated Company Transactions Procedures at the Finance/Controller website: <http://pgeatwork/Finance/Controller/AT/>);
- (7) policy and practice is in place that a Utility employee who transfers to a Rule II.B. affiliate cannot return to the Utility until at least twelve months from their last day of employment with the Utility unless the provisions of Rule V.G.2.b. are met (See the Utility Affiliated Company Transactions Procedures on the Finance/Controller website: <http://pgeatwork/Finance/Controller/AT/>);

- (8) employee transfers to other companies in the corporate family will be tracked by Pacific Gas and Electric Company's HR/SAP system to ensure that they conform to the Rules;
- (9) PG&E Corporation continues to lease space in Utility facilities as approved in D.00-02-061 for some PG&E Corporation employees;
- (10) a small number of empty Utility offices will be available as guest ("hoteling") offices in 77 Beale and other Utility facilities for limited day and overnight use by affiliate and PG&E Corporation officers. Costs (including overhead, supplies and support staff) will be charged back by the Utility;
- (11) Pacific Gas and Electric Company elected not to share key officers under Rule V.E. and so notified the Commission in a letter dated May 25, 2007;
- (12) Pacific Gas and Electric Company's standard consulting and procurement contract forms contain language restricting contractors from transmitting confidential Utility information to third parties, including affiliates.

The undersigned verify that the specific mechanisms and procedures described above are adequate to ensure that:

- (1) Pacific Gas and Electric Company is not utilizing PG&E Corporation or any of its affiliates as a conduit to circumvent any of the Rules,
- (2) Pacific Gas and Electric Company is following the mandates of Rule V.E., such that the utilization of joint corporate support services will not constitute a conduit to circumvent the Rules, and
- (3) Pacific Gas and Electric Company is not utilizing shared officers or directors as a conduit to circumvent the Rules.

Respectfully submitted on June 30, 2011.



Stephen J. Cairns
Vice President, Internal Audit and Compliance
PG&E Corporation and Pacific Gas and
Electric Company



Dinyar B. Mistry
Vice President and Controller of
PG&E Corporation and Pacific Gas and
Electric Company

Affiliate Transaction Rules Applicable to Large California Energy Utilities

I. Definitions

Unless the context otherwise requires, the following definitions govern the construction of these Rules:

A. “Affiliate” means any person, corporation, utility, partnership, or Other entity 5 per cent or more of whose outstanding securities are owned, controlled, or held with power to vote, directly or indirectly either by a utility or any of its subsidiaries, or by that utility’s controlling corporation and/or any of its subsidiaries as well as any company in which the utility, its controlling corporation, or any of the utility’s affiliates exert substantial control over the operation of the company and/or indirectly have substantial financial interests in the company exercised through means other than ownership. For purposes of these Rules, “substantial control” includes, but is not limited to, the possession, directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct or cause the direction of the management or policies of a company. A direct or indirect voting interest of 5% or more by the utility in an entity’s company creates a rebuttable presumption of control.

For purposes of this Rule, “affiliate” shall include the utility’s parent or holding company, or any company which directly or indirectly owns, controls, or holds the power to vote 10% or more of the outstanding voting securities of a utility (holding company), to the extent the holding company is engaged in the provision of products or services as set out in Rule II B. However, in its compliance plan filed pursuant to Rule VI, the utility shall demonstrate both the specific mechanism and procedures that the utility and holding company have in place to assure that the utility is not utilizing the holding company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules.

Examples include but are not limited to specific mechanisms and procedures to assure the Commission that the utility will not use the holding company, another utility affiliate not covered by these Rules, or a consultant or contractor as a vehicle to (1) disseminate information transferred to them by the utility to an affiliate covered by these Rules in contravention of these Rules, (2) provide services to its affiliates covered by these Rules in contravention of these Rules or (3) to transfer employees to its affiliates covered by these Rules in contravention of these Rules. In the compliance plan, a corporate officer from the utility and holding company shall verify the adequacy of these specific mechanisms and procedures to ensure that the utility is not utilizing the holding

company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules. Regulated subsidiaries of a utility, defined as subsidiaries of a utility, the revenues and expenses of which are subject to regulation by the Commission and are included by the Commission in establishing rates for the utility, are not included within the definition of affiliate. However, these Rules apply to all interactions any regulated subsidiary has with other affiliated entities covered by these rules.

B. “Commission” means the California Public Utilities Commission or its succeeding state regulatory body.

C. “Customer” means any person or corporation, as defined in Sections 204, 205 and 206 of the California Public Utilities Code, that is the ultimate consumer of goods and services.

D. “Customer Information” means non-public information and data specific to a utility customer which the utility acquired or developed in the course of its provision of utility services.

E. “FERC” means the Federal Energy Regulatory Commission.

F. “Fully Loaded Cost” means the direct cost of good or service plus all applicable indirect charges and overheads.

G. “Utility” means any public utility subject to the jurisdiction of the Commission as an Electrical Corporation or Gas Corporation, as defined in California Public Utilities Code Sections 218 and 222, and with gross annual operating revenues in California of \$1 billion or more.

H. “Resource Procurement” means the investment in and the production or acquisition of the energy facilities, supplies, and other energy products or services necessary for California public utility gas corporations and California public utility electrical corporations to meet their statutory obligation to serve their customers.

II. Applicability

A. These Rules shall apply to California public utility gas corporations and California public utility electrical corporations, subject to regulation by the California Public Utilities Commission and with gross annual operating revenues in California of \$1 billion or more.

B. For purposes of a combined gas and electric utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity, unless specifically exempted below. For purposes of an electric utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses electricity or the provision of services that relate to the use of electricity. For purposes of a gas utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses gas or the provision of services that relate to the use of gas. However, regardless of the foregoing, where explicitly provided, these Rules also apply to a utility's parent holding company and to all of its affiliates, whether or not they engage in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity.

Attachment A contains a list of all entities within the PG&E Corporation family that meet the definition of affiliate provided in Rule I.A. The affiliates are categorized based on the applicability of these rules.

C. No holding company nor any utility affiliate, whether or not engaged in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity, shall knowingly:

- 1. direct or cause a utility to violate or circumvent these Rules, including but not limited to the prohibitions against the utility providing preferential treatment, unfair competitive advantages or non-public information to its affiliates;**
- 2. aid or abet a utility's violation of these Rules; or**
- 3. be used as a conduit to provide non-public information to a utility's affiliate.**

Pacific Gas and Electric Company and PG&E Corporation have training and reminder programs in place to ensure that employees are aware of this rule and are directed to comply with it. This includes live and computer based training as well as the distribution of periodic reminders. Also see Introduction.

An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

D. These Rules apply to transactions between a Commission-regulated utility and another affiliated utility, unless specifically modified by the Commission in addressing a separate application to merge or otherwise conduct joint ventures related to regulated services.

E. These Rules do not apply to the exchange of operating information, including the disclosure of customer information to its FERC-regulated affiliate to the extent such information is required by the affiliate to schedule and confirm nominations for the interstate transportation of natural gas, between a utility and its FERC-regulated affiliate, to the extent that the affiliate operates an interstate natural gas pipeline. These Rules do not apply to transactions between an electric utility and an affiliate providing broadband over power lines (BPL).

F. Existing Rules: Existing Commission rules for each utility and its parent holding company shall continue to apply except to the extent they conflict with these Rules. In such cases, these Rules shall supersede prior rules and guidelines, provided that nothing herein shall supersede the Commission's regulatory framework for broadband over power lines (BPL) adopted in D. 06-04-070 nor shall preclude (1) the Commission from adopting other utility-specific guidelines; or (2) a utility or its parent holding company from adopting other utility-specific guidelines, with advance Commission approval.

G. Civil Relief: These Rules shall not preclude or stay any form of civil relief, or rights or defenses thereto, that may be available under state or federal law.

H. These Rules should be interpreted broadly, to effectuate our stated objectives of fostering competition and protecting consumer interests. If any provision of these Rules, or the application thereof to any person, company, or circumstance, is held invalid, the remainder of the Rules, or the application of such provision to other persons, companies, or circumstances, shall not be affected thereby.

III. Nondiscrimination

A. No Preferential Treatment Regarding Services Provided by the Utility: Unless otherwise authorized by the Commission or the FERC, or permitted by these Rules, a utility shall not:

1. represent that, as a result of the affiliation with the utility, its affiliates or customers of its affiliates will receive any different treatment by the utility than the treatment the utility provides to other, unaffiliated companies or their customers; or

The Utility Affiliated Company Transactions Procedures state that there will be no preferential treatment by Pacific Gas and Electric Company in favor of non-utility affiliates or their customers in business activities that Pacific Gas and Electric Company also conducts with unregulated third parties or their customers. The current version of the Utility Affiliated Company Transactions Procedures is located at the Finance/Controller website:

<http://pgeatwork/Finance/Controller/AT/>. These procedures may be periodically updated and issued by the Controller of Pacific Gas and Electric Company to relevant Utility personnel.

An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

2. provide its affiliates, or customers of its affiliates, any preference (including but not limited to terms and conditions, pricing, or timing) over non-affiliated suppliers or their customers in the provision of services provided by the utility.

The Utility Affiliated Company Transactions Procedures state that there will be no preferential treatment by Pacific Gas and Electric Company in favor of non-utility affiliates or their customers in business activities that Pacific Gas and Electric Company also conducts with unregulated third parties or their customers. The current version of the Affiliated Company Transactions Procedures is located at the Finance/Controller website:

<http://pgeatwork/Finance/Controller/AT/>. These procedures may be periodically updated and issued by the Controller of Pacific Gas and Electric Company to relevant Utility personnel.

An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

B. Affiliate Transactions: Transactions between a utility and its affiliates shall be limited to tariffed products and services, to the sale of goods, property, products or services made generally available by the utility or affiliate to all market participants through an open, competitive bidding process, to the provision of information made generally available by the utility to all market participants, to Commission approved resource procurement by the utility, or as provided for in Rules V D (joint purchases), V E (corporate support) and VII (new products and services) below.

The Utility Affiliated Company Transactions Procedures provide guidance for compliance with this Rule. The current version of the Affiliated Company Transactions Procedures is located at the Finance/Controller website: <http://pgeatwork/Finance/Controller/AT/>. These procedures may be periodically updated and issued by the Controller of Pacific Gas and Electric Company to relevant Utility personnel.

An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

Additionally, Pacific Gas and Electric Company limits its transactions with affiliates to those listed in this Rule, specifically:

- Tariffed products and services – Pacific Gas and Electric Company implements its tariffs in a nondiscriminatory fashion. Tariff discretions are addressed in Rule III.B.4.
- Open competitive bidding process – Pacific Gas and Electric Company makes the opportunity and process available to all market participants.
- Information made generally available by Pacific Gas and Electric Company to all market participants.
- Commission-approved resource procurement – as described below.
- Shared services – as described under Rules V.D and V.E.
- Non-tariffed products and services.

Pacific Gas and Electric Company considers information provided to an affiliate as a necessary part of a transaction within the list above to be an integral part of the permitted transaction.

1. Resource Procurement. No utility shall engage in resource procurement, as defined in these Rules, from an affiliate without prior approval from the Commission. Blind transactions between a utility and its affiliate, defined as those transactions in which neither party knows the identity of the counterparty until the transaction is consummated, are exempted from this Rule. A transaction shall be deemed to have prior Commission approval (a)

before the effective date of this Rule, if authorized by the Commission specifically or through the delegation of authority to Commission staff or (b) after the effective date of this Rule, if authorized by the Commission generally or specifically or through the delegation of authority to Commission staff.

The Energy Procurement Policy on Compliance with Affiliate Rules provides guidance for compliance with this Rule. The current version of this policy is located at the Energy Procurement website:
<http://pgeatwork/EnergySupply/EP/Compliance/Pages/EPCompliancewithAffiliateRules.aspx>. This policy may be periodically updated and issued by the Senior Vice President of Energy Procurement of Pacific Gas and Electric Company to relevant Utility personnel.

An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Procurement transactions between the Utility and an entity which is acquired by the Utility or otherwise becomes an affiliate within the meaning of Rule II.B after a procurement agreement between the Utility and the entity is entered into will not be subject to the advance Commission approval requirement of this Rule if the procurement agreement previously has been approved by the Commission either by means of an application or through a Commission-approved process. Similarly, interactions integral to such previously approved transactions and contemplated by their terms will not otherwise require advance approval, nor will the Utility be responsible for the retention of negotiation documents generated prior to the creation of the affiliate relationship.

2. Provision of Supply, Capacity, Services or Information: Except as provided for in Rules V D, V E, and VII, a utility shall provide access to utility information, services, and unused capacity or supply on the same terms for all similarly situated market participants. If a utility provides supply, capacity, services, or information to its affiliate(s), it shall contemporaneously make the offering available to all similarly situated market participants, which include all competitors serving the same market as the utility's affiliates.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule, including the Energy Procurement Policy on Compliance with Affiliate Rules which provides guidance for compliance with this Rule. The current version of this policy is located at the Energy Procurement website:
<http://pgeatwork/EnergySupply/EP/Compliance/Pages/EPCompliancewithAffiliateRules.aspx>. This policy may be periodically updated and issued by the Senior Vice President of Energy Procurement of Pacific Gas and Electric Company to relevant Utility personnel.

Additionally, Pacific Gas and Electric Company's Pipe Ranger internet site:
<http://www.pge.com/pipeline/> provides some of the information referred to in this Rule to market

participants. When needed, Pacific Gas and Electric Company also posts information related to interstate electricity transactions on OASIS.

Since this Rule imposes CPUC requirements on intra-state transactions, Pacific Gas and Electric Company will henceforth contemporaneously post and maintain any required information on intra-state transactions on Pacific Gas and Electric Company's Internet site. Pacific Gas and Electric Company interprets this rule to require posting of only those transactions in which (a) the affiliate is provided with confidential or non-public Utility information that is not required to provide permitted corporate support or make permitted joint purchases, or (b) the affiliate is provided with a discount. However, information provided to an affiliate, as a necessary part of a Rule III.B. transaction, is not posted because it is an integral part of a permitted transaction. For instance, recourse tariff transactions are not covered by this rule except where a negotiated price or term is provided (i.e. a negotiated tariff service) because a recourse tariff service by its very nature aims to prevent one customer from being favored over another through differential pricing and/or information.

See also Compliance Plan for Rule III.F. and IV.F., below.

3. Offering of Discounts: Except when made generally available by the utility through an open, competitive bidding process, if a utility offers a discount or waives all or any part of any other charge or fee to its affiliates, or offers a discount or waiver for a transaction in which its affiliates are involved, the utility shall contemporaneously make such discount or waiver available to all similarly situated market participants. The utilities should not use the "similarly situated" qualification to create such a unique discount arrangement with their affiliates such that no competitor could be considered similarly situated. All competitors serving the same market as the utility's affiliates should be offered the same discount as the discount received by the affiliates. A utility shall document the cost differential underlying the discount to its affiliates in the affiliate discount report described in Rule III F 7 below.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. Pacific Gas and Electric Company complies with the provisions of its filed tariffs and gas and electric rules, including Electric Rule 22 – Section B.2.a (Tariff responsibilities to be discharged in neutral manner at http://www.pge.com/tariffs/tm2/pdf/ELEC_RULES_22.pdf) and Gas Rule 26 (Standards of Conduct and Procedures Related to Transactions Etc. at http://www.pge.com/tariffs/tm2/pdf/GAS_RULES_26.pdf).

Pacific Gas and Electric Company does not offer preferential treatment to customers of its affiliates, but from time to time may offer a discount or waiver of a charge, fee or tariff provision to a Pacific Gas and Electric Company distribution or transmission customer consistent with other laws, regulations, and sound Utility practice. In such cases, Pacific Gas and Electric Company does not investigate whether such a customer is also a customer of an affiliate. Pacific Gas and Electric Company does not interpret "a transaction in which its affiliates are

involved” as including this type of customer discount. Pacific Gas and Electric Company does not interpret this Rule as applying to vendor discounts passed through pro-rata to affiliates in connection with joint purchases permissible under Rule V.D. Pursuant to Resolution E-3540, Pacific Gas and Electric Company will maintain an accounting of when, how and to whom it offers a discount or waiver. For purposes of record keeping, these records will not include discounts or waivers which are within the parameters of an authorized rate schedule where Pacific Gas and Electric Company has no discretion over whether or not that discount or waiver is applied.

An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

See also Compliance Plan for Rule III.F., below.

4. Tariff Discretion: If a tariff provision allows for discretion in its application, a utility shall apply that tariff provision in the same manner to its affiliates and other market participants and their respective customers.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. Pacific Gas and Electric Company complies with the provisions of its filed tariffs and gas and electric rules, including Rule 22 (Tariff responsibilities to be discharged in neutral manner at http://www.pge.com/tariffs/tm2/pdf/ELEC_RULES_22.pdf) and Rule 26 (Standards of Conduct and Procedures Related to Transactions Etc. at http://www.pge.com/tariffs/tm2/pdf/GAS_RULES_26.pdf).

5. No Tariff Discretion: If a utility has no discretion in the application of a tariff provision, the utility shall strictly enforce that tariff provision.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. Pacific Gas and Electric Company complies with the provisions of its filed tariffs and gas and electric rules, including Rule 22 (Tariff responsibilities to be discharged in neutral manner at http://www.pge.com/tariffs/tm2/pdf/ELEC_RULES_22.pdf) and Rule 26 (Standards of Conduct and Procedures Related to Transactions Etc. at http://www.pge.com/tariffs/tm2/pdf/GAS_RULES_26.pdf).

6. Processing Requests for Services Provided by the Utility: A utility shall process requests for similar services provided by the utility in the same manner and within the same time for its affiliates and for all other market participants and their respective customers.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule, through its Customer Service General Reference Guide located at: <http://dcs/genref/> (search for Start/Stop Service module).

C. Tying of Services Provided by a Utility Prohibited: A utility shall not condition or otherwise tie the provision of any services provided by the utility, nor the availability of discounts of rates or other charges or fees, rebates, or waivers of terms and conditions of any services provided by the utility, to the taking of any goods or services from its affiliates.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule through its Customer Service General Reference Guide located at: <http://dcs/genref/> (search for Corporate Affiliate module).

D. No Assignment of Customers: A utility shall not assign customers to which it currently provides services to any of its affiliates, whether by default, direct assignment, option or by any other means, unless that means is equally available to all competitors.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. Customers will not be assigned to any affiliate for any product or service unless the means of assignment are equally available to all competitors. This is located in the Customer Service General Reference Guide located at: <http://dcs/genref/> (search for Corporate Affiliate module).

E. Business Development and Customer Relations: Except as otherwise provided by these Rules, a utility shall not:

1. provide leads to its affiliates;

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. Pacific Gas and Electric Company has a policy stating that Pacific Gas and Electric Company employees will not forward any leads to its affiliates. This is located in the Customer Service General Reference Guide located at: <http://dcs/genref/> (search for Corporate Affiliate module).

Customers may also be referred to the Yellow Pages or the Internet, consistent with Rule IV.C.

2. solicit business on behalf of its affiliates;

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule through its Customer Service General Reference Guide located at: <http://dcs/genref/> (search for Corporate Affiliate module).

3. acquire information on behalf of or to provide to its affiliates;

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

Pacific Gas and Electric Company does not interpret this Rule as applying to activities permissible under Rule V.E.

See the discussion for Rule III.E.1. above.

4. share market analysis reports or any other types of proprietary or nonpublicly available reports, including but not limited to market, forecast, planning or strategic reports, with its affiliates;

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

Pacific Gas and Electric Company interprets this Rule to exclude any information which an employee might otherwise legally disclose to others after termination of employment.

Corporate governance and corporate support services covered by Rule V.E. are expressly permitted. Confidential Utility information included in draft or final non-public market, forecast, planning or strategic reports to regulatory or governmental entities is not being provided to any Rule II.B. affiliate unless it is also contemporaneously being made available to all market participants.

5. request authorization from its customers to pass on customer information exclusively to its affiliates;

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule under USP 23 Third Party Inquiries Regarding Individual Customers located at: <http://pgeatwork/Guidance/USPIndex/Pages/default.aspx>. Under these procedures, information will be released either with the specified customer's explicit written consent or the use of a Standard Customer Information Release Form.

See also Compliance Plan for Rule IV.A.

6. give the appearance that the utility speaks on behalf of its affiliates or that the customer will receive preferential treatment as a consequence of conducting business with the affiliates; or

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule through its Customer Service General Reference Guide located at: <http://dcs/genref/> (search for Corporate Affiliate module). Also, an annual communication (see Introduction) was issued to

employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

7. give any appearance that the affiliate speaks on behalf of the utility.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

F. Affiliate Discount Reports: If a utility provides its affiliates a discount, rebate, or other waiver of any charge or fee associated with products or services provided by the utility, the utility shall, within 24 hours of the time at which the product or service provided by the utility is so provided, post a notice on its electronic bulletin board providing the following information:

- 1. the name of the affiliate involved in the transaction;**
- 2. the rate charged;**
- 3. the maximum rate;**
- 4. the time period for which the discount or waiver applies;**
- 5. the quantities involved in the transaction;**
- 6. the delivery points involved in the transaction;**
- 7. any conditions or requirements applicable to the discount or waiver, and a documentation of the cost differential underlying the discount as required in Rule III B 2 above; and**
- 8. procedures by which a nonaffiliated entity may request a comparable offer.**

A utility that provides an affiliate a discounted rate, rebate, or other waiver of a charge or fee associated with services provided by the utility shall maintain, for each billing period, the following information:

- 9. the name of the entity being provided services provided by the**

utility in the transaction;

10. the affiliate's role in the transaction (i.e., shipper, marketer, supplier, seller);

11. the duration of the discount or waiver;

12. the maximum rate;

13. the rate or fee actually charged during the billing period; and

14. the quantity of products or services scheduled at the discounted rate during the billing period for each delivery point.

All records maintained pursuant to this provision shall also conform to FERC rules where applicable.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. See Compliance Plan for Rule III.B.1. and Rule III.B.2. for a description of where different types of transactions are posted. Pacific Gas and Electric Company interprets 24 hours in this context to mean one business day.

Pacific Gas and Electric Company interprets this Rule as not requiring the posting of vendor discounts associated with joint purchases otherwise permissible under Rule V.D., since such discounts are not associated with services provided by the Utility and are not available to other market participants.

See also Compliance Plan for Rule III.B.3 for further discussion on discounts.

IV. Disclosure and Information

A. Customer Information: A utility shall provide customer information to its affiliates and unaffiliated entities on a strictly non-discriminatory basis, and only with prior affirmative customer written consent.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. Departments whose employees have access to customer information (such as Customer Care or similar) have discrete policies which prohibit provision of customer information to any person or entity, except the customer, without that customer's prior written consent. The use of Pacific Gas and Electric Company's Standard Customer Release Information Form or an equivalent written consent is mandatory, except for any case where Pacific Gas and Electric Company has received a subpoena which requires the release of information, or as required under Section 588 of the California Public Utilities Code or as required by other state or federal law or regulation. See also Compliance Plan for Rule III.E.5, above. Also see USP 23 – Third Party Requests for Customer Information located at:

<http://pgeatwork/Guidance/USPIndex/Pages/default.aspx>.

Pursuant to resolution E-3540, Pacific Gas and Electric Company posts on its Internet site transactions where customer information was released to an affiliate. These postings will not include customer-specific information or identification.

Pacific Gas and Electric Company's Employee Code of Conduct provides that employees may not use or disclose confidential or proprietary information acquired during employment. The employee Code of Conduct is located at: http://www.pge-corp.com/aboutus/corp_gov/coce.shtml. Pacific Gas and Electric Company monitors compliance with this policy as to employees who transfer to affiliates by means of a "departing employee checklist," which is located at the Human Resources website: <http://www/HR/ManagingEmployees/Compliance.shtml>.

Pacific Gas and Electric Company interprets this rule to permit Pacific Gas and Electric Company to provide taxpayer (customer) information to those California cities and counties where Pacific Gas and Electric Company is required to collect a utility users tax as part of the monthly energy bill. This information is provided for the exclusive use of the taxing authority to permit the local tax administrator to confirm the tax status of individual customers and to audit the tax collections by Pacific Gas and Electric Company.

Pacific Gas and Electric Company has put in place a dialog box that appears to persons attempting to access electronic information. The box contains the following message:

This system is for use by authorized users only. Unauthorized use is subject to civil and criminal penalties and disciplinary action or termination. Use of this system must comply with applicable laws,

regulations, and company conduct security standards. Users should have no expectation of privacy in their use of any aspect of this system. Accessing pornographic (including sexually explicit) material using company computers, phones, BlackBerry(R) devices, or other company device will result in termination. If you have any questions, send an email inquiry to ComplianceEthicsHelp@pge.com. If you are not a utility employee performing utility work, a holding company employee, or do not have prior authorization, do not continue. If you have questions about these requirements, send an email inquiry to ARC@pge.com. By logging in, you acknowledge that you have read, understood, and agree with these requirements.

B. Non-Customer Specific Non-Public Information: A utility shall make non-customer specific non-public information, including but not limited to information about a utility's natural gas or electricity purchases, sales, or operations or about the utility's gas-related goods or services and electricity-related goods or services, available to the utility's affiliates only if the utility makes that information contemporaneously available to all other service providers on the same terms and conditions, and keeps the information open to public inspection. Unless otherwise provided by these Rules, a utility continues to be bound by all Commission-adopted pricing and reporting guidelines for such transactions. A utility is also permitted to exchange proprietary information on an exclusive basis with its affiliates, provided the utility follows all Commission-adopted pricing and reporting guidelines for such transactions, and it is necessary to exchange this information in the provision of the corporate support services permitted by Rule V E below. The affiliate's use of such proprietary information is limited to use in conjunction with the permitted corporate support services, and is not permitted for any other use. Nothing in this Rule precludes the exchange of information pursuant to D.97-10-031. Nothing in this Rule is intended to limit the Commission's right to information under Public Utilities Code Sections 314 and 581.

Pacific Gas and Electric Company has procedures in place to implement this Rule.

The Utility Affiliated Company Transactions Procedures provide guidance for compliance with this Rule, including CPUC-adopted pricing and reporting guidelines. The current version of the Affiliated Company Transactions Procedures is located at the Finance/Controller website: <http://pgeatwork/Finance/Controller/AT/>. These procedures may be periodically updated and issued by the Controller of Pacific Gas and Electric Company to relevant company personnel.

An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

Pacific Gas and Electric Company interprets this Rule to exclude information which an employee might otherwise legally disclose to others after termination of employment. A summary of individual transactions with affiliates will be contemporaneously posted on the Pacific Gas and Electric Company Internet site which is available to all market participants.

Additionally, Pacific Gas and Electric Company limits its transactions with affiliates to those listed in this Rule, specifically:

- Tariffed products and services – Pacific Gas and Electric Company implements its tariffs in a nondiscriminatory fashion. Tariff discretions are addressed in Rule III.B.4.
- Open competitive bidding process – Pacific Gas and Electric Company makes the opportunity and process available to all market participants.
- Information made generally available by Pacific Gas and Electric Company to all market participants.
- Commission-approved resource procurement – as described above.
- Shared services – as described under Rules V.D and V.E.
- Non-tariffed products and services.

Information provided to an affiliate as a necessary part of a Rule III.B. transaction is not posted because it is an integral part of the permitted transaction.

To see Pacific Gas and Electric Company's Affiliate Rules postings, go to:
<http://www.pge.com/about/rates/affiliate/>.

C. Service Provider Information: Except upon request by a customer or as otherwise authorized by the Commission or another governmental body, a utility shall not provide its customers with any list of service providers, which includes or identifies the utility's affiliates, regardless of whether such list also includes or identifies the names of unaffiliated entities.

Pacific Gas and Electric Company interprets this Rule to allow the Utility to provide lists of service providers which do not contain the name of an affiliate of the Utility.

Consistent with D.99-05-034, Pacific Gas and Electric Company will inform all callers complaining about an ESP (including affiliates) that they should call the ESP directly, or

call the Commission's complaint telephone number. See the Customer Service General Reference Guide at <http://dcs/genref/> (search for Corporate Affiliate module).

D. Supplier Information: A utility may provide non-public information and data which has been received from unaffiliated suppliers to its affiliates or non-affiliated entities only if the utility first obtains written affirmative authorization to do so from the supplier. A utility shall not actively solicit the release of such information exclusively to its own affiliate in an effort to keep such information from other unaffiliated entities.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule.

An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule. This is also addressed in Pacific Gas and Electric Company's Joint Purchasing Guidelines at:

<http://pgeatwork/Compliance/Pages/AffiliateRules.aspx>.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

Pacific Gas and Electric Company does not interpret this Rule to apply to information about suppliers with whom affiliates may jointly purchase goods and services with the Utility under Rule V.D.

E. Affiliate-Related Advice or Assistance: Except as otherwise provided in these Rules, a utility shall not offer or provide customers advice or assistance with regard to its affiliates or other service providers.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule through its Customer Service General Reference Guide located at: <http://dcs/genref/> (search for Corporate Affiliate module).

An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

Pacific Gas and Electric Company does not interpret this Rule as prohibiting communications with customers to explain bundled or unbundled Utility distribution service, community choice aggregation, direct access, direct access tariffs or other Pacific Gas and Electric Company tariffs or gas or electric rules, or to provide general advice.

The tracking and reporting of ESP complaint information, and providing ESP's telephone numbers or the Commission's complaint telephone number under the circumstances described in D.99-05-034 are permitted.

See also Compliance Plan for Rule III.E.2, above.

F. Record-Keeping: A utility shall maintain contemporaneous records documenting all tariffed and nontariffed transactions with its affiliates, including but not limited to, all waivers of tariff or contract provisions, all discounts, and all negotiations of any sort between the utility and its affiliate whether or not they are consummated. A utility shall maintain such records for a minimum of three years and longer if this Commission or another government agency so requires. For consummated transactions, the utility shall make such final transaction documents available for third party review upon 72 hours' notice, or at a time mutually agreeable to the utility and third party. If D.97-06-110 is applicable to the information the utility seeks to protect, the utility should follow the procedure set forth in D.97-06-110, except that the utility should serve the third party making the request in a manner that the third party receives the utility's D.97-06-110 request for confidentiality within 24 hours of service.

Pacific Gas and Electric Company has in place procedures which implement this Rule. Pacific Gas and Electric Company has electronic bulletin boards to maintain records of discounts (see Compliance Plan for Rule III.F., above), policies requiring record keeping for all tariff or contract provisions, and corporate policies for document retention (See Corporation Standard: GOV-7001S - Record Retention and Disposal Standard at: <http://pgeatwork/Guidance/USPIndex/Pages/default.aspx>).

This rule is also addressed in Pacific Gas and Electric Company's Procurement Manual at <http://pgeatwork/SS/SupplyChain/Sourcing/ProcureManual/Pages/ProcurementManual.aspx>.

Pacific Gas and Electric Company requires the following of all its employees:

(1) requires the use of an Affiliate Transaction Report (ATR), which shall be completed by each Utility employee for each day or for each affiliate transaction in which that employee took part. In the case of transactions that may cover a period of time, employees will only be required to submit one ATR for the transaction. The employee shall maintain additional records including records of negotiation with affiliates as required by Rule IV.F. regarding the transaction which shall be available to the C&E department upon request. The ATR shall include a summary of the transaction along with who participated from the affiliate and Utility. Each record, except where the transaction noted in that record was subject to legal privilege, should be delivered to the

C&E department as soon as practicable. Where the transaction recorded was subject to legal privilege, the record shall be electronically transmitted or delivered in hard copy to a file created for this purpose. The C&E department shall ensure that postings to the Pacific Gas and Electric Company Internet site are made as required; and (2) requires C&E to centrally maintain such records not already kept in a location accessible to C&E;

All requests to review transactions under this Rule must be submitted in writing to:

Pacific Gas and Electric Company
Compliance and Ethics Department (C&E)
245 Market Street
P.O. Box 770000 Mail Code N4F
San Francisco, CA 94177

Summaries of individual transactions will be made available to third parties for review. The summary will contain sufficient information for the third party to determine that the subject matter of the transaction was permitted and the cost, if any. If an affiliate was charged for a document or information, a third party will be charged the same amount if they request the same document or information. Third parties will not be granted access to any confidential customer information that may have been properly provided to an affiliate without also obtaining prior written authorization of the customer. Third parties will not be granted access to any confidential or proprietary affiliate information that was shared with the Utility or to any non-public information shared with an affiliate as part of providing a permitted corporate support service.

Pacific Gas and Electric Company interprets 72 hours to mean that the information must be available by the third business day following the request and 24 hours to be one business day. Contemporaneous shall mean monthly for billings and other transactions between Pacific Gas and Electric Company and its affiliates that are recorded on a monthly basis. Summaries will be made available following the monthly closing of accounts.

G. Maintenance of Affiliate Contracts and Related Bids: A utility shall maintain a record of all contracts and related bids for the provision of work, products or services between the utility and its affiliates for no less than a period of three years, and longer if this Commission or another government agency so requires.

An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule. This rule is also addressed in Pacific Gas and Electric Company's Procurement Manual at <http://pgeatwork/SS/SupplyChain/Sourcing/ProcureManual/Pages/ProcurementManual.aspx>.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

H. FERC Reporting Requirements: To the extent that reporting rules imposed by the FERC require more detailed information or more expeditious reporting, nothing in these Rules shall be construed as modifying the FERC rules.

V. Separation

A. Corporate Entities: A utility, its parent holding company, and its affiliates shall be separate corporate entities.

Pacific Gas and Electric Company is in compliance with this Rule. Each affiliate maintains its own Board of Directors, officers, and books of accounts. Consistent with Pacific Gas and Electric Company's holding company application, A.95-10-024, which was approved by the Commission in D.96-11-017 and amended in D.06-12-029, Pacific Gas and Electric Company and its affiliates are separate corporate entities.

Attachment A contains a list of all entities within the PG&E Corporation family that meet the definition of affiliate provided in Rule I.A. The affiliates are categorized based on the applicability of these rules.

B. Books and Records: A utility, its parent holding company, and its affiliates shall keep separate books and records.

1. Utility books and records shall be kept in accordance with applicable Uniform System of Accounts (USOA) and Generally Accepted Accounting Procedures (GAAP).

Pacific Gas and Electric Company is in compliance with this Rule. PG&E Corporation's financial statements, and Pacific Gas and Electric Company's financial statements and annual FERC report, are audited for compliance with GAAP by independent accountants on an annual basis.

2. The books and records of a utility's parent holding company and affiliates shall be open for examination by the Commission and its staff consistent with the provisions of Public Utilities Code Sections 314 and 701, the conditions in the Commission's orders authorizing the utilities' holding companies and/or mergers and these Rules.

The books and records of Pacific Gas and Electric Company's parent holding company and its affiliates are open for examination by the Commission and its staff consistent with the provisions of Public Utilities Code Section 314.

C. Sharing of Plant, Facilities, Equipment or Costs: A utility shall not share office space, office equipment, services, and systems with its affiliates, nor shall a utility access the computer or information systems of its affiliates or allow its affiliates to access its computer or information systems, except to the extent appropriate to perform shared corporate support functions permitted under Rule V E of these Rules. Physical separation required by this rule shall be accomplished

preferably by having office space in a separate building, or, in the alternative, through the use of separate elevator banks and/or security-controlled access. This provision does not preclude a utility from offering a joint service provided this service is authorized by the Commission and is available to all non-affiliated service providers on the same terms and conditions (e.g., joint billing services pursuant to D.97-05-039).

Pacific Gas and Electric Company has adequate plans in place to implement this Rule.

An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

Pacific Gas and Electric Company has data network segmentation which provides sufficient separation of facilities as mandated by this rule. Pacific Gas and Electric Company uses the Information Technology Change Management Procedure to monitor network segmentation.

As of the date of this Compliance Plan, no affiliate employees are located in Utility space.

D. Joint Purchases: To the extent not precluded by any other Rule, the utilities and their affiliates may make joint purchases of goods and services, but not those associated with the traditional utility merchant function. For purpose of these Rules, to the extent that a utility is engaged in the marketing of the commodity of electricity or natural gas to customers, as opposed to the marketing of transmission and distribution services, it is engaging in merchant functions. Examples of permissible joint purchases include joint purchases of office supplies and telephone services. Examples of joint purchases not permitted include gas and electric purchasing for resale, purchasing of gas transportation and storage capacity, purchasing of electric transmission, systems operations, and marketing. The utility must insure that all joint purchases are priced, reported, and conducted in a manner that permits clear identification of the utility and affiliate portions of such purchases, and in accordance with applicable Commission allocation and reporting rules.

Pacific Gas and Electric Company have adequate procedures in place to implement this Rule. An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

The Utility Affiliated Company Transactions Procedures provides guidance for compliance with this Rule, including requiring that purchases of materials or services on behalf of an affiliate must be reported to the Affiliate Accounting Group after being reviewed by the C&E department and the cost thereof must be charged to the appropriate intercompany order. The current version of the Affiliated Company Transactions Procedures is located at the Finance/Controller website:

<http://pgeatwork/Finance/Controller/AT/>. These procedures may be periodically updated and issued by the Controller of Pacific Gas and Electric Company to relevant Utility personnel.

Pacific Gas and Electric Company will continue its current practice of making joint purchases of goods and services other than those associated with the traditional Utility merchant function. C&E has created and will maintain a list of permitted joint purchases at its website: <http://pgeatwork/Compliance/Pages/AffiliateRules.aspx>.

E. Corporate Support: As a general principle, a utility, its parent holding company, or a separate affiliate created solely to perform corporate support services may share with its affiliates joint corporate oversight, governance, support systems and personnel, as further specified below. Any shared support shall be priced, reported and conducted in accordance with the Separation and Information Standards set forth herein, as well as other applicable Commission pricing and reporting requirements.

As a general principle, such joint utilization shall not allow or provide a means for the transfer of confidential information from the utility to the affiliate, create the opportunity for preferential treatment or unfair competitive advantage, lead to customer confusion, or create significant opportunities for cross-subsidization of affiliates. In the compliance plan, a corporate officer from the utility and holding company shall verify the adequacy of the specific mechanisms and procedures in place to ensure the utility follows the mandates of this paragraph, and to ensure the utility is not utilizing joint corporate support services as a conduit to circumvent these Rules.

Examples of services that may be shared include: payroll, taxes, shareholder services, insurance, financial reporting, financial planning and analysis, corporate accounting, corporate security, human resources (compensation, benefits, employment policies), employee records, regulatory affairs, lobbying, legal, and pension management. However, if a utility and its parent holding company share any key officers after 180 days following the effective date of the decision adopting these Rule modifications, then the following services shall no

longer be shared: regulatory affairs, lobbying, and all legal services except those necessary to the provision of shared services still authorized. For purposes of this Rule, key officers are the Chair of the entire corporate enterprise, the President at the utility and at its holding company parent, the chief executive officer at each, the chief financial officer at each, and the chief regulatory officer at each, or in each case, any and all officers whose responsibilities are the functional equivalent of the foregoing.

Examples of services that may not be shared include: employee recruiting, engineering, hedging and financial derivatives and arbitrage services, gas and electric purchasing for resale, purchasing of gas transportation and storage capacity, purchasing of electric transmission, system operations, and marketing. However, if a utility and its parent holding company share any key officers (as defined in the preceding paragraph) after 180 days following the effective date of the decision adopting these Rule modifications, then the following services shall no longer be shared: regulatory affairs, lobbying, and all legal services except those necessary to the provision of shared services still authorized.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. The provision of corporate support services will not provide a means for the transfer of confidential non-public Utility information from the Utility to an affiliate that would create the opportunity for preferential treatment or unfair competitive advantage, lead to customer confusion, or create significant opportunities for cross-subsidization of affiliates. Any non-public information exchanged will be exchanged in accordance with Rule IV.B.

Pacific Gas and Electric Company's Affiliated Company Transactions Procedures located at <http://pgeatwork/Finance/Controller/AT/> state that the portion of the fully-loaded costs of shared corporate services which benefits PG&E Corporation and/or affiliates shall be charged to PG&E Corporation and/or affiliates. On a monthly basis, the Affiliate Accounting section of Corporate Accounting charges PG&E Corporation for its allocated share of the costs of corporate services provided by Pacific Gas and Electric Company. In addition, Pacific Gas and Electric Company corporate services employees charge time spent directly on holding company or affiliate matters to the holding company or affiliates by reporting the time spent on these matters. PG&E Corporation is also entitled to charge Pacific Gas and Electric Company for services and support it provides to Pacific Gas and Electric Company.

For the purposes of this Rule, Pacific Gas and Electric Company considers that shared services include, but are not limited to:

- corporate oversight and governance
- use of financial and cash management and payroll systems software
- payroll advice and services, including printing and distribution of paychecks
- corporate budget preparation and monitoring

- corporate communications, public relations, and charitable contributions
- tax advice and services
- treasury functions
- investor relations and shareholder services
- consolidated business planning (other than market analyses)
- financial services such as -
 - accounts payable
 - accounting
 - banking services not including customer transactions
 - cash management
 - planning, analysis, negotiation and workout (e.g. analytical support for various subsidiary projects and for long-range planning)
 - reporting
 - risk management (which includes approval of and monitoring compliance with policies and procedures; each subsidiary has its own risk management committee to manage its hedging, financial derivative, and arbitrage activities as they relate to energy products; the holding company in its oversight role may also review and approve certain transactions involving the Utility or the affiliates)
- internal auditing
- insurance advice, services, and procurement
- state, federal, and local lobbying and regulatory affairs
- analysis of regulatory or legislative actions
- legal services and support
- legal and regulatory compliance, including affiliate transactions rules compliance
- compliance and ethics activities
- environmental and safety
- corporate development
- computer, telecommunications, and technical systems support and maintenance (Utility employees may have access to affiliate systems while providing support and maintenance on those systems. Utility support may include Internet routing. Affiliate employees will only be allowed to provide support and maintenance for the Utility if they will not have access to any non-public Utility information contained in a computer or information system, e.g. limited hardware maintenance or software development.)
- human resources planning and development services, including succession planning
- compensation and benefit services and plan procurement and management
- pension management
- development, interpretation, and application of employment policies
- creation and maintenance of employee records
- limited day or overnight use of Pacific Gas and Electric Company meeting rooms or facilities (Rule II.B. affiliate employees would only be in attendance if their presence was necessary to perform shared corporate support functions and they had been invited by the entity hosting the meeting.)
- printing of documents for permitted shared services and corporate support functions

- corporate communications and public relations
- corporate security
- fleet services

Pacific Gas and Electric Company considers that financial, accounting, and purchasing systems are included within sharable support systems. Affiliate employees sharing support systems with the Utility will not be granted access to any confidential Utility information contained within those systems.

Pacific Gas and Electric Company will continue to provide a “hotlink” from its Internet site to that of PG&E Corporation. There will be no “hotlinks” from the Pacific Gas and Electric Company Internet site to affiliate Internet sites.

Pacific Gas and Electric Company elected not to share key officers under Rule V.E. and notified the Commission of this election in a letter dated May 25, 2007. See Rule V.G.

F. Corporate Identification and Advertising:

1. A utility shall not trade upon, promote, or advertise its affiliate’s affiliation with the utility, nor allow the utility name or logo to be used by the affiliate or in any material circulated by the affiliate, unless it discloses in plain legible or audible language, on the first page or at the first point where the utility name or logo appears that:

a. the affiliate “is not the same company as [i.e. PG&E, Edison, the Gas Company, etc.], the utility,”;

b. the affiliate is not regulated by the California Public Utilities Commission; and

c. “you do not have to buy [the affiliate’s] products in order to continue to receive quality regulated services from the utility.” The application of the name/logo disclaimer is limited to the use of the name or logo in California.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule.

1. An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

2. Pacific Gas and Electric Company does not interpret this Rule to cover situations where individuals unaffiliated with Pacific Gas and Electric Company, its affiliates, and PG&E Corporation, remove the required disclaimers from materials circulated by affiliates or fail to include the disclaimer after being so notified by us.

3. Use of disclaimer on envelopes. The disclaimer will either be included on the first page of the materials within an envelope or on the envelope.

4. Pacific Gas and Electric Company in all cases interprets and applies this Rule to written material circulated in California by an affiliate for which potential customers of the affiliate are the intended or reasonably foreseeable recipients. The rules are interpreted to also require the disclaimer to be used on technical and operational correspondence, and billing and invoices with an existing customer.

Communications to procure goods and services from suppliers, to recruit employees, and other types of communications to California audiences other than regulators, governmental entities, and security holders and other members of the investment community, will bear disclaimers. Oral communications, unless recorded and distributed for broadcast, will not include disclaimers. Communications or documents which originate with a supplier, vendor or other third party will not be required to include the disclaimer.

5. The Rules are interpreted to require the use of the disclaimer on all signs, banners or posters on which Pacific Gas and Electric Company affiliates use the name or logo at trade shows, conferences, fairs or similar events in California. In addition, all printed marketing and promotional items, such as business cards and marketing publications distributed at these events by an affiliate, will bear the appropriate disclaimer in the required font size, if they include the name or logo. Financial documents such as the PG&E Corporation Annual Report or 10-K do not require the disclaimer.

6. Pacific Gas and Electric Company interprets the geographic limitation on this Rule to mean the disclaimer is only required where a California customer is the intended or reasonably foreseeable recipient of the communication. Thus, for communications originating outside California the disclaimer will appear only when California locations are targeted. Communications directed to customers outside of California will not bear the disclaimers.

7. Pacific Gas and Electric Company interprets the Rules to permit joint participation in trade shows, conferences, fairs and similar events outside California. The rules are interpreted as not requiring the use of the name/logo disclaimer on signs, banners, posters or printed marketing material at these out of state events.

8. Affiliate business cards containing either the name "PG&E" or the spotlight logo used by the Utility will bear a disclaimer if they are distributed in California or to California customers.

In an effort to adhere to the spirit of this Rule and to maintain the meaning of the Commission's language while shortening it so it can be more easily read, noticed and understood by customers, Pacific Gas and Electric Company has prepared the following consolidated disclaimers. The first disclaimer will be generally used by all affiliates except those which are regulated by the Federal Energy Regulatory Commission or another agency, and therefore cannot appropriately employ the language proposed in the April 1998 amendment to the compliance plan, which would describe them as an "unregulated subsidiary of PG&E Corporation."

All business cards of affiliates will include one of the two following disclaimers on the face of the cards if they are distributed in California or to California customers. Generally affiliates which are not regulated by the Federal Energy Regulatory Commission or other agency, will bear the following consolidated disclaimer on the face:

'[Affiliate] is an unregulated subsidiary of PG&E Corporation. (see back)'

Those affiliates that do not use the above consolidated disclaimer on the face of their business cards will use the following consolidated disclaimer:

'[Affiliate] is not the same company as Pacific Gas and Electric Company, the regulated Utility. (see back)'

The full disclaimers will appear on the back of all affiliate business cards distributed in California or to California customers.

The examples below contain the approximate type size ordered by the Commission in D.98-11-027.

 PG&E (Affiliate)	xxx Street Name, Room xx Any City, State Name, xxxxx Mailing Address
	PO Box xxxxx Any City, State Name, xxxxx
Employee Name	123.456.4741
Title	Fax 123.456.7890
Department	Internet name@affiliate.com
PG&E [Affiliate] is an unregulated subsidiary of PG&E Corporation. (see back)	

		xxx Street Name, Room xx Any City, State Name, xxxxx Mailing Address
		PO Box xxxxx Any City, State Name, xxxxx
Employee Name Title Department	123.456.4741 Fax 123.456.7890 Internet name@affiliate.com	
PG&E [Affiliate] is not the same company as Pacific Gas and Electric Company, the regulated utility. (see back)		

PG&E [Affiliate] is not the same company as Pacific Gas and Electric Company, the utility; PG&E [Affiliate] is not regulated by the California Public Utilities Commission; and you do not have to buy PG&E [Affiliate] products in order to continue to receive quality regulated services from the utility.

9. Promotional items and other tangible objects distributed by affiliates in California will bear the full disclaimer. Due to the small size or irregular shape of some promotional items (e.g., golf tees, lapel pins), the affiliate will display the disclaimers on packaging materials such that the disclaimers will become visible to the customer at the same time or before the name or logo does. The Rules are interpreted as not requiring a disclaimer on promotional items and other tangible objects distributed outside California.

Listed below are examples of promotional items which may be distributed to customers in California by the affiliates. These promotional items, and future similar promotional items, will have the disclaimer on a label on the item or on packaging surrounding the item.

- Package of golf tees
- Box of golf balls
- Flashlights and squeeze lights
- Clocks
- Notepad blocks of paper
- Lucite cubes
- Stuffed animals
- Key chain knives

- Ink pens or mechanical pencils
- Cups or mugs
- Bottles of wine
- Plastic night lights
- Foam rubber light bulbs
- Fanny packs, sacks or tote bags
- T-shirts and Polo shirts
- Caps and hats

In all cases the disclaimer used will be printed legibly in 6 point font, or larger. A larger font will be used whenever required to meet the ½ font size legibility standard.

10. Use of the disclaimer for direct mail marketing. The Rules are interpreted to require the use of the disclaimer on either the envelope or the first sheet of the first item in the envelope which uses the name or logo, for direct mail sent to California addresses. The disclaimer will be legible, printed in the same direction as the other material on the page, and be no smaller than the larger of (a) ½ of the size of the font used in printing the name that accompanies the logo, or (b) 6 point type. Pacific Gas and Electric Company interprets the Rules not to require printing the disclaimer on every page, on other attachments in a direct mail package.

11. Authorized use of the name/logo by third parties. If an affiliate authorizes the use of the name or logo by a third party within California for the purpose of advertising or marketing of the affiliate's products and services, use of the name or logo will be conditioned on the use of the appropriate disclaimer. The affiliate will take prompt action upon discovery of unauthorized or inappropriate use of the name or logo in the marketing or advertising of products and services by a third party, to stop the unauthorized or inappropriate use. Unauthorized use by a third party will not be considered a violation. Other third party uses of the name or logo are not required to include the disclaimer.

12. Affiliate Press Releases. In the spirit of the Rules, affiliate press releases to the media within California, or where California customers are the primary audience for a wire service press release, will include the following or similar instructions to the media:

Please do not use "Pacific Gas and Electric" or "PG&E" when referring to [affiliate name]. [Affiliate Name] is not the same company as Pacific Gas and Electric Company and is not regulated by the California Public Utilities Commission and customers of Pacific Gas and Electric Company do not have to purchase products or services from [affiliate name] to continue receiving quality regulated service from Pacific Gas and Electric Company.

13. PG&E Corporation Press Releases. PG&E Corporation press releases are only required to include the disclaimer if they mention an affiliate using the PG&E name and the products and services offered for sale by the affiliate using the PG&E name.

14. Media interviews and inquiries. In the spirit of the Rules, representatives of the affiliates interviewed by the press within California, or where the resulting article is likely to appear in California, will remind news media representatives as appropriate about the relationship between Pacific Gas and Electric Company and its affiliates, prior to the interview or inquiry either orally or in writing that the affiliate is separate from Pacific Gas and Electric Company, and caution them to use the full name of the affiliate, and not to refer to the affiliate as PG&E or Pacific Gas and Electric Company. The Rules are interpreted as not requiring the affiliate representative to recite the disclaimer during the interview.

15. Use of the disclaimer in building signage. The Rules are interpreted to allow normal signage on the outside of buildings owned or utilized by the affiliates in California, without use of the disclaimer on the signage. Normal signage is limited to the company name, logo and address, and has the primary purpose of identifying the business location. The Rules are interpreted to require the disclaimer on any disproportionately large sign, such as a billboard.

16. Institutional advertising by PG&E Corporation. PG&E Corporation, may from time to time communicate with the public and security holders using, among other media, paid print or broadcast media advertising. PG&E Corporation does not sell products or services and does not have a marketing function, therefore Pacific Gas and Electric Company interprets the rules as not requiring the use of the disclaimer in such communications because of the investor relations nature of the communications and the non-affiliate status of the communicating entity.

Similarly, Pacific Gas and Electric Company interprets the rules to allow institutional or “brand” advertising by PG&E Corporation in California without inclusion of the disclaimer, provided that:

(1) PG&E Corporation does not exploit the connection of Pacific Gas and Electric Company with the holding company’s unregulated subsidiaries. However, it is appropriate for PG&E Corporation to include factual characteristics of the consolidated group in an overall description of PG&E Corporation; and

(2) The advertisement does not identify the affiliates by name or logo.

Institutional or “brand” advertising is defined as paid advertising which communicates generally to the reader but does not communicate regarding any specific product or service and calls the reader to engage in a transaction based on the advertisement. This type of advertising is commonly undertaken by major corporations with diverse operating affiliates.

PG&E Corporation’s paid advertising in California which identifies the unregulated affiliates by name will make it clear that these services are performed by the affiliates, and will include the disclaimer in size and type required by the Commission.

17. The disclaimer is not required on communications with governmental bodies, where the parties involved either know or should have reason to know, the legal status of the interrelationship of the Utility and affiliates, and the communications are not related to product and service sales. The situations included in this item include financial reports to security holders and other members of the investment community, legal or regulatory proceedings, written communications with governmental bodies regarding actual or proposed legislation, and written communications to federal, state or municipal agencies which relate to an agency requirement or power (other than the power of the agency to buy products and services).

18. The disclaimer is not required on internal written communications between the holding company, the Utility, and any of the affiliates covered by the Rules, provided that the internal communications are not also sent to third parties outside of the company.

“Legible” in the context of printed materials as it relates to Rule V. F., means that the disclaimer must be sized and displayed commensurate with the “signature” (i.e., the logo or name identification), so that the disclaimer is the larger of (a) ½ the size of the type which first displays the name or logo, or (b) 6 point type, and is positioned so that the reader will naturally focus on the disclaimer as easily as the “signature.” The disclaimer shall not be displayed upside down, sideways, in a different language, or in any other way which would have the effect of minimizing its appearance.

2. A utility, through action or words, shall not represent that, as a result of the affiliate’s affiliation with the utility, its affiliates will receive any different treatment than other service providers.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule through its Customer Service General Reference Guide located at: <http://dcs/genref/> (search for Corporate Affiliate module). Also, an annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

3. A utility shall not offer or provide to its affiliates advertising space in utility billing envelopes or any other form of utility customer written communication unless it provides access to all other unaffiliated service providers on the same terms and conditions.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule through its Customer Service General Reference Guide located at: <http://dcs/genref/> (search for Corporate Affiliate module). Also, an annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

4. A utility shall not participate in joint advertising or joint marketing with its affiliates. This prohibition means that utilities may not engage in activities which include, but are not limited to the following:

a. A utility shall not participate with its affiliates in joint sales calls, through joint call centers or otherwise, or joint proposals (including responses to requests for proposals (RFPs)) to existing or potential customers. At a customer's unsolicited request, a utility may participate, on a nondiscriminatory basis, in non-sales meetings with its affiliates or any other market participant to discuss technical or operational subjects regarding the utility's provision of transportation service to the customer;

b. Except as otherwise provided for by these Rules, a utility shall not participate in any joint activity with its affiliates. The term "joint activities" includes, but is not limited to, advertising, sales, marketing, communications and correspondence with any existing or potential customer;

c. A utility shall not participate with its affiliates in trade shows, conferences, or other information or marketing events held in California.

Pacific Gas and Electric Company has adequate procedures in place to implement these Rules. An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

Pacific Gas and Electric Company interprets this Rule as permitting Pacific Gas and Electric Company's participation, at a customer's request and on a non-discriminatory basis, at a meeting the customer has not indicated to be a "sales meeting," and at which an affiliate is also present. If Pacific Gas and Electric Company attends such a meeting and sales matters are discussed, Pacific Gas and Electric Company's role will be limited to technical or operational information regarding the Utility's provision of service to the customer. Utility employees will not participate in any discussion of any prohibited topic when an affiliate employee is present. Should a prohibited topic arise in such a meeting, Utility employees are instructed to either request that parties refrain from discussing the prohibited topic while they are present or leave the meeting until the discussion of the prohibited topic has concluded. Pacific Gas and Electric Company does not interpret attending such a meeting, or a trade show, conference, or other public marketing event

where Pacific Gas and Electric Company and affiliate attendance is not coordinated, to be a reportable transaction under these Rules or the rules in D.93-02-019.

Pacific Gas and Electric Company interprets the rules to permit joint participation in trade shows, conferences, fairs and similar events outside California.

5. A utility shall not share or subsidize costs, fees, or payments with its affiliates associated with research and development activities or investment in advanced technology research.

Pacific Gas and Electric Company has adequate procedures in place to implement these Rules. An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

The Energy Procurement Policy on Compliance with Affiliate Rules provides guidance for compliance with this Rule. The current version of this policy is located at the Energy Procurement website:

<http://pgeatwork/EnergySupply/EP/Compliance/Pages/EPCCompliancewithAffiliateRules.aspx>. This policy may be periodically updated and issued by the Senior Vice President of Energy Procurement of Pacific Gas and Electric Company to relevant Utility personnel.

G. Employees:

1. Except as permitted in Rule V E (corporate support), a utility and its affiliates shall not jointly employ the same employees, This Rule prohibiting joint employees also applies to Board Directors, and corporate officers except for the following circumstances: In instances when this Rule is applicable to holding companies, any board member or corporate officer may serve on the holding company and with either the utility or affiliate (but not both) to the extent consistent with Rule V E (corporate support). Where the utility is a multi-state utility, is not a member of a holding company structure, and assumes the corporate governance functions for the affiliates, the prohibition against any board member or corporate officer of the utility also serving as a board member or corporate officer of an affiliate shall only apply to affiliates that operate within California. In the case of shared directors and officers, a corporate officer from the utility and holding company shall describe and verify in the utility's compliance plan required by Rule VI the adequacy of the specific mechanisms and procedures in place to ensure that the utility is not utilizing shared officers and directors as a conduit to circumvent any of these Rules. In its compliance plan, the utility shall list all shared directors and officers between the utility and

affiliates. No later than 30 days following a change to this list, the utility shall notify the Commission's Energy Division and the parties on the service list of R.97-04-011/I.97-04-012 of any change to this list.

Both because this Rule is not applicable to PG&E Corporation, which is not an affiliate because it is not engaged in the provision of products or services as set out in Rule II.B., and because the Rule excepts from its prohibition the corporate support services permitted under Rule V.E., except for key officers, members of the Board of Directors and Officers may and will continue to serve as such for both PG&E Corporation and Pacific Gas and Electric Company. The following individuals currently serve concurrently as Officers or Directors of Pacific Gas and Electric Company and PG&E Corporation:

OFFICERS

Harvey, Kent M.	Senior Vice President and Chief Financial Officer (PG&E Corporation)
Pruett, Greg S.	Senior Vice President, Financial Services (Pacific Gas and Electric Company)
Simon, John R.	Senior Vice President, Corporate Affairs (PG&E Corporation and Pacific Gas and Electric Company)
Cairns, Stephen J.	Senior Vice President, Human Resources (PG&E Corporation and Pacific Gas and Electric Company)
Cheng, Linda Y.H.	Vice President, Internal Audit and Compliance (PG&E Corporation and Pacific Gas and Electric Company)
Mistry, Dinyar B.	Vice President, Corporate Governance and Corporate Secretary (PG&E Corporation and Pacific Gas and Electric Company)
Suri, Anil K.	Vice President and Controller (PG&E Corporation and Pacific Gas and Electric Company)
Bijur, Nicholas M.	Vice President and Chief Risk and Audit Officer (PG&E Corporation and Pacific Gas and Electric Company)
Chan, Eileen O.	Treasurer (PG&E Corporation and Pacific Gas and Electric Company)
Lee, Wondy S.	Assistant Corporate Secretary (PG&E Corporation and Pacific Gas and Electric Company)
Montizambert, Eric	Assistant Corporate Secretary (PG&E Corporation and Pacific Gas and Electric Company)

DIRECTORS

Andrews, David R.	Director (PG&E Corporation and Pacific Gas and Electric Company)
Chew, Lewis	Director (PG&E Corporation and Pacific Gas and Electric Company)
Cox, C. Lee	Director (PG&E Corporation and Pacific Gas and Electric Company)
Herringer, Maryellen C.	Director (PG&E Corporation and Pacific Gas and Electric Company)
Kimmel, Roger H.	Director (PG&E Corporation and Pacific Gas and Electric Company)
Meserve, Dr. Richard A.	Director (PG&E Corporation and Pacific Gas and Electric Company)
Miller, Forrest E.	Director (PG&E Corporation and Pacific Gas and Electric Company)

Parra, Rosendo G.	Director (PG&E Corporation and Pacific Gas and Electric Company)
Rambo, Barbara L.	Director (PG&E Corporation and Pacific Gas and Electric Company)
Williams, Barry Lawson	Director (PG&E Corporation and Pacific Gas and Electric Company)

Further, because this Rule excepts from its prohibition the corporate support services permitted under Rule V.E. Officers and members of the Board of Directors performing authorized corporate support services may be shared among PG&E Corporation and any of its subsidiaries. The following individuals currently serve concurrently as, Officers or Directors of PG&E Corporation, Pacific Gas and Electric Company, and affiliates:

Harvey, Kent M.	Senior Vice President and Chief Financial Officer (PG&E Corporation); Senior Vice President, Financial Services (Pacific Gas and Electric Company); President and Chief Financial Officer (PG&E Corporate Support Services II, Inc.); Director and President (PG&E Real Estate Services, Inc.)
Simon, John R.	Senior Vice President, Human Resources (PG&E Corporation and Pacific Gas and Electric Company); Vice President (PG&E Real Estate Services, Inc.); Member, President and Chief Executive Officer (PG&E Real Estate, LLC)
Cheng, Linda Y.H.	Vice President Corporate Governance and Corporate Secretary (PG&E Corporation, Pacific Gas and Electric Company); Secretary for multiple affiliates
Mistry, Dinyar B.	Vice President and Controller (PG&E Corporation, Pacific Gas and Electric Company and multiple affiliates)
Bijur, Nicholas M.	Treasurer (PG&E Corporation and Pacific Gas and Electric Company and multiple affiliates); Director (PG&E Energy Recovery Funding, LLC)
Chan, Eileen	Assistant Corporate Secretary (PG&E Corporation, Pacific Gas and Electric Company); Assistant Secretary for multiple affiliates
Lee, Wondy S.	Assistant Corporate Secretary (PG&E Corporation, Pacific Gas and Electric Company); Assistant Secretary for multiple affiliates
Montizambert, Eric	Assistant Corporate Secretary (PG&E Corporation, Pacific Gas and Electric Company); Assistant Secretary for multiple affiliates

Pacific Gas and Electric Company has developed specific procedures to implement this Rule (See Introduction), to ensure that these officers and board members are not used by Pacific Gas and Electric Company as a conduit to circumvent the Rules. Pacific Gas and Electric Company will notify the Commission's Energy Division and parties of the service list of R.97-04-011/I.97-04-012 no later than 30 days following any change to this list.

2. All employee movement between a utility and its affiliates shall be consistent with the following provisions:

a. A utility shall track and report to the Commission all employee movement between the utility and affiliates. The utility shall report this information annually pursuant to our Affiliate Transaction Reporting Decision, D.93-02-016, 48 CPUC2d 163, 171-172 and 180 (Appendix A, Section I and Section II H.).

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. The Utility Affiliated Company Transactions Procedures provides guidance for compliance with this Rule. The current version of the Affiliated Company Transactions Procedures is located at the Finance/Controller website: <http://pgeatwork/Finance/Controller/AT/>. These procedures may be periodically updated

and issued by the Controller of Pacific Gas and Electric Company to relevant Utility personnel.

Pacific Gas and Electric Company's HR/SAP system will track this employee movement and be able to provide periodic reports.

Pacific Gas and Electric Company will continue to report employee movement in its Annual Affiliate Transaction Report.

b. Once an employee of a utility becomes an employee of an affiliate, the employee may not return to the utility for a period of one year. This Rule is inapplicable if the affiliate to which the employee transfers goes out of business during the one-year period. In the event that such an employee returns to the utility, such employee cannot be retransferred, reassigned, or otherwise employed by the affiliate for a period of two years. Employees transferring from the utility to the affiliate are expressly prohibited from using information gained from the utility in a discriminatory or exclusive fashion, to the benefit of the affiliate or to the detriment of other unaffiliated service providers.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. The Utility Affiliated Company Transactions Procedures provides guidance for compliance with this Rule. The current version of the Affiliated Company Transactions Procedures is located at the Finance/Controller website: <http://pgeatwork/Finance/Controller/AT/>. These procedures may be periodically updated and issued by the Controller of Pacific Gas and Electric Company to relevant Utility personnel.

A communication was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

Pacific Gas and Electric Company's HR/SAP system will track this employee movement and be able to provide periodic reports.

Going out of business includes sale of a company or significant reorganization resulting in elimination of a function.

See also Compliance Plan for Rules III.E.5 and IV.A, above, regarding the use of proprietary information gained from the Utility.

c. When an employee of a utility is transferred, assigned, or otherwise employed by the affiliate, the affiliate shall make a one-time

payment to the utility in an amount equivalent to 25% of the employee's base annual compensation, unless the utility can demonstrate that some lesser percentage (equal to at least 15%) is appropriate for the class of employee included. In the limited case where a rank-and-file (non-executive) employee's position is eliminated as a result of electric industry restructuring, a utility may demonstrate that no fee or a lesser percentage than 15% is appropriate. All such fees paid to the utility shall be accounted for in a separate memorandum account to track them for future ratemaking treatment (i.e. credited to the Electric Revenue Adjustment Account or the Core and Noncore Gas Fixed Cost Accounts, or other ratemaking treatment, as appropriate), on an annual basis, or as otherwise necessary to ensure that the utility's ratepayers receive the fees. This transfer payment provision will not apply to clerical workers. Nor will it apply to the initial transfer of employees to the utility's holding company to perform corporate support functions or to a separate affiliate performing corporate support functions, provided that that transfer is made during the initial implementation period of these rules or pursuant to a § 851 application or other Commission proceeding. However, the rule will apply to any subsequent transfers or assignments between a utility and its affiliates of all covered employees at a later time.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. The Utility Affiliated Company Transactions Procedures provides guidance for compliance with this Rule. The current version of the Affiliated Company Transactions Procedures is located at Finance/Controller website: <http://pgeatwork/Finance/Controller/AT/>. These procedures may be periodically updated and issued by the Controller of Pacific Gas and Electric Company to relevant Utility personnel.

This one-time fee will only be paid once for any individual employee. For purposes of this Rule, "clerical workers" shall be deemed to include non-professional, bargaining unit employees without specific utility-related skills. Should Pacific Gas and Electric Company declare any employees to be "impacted" as prescribed in this Rule, the Commission will be notified by letter within 30 days of that decision.

The memorandum accounts to account for the transfer fees have been established as described in Advice Letter 2167-G/1891-E.

d. Any utility employee hired by an affiliate shall not remove or otherwise provide information to the affiliate which the affiliate would otherwise be precluded from having pursuant to these Rules.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule. Pacific Gas and Electric Company's Employee Code of Conduct at: http://www.pge-corp.com/aboutus/corp_gov/coce.shtml provides that employees may not use or disclose confidential or proprietary information acquired during employment. One tool Pacific Gas and Electric Company uses to monitor compliance with this rule is a "departing employee checklist", which is at the Human Resources website: <http://www/HR/ManagingEmployees/Compliance.shtml>.

e. A utility shall not make temporary or intermittent assignments, or rotations to its energy marketing affiliates. Utility employees not involved in marketing may be used on a temporary basis (less than 30% of an employee's chargeable time in any calendar year) by affiliates not engaged in energy marketing only if:

i. All such use is documented, priced and reported in accordance with these Rules and existing Commission reporting requirements, except that when the affiliate obtains the services of a non-executive employee, compensation to the utility should be priced at a minimum of the greater of fully loaded cost plus 10% of direct labor cost, or fair market value. When the affiliate obtains the services of an executive employee, compensation to the utility should be priced at a minimum of the greater of fully loaded cost plus 15% of direct labor cost, or fair market value.

ii. Utility needs for utility employees always take priority over any affiliate requests;

iii. No more than 5% of full time equivalent utility employees may be on loan at a given time;

iv. Utility employees agree, in writing, that they will abide by these Affiliate Transaction Rules; and

v. Affiliate use of utility employees must be conducted pursuant to a written agreement approved by appropriate utility and affiliate officers.

Pacific Gas and Electric Company has procedures to allow temporary or intermittent assignments, or rotations. These procedures are located at the HR website: <http://pgeatwork/Guidance/HumanResources/Pages/default.aspx> and the Utility Affiliated Company Transactions Procedures at website: <http://pgeatwork/Finance/Controller/AT/>. These procedures may be updated from time to time to meet operational needs. Any update will continue to comply with the requirements of this Rule.

H. Transfer of Goods and Services: To the extent that these Rules do not prohibit transfers of goods and services between a utility and its affiliates, and except for as provided by Rule V.G.2.e, all such transfers shall be subject to the following pricing provisions:

This Rule does not apply to PG&E Corporation, which is not engaged in the provision of products or services as set out in Rule II.B., and thus is not an “affiliate” under these Rules. As a result, this Rule does not supersede D.96-11-017 as to transfers from Pacific Gas and Electric Company to PG&E Corporation. Likewise, these Rules do not specifically address transfers of assets, including intellectual property, so Pacific Gas and Electric Company will continue to follow the rules adopted by D.96-11-017 in this regard.

The Utility Affiliated Company Transactions Procedures provides guidance for compliance with this Rule. The current version of the Affiliated Company Transactions Procedures is located at the Finance/Controller website: <http://pgeatwork/Finance/Controller/AT/>. These procedures may be periodically updated and issued by the Controller of Pacific Gas and Electric Company to relevant Utility personnel.

Sales or purchases made pursuant to an open competitive bid where an affiliate is involved in the winning bid(s) shall be transfer priced using the appropriate rule for goods and services produced, purchased or developed for sale. The winning bid price shall be considered fair market value.

1. Transfers from the utility to its affiliates of goods and services produced, purchased or developed for sale on the open market by the utility will be priced at fair market value.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule (See Rule V.H. for reference). Sales to an affiliate of goods and services produced, purchased, or developed for sale on the open market will be priced at their tariff or list price, which Pacific Gas and Electric Company interprets to be fair market value.

2. Transfers from an affiliate to the utility of goods and services produced, purchased or developed for sale on the open market by the affiliate shall be priced at no more than fair market value.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule (See Rule V.H. for reference). Transfers from an affiliate of goods and services produced, purchased, or developed for sale on the open market will be priced at no more than fair market value or tariff or list price, which Pacific Gas and Electric Company interprets to be fair market value.

3. For goods or services for which the price is regulated by a state or federal agency, that price shall be deemed to be the fair market value, except that

in cases where more than one state commission regulates the price of goods or services, this Commission's pricing provisions govern.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule (See Rule V.H. for reference). See Compliance Plan for Rule IV.H.

4. Goods and services produced, purchased or developed for sale on the open market by the utility will be provided to its affiliates and unaffiliated companies on a nondiscriminatory basis, except as otherwise required or permitted by these Rules or applicable law.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule (See Rule V.H. for reference). An annual communication (see Introduction) was issued to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules directing them to comply with this Rule.

Additionally, Pacific Gas and Electric Company provides training, as necessary, to targeted groups affected by these rules.

5. Transfers from the utility to its affiliates of goods and services not produced, purchased or developed for sale by the utility will be priced at fully loaded cost plus 5% of direct labor cost.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule (See Rule V.H. for reference). Transfers from the Utility to its affiliates of goods and services not produced, purchased or developed for sale by the Utility will be priced at fully loaded cost plus 5% of direct labor cost.

6. Transfers from an affiliate to the utility of goods and services not produced, purchased or developed for sale by the affiliate will be priced at the lower of fully loaded cost or fair market value.

Pacific Gas and Electric Company has adequate procedures in place to implement this Rule (See Rule V.H. for reference). Transfers from an affiliate to the Utility of goods and services not produced, purchased or developed for sale by the affiliate will be priced at the lower of fully loaded cost or fair market value. Pacific Gas and Electric Company interprets this rule in accord with Rule II. B., as only applying to Utility transfers with affiliates engaging in the provision of a product using or relating to the use of gas or electricity and not to transactions with affiliates engaged in other functions such as the provision of financial services or permitted corporate support services.

VI. Regulatory Oversight

A. Compliance Plans: No later than June 30, 2007, each utility shall file a compliance plan by advice letter with the Energy Division of the Commission. The compliance plan shall include:

1. A list of all affiliates of the utility, as defined in Rule I A of these Rules, and for each affiliate, its purpose or activities, and whether the utility claims that Rule II B makes these Rules applicable to the affiliate;

Pacific Gas and Electric Company filed its most recent Compliance Plan on June 28, 2010 (Advice 3131-G/3694-E) in compliance with this Rule. Pacific Gas and Electric Company will thereafter file a compliance plan with the CPUC annually if the plan is materially changed. Attachment A lists all affiliates of the Utility as defined in Rule I.A.

2. A demonstration of the procedures in place to assure compliance with these Rules.

The utility's compliance plan shall be in effect between the filing and a Commission determination of the advice letter. A utility shall file a compliance plan annually thereafter by advice letter where there is some change in the compliance plan (i.e., when there has been a change in the purpose or activities of an affiliate, a new affiliate has been created, or the utility has changed the compliance plan for any other reason).

Pacific Gas and Electric Company makes this filing in compliance with this Rule. Pacific Gas and Electric Company will hereafter file a compliance plan with the CPUC annually if the plan is materially changed for any reason.

B. New Affiliate Compliance Plans: Upon the creation of a new affiliate the utility shall immediately notify the Commission of the creation of the new affiliate, as well as posting notice on its electronic bulletin board. No later than 60 days after the creation of this affiliate, the utility shall file an advice letter with the Energy Division of the Commission. The advice letter shall state the affiliate's purpose or activities, whether the utility claims that Rule II B makes these Rules applicable to the affiliate, and shall include a demonstration to the Commission that there are adequate procedures in place that will ensure compliance with these Rules.

Pacific Gas and Electric Company will notify the CPUC of the creation of any new affiliate and will post notice on its electronic bulletin board. No later than 60 days after the creation of each new affiliate, Pacific Gas and Electric Company will file an advice letter with the CPUC's Energy Division, served on all parties to the proceeding, demonstrating how Pacific Gas and Electric Company will implement these Rules with respect to the new affiliate.

C. Affiliate Audit: The Commission’s Energy Division shall have audits performed biennially by independent auditors. The audits shall cover the last two calendar years which end on December 31, and shall verify that the utility is in compliance with the Rules set forth herein. The Energy Division shall post the audit reports on the Commission’s web site. The audits shall be at shareholder expense.

Pacific Gas and Electric Company will follow this Rule as stated and will cooperate with the Energy Division during the audit. The full costs of these audits will be charged to Pacific Gas and Electric Company shareholders.

D. Witness Availability: Affiliate officers and employees shall be made available to testify before the Commission as necessary or required, without subpoena, consistent with the provisions of Public Utilities Code Sections 314 and 701, the conditions in the Commission's orders authorizing the utilities' holding companies and/or mergers and these Rules.

Pacific Gas and Electric Company will continue to make all affiliate officers and employees available to testify before the CPUC as necessary or required, without subpoena, consistent with the provisions of Public Utility Code Section 314 and D.96-11-017.

E. Officer Certification. No later than March 31 of each year, the key officers of a utility and its parent holding company, as defined in Rule V E (corporate support), shall certify to the Energy Division of the Commission in writing under penalty of perjury that each has personally complied with these Rules during the prior calendar year. The certification shall state:

I, [name], hold the office of [title] at [name of utility or holding company], and occupied this position from January 1, [year] to December 31[year],
I hereby certify that I have reviewed the Affiliate Transaction Rules Applicable to Large California Energy Utilities of the California Public Utilities Commission and I am familiar with the provisions therein. I further certify that for the above period, I followed these Rules and am not aware of any violations of them, other than the following: [list or state “none”].

I swear/affirm these representations under penalty of perjury of the laws of the State of California.

_____[Signature]

Executed at _____[City], County of _____, on _____[Date]

The certification will not include violations, if any, already reported to the Commission or publicly posted during the reporting period. Nor will the certificate include audits or investigations, if any, in progress at the end of the reporting period. If violations are found in ongoing audits or investigations, they will be posted or reported consistent with this Compliance Plan. Pacific Gas and Electric Company complied with this Rule by submitting the most recent officer certifications to the Energy Division on March 18, 2011 and will continue to do so annually.

VII. Utility Products and Services

Pacific Gas and Electric Company will comply with all the provisions of this Rule. Pacific Gas and Electric Company filed its most recent Report on Non-Tariffed Products and Services on May 18, 2011 and will continue to do so annually.

A. General Rule: Except as provided for in these Rules, new products and services shall be offered through affiliates.

B. Definitions: The following definitions apply for the purposes of Rule VII:

1. “Category” refers to a factually similar group of products and services that use the same type of utility assets or capacity. For example, “leases of land under utility transmission lines” or “use of a utility repair shop for third party equipment repair” would each constitute a separate product or service category.

2. “Existing” products and services are those which a utility is offering on the effective date of these Rules.

3. “Products” include use of property, both real and intellectual, other than those uses authorized under General Order 69-C.

4. “Tariff” or “tariffed” refers to rates, terms and conditions of services as approved by this Commission or the Federal Energy Regulatory Commission (FERC), whether by traditional tariff, approved contract or other such approval process as the Commission or the FERC may deem appropriate.

C. Utility Products and Services: Except as provided in these Rules, a utility shall not offer nontariffed products and services. In no event shall a utility offer natural gas or electricity commodity service on a nontariffed basis. A utility may only offer for sale the following products and services:

1. Existing products and services offered by the utility pursuant to tariff;

2. Unbundled versions of existing utility products and services, with the unbundled versions being offered on a tariffed basis;

3. New products and services that are offered on a tariffed basis; and

4. Products and services which are offered on a nontariffed basis and which meet the following conditions:

a. The nontariffed product or service utilizes a portion of a utility asset or capacity;

b. such asset or capacity has been acquired for the purpose of and is necessary and useful in providing tariffed utility services;

c. the involved portion of such asset or capacity may be used to offer the product or service on a nontariffed basis without adversely affecting the cost, quality or reliability of tariffed utility products and services;

d. the products and services can be marketed with minimal or no incremental ratepayer capital, minimal or no new forms of liability or business risk being incurred by utility ratepayers, and no undue diversion of utility management attention; and

e. The utility's offering of such nontariffed product or service does not violate any law, regulation, or Commission policy regarding anticompetitive practices.

D. Conditions Precedent to Offering New Products and Services: This Rule does not represent an endorsement by the Commission of any particular nontariffed utility product or service. A utility may offer new nontariffed products and services only if the Commission has adopted and the utility has established:

1. A mechanism or accounting standard for allocating costs to each new product or service to prevent cross-subsidization between services a utility would continue to provide on a tariffed basis and those it would provide on a nontariffed basis;

2. A reasonable mechanism for treatment of benefits and revenues derived from offering such products and services, except that in the event the Commission has already approved a performance-based ratemaking mechanism for the utility and the utility seeks a different sharing mechanism, the utility should petition to modify the performance-based ratemaking decision if it wishes to alter the sharing mechanism, or clearly justify why this procedure is inappropriate, rather than doing so by application or other vehicle.

3. Periodic reporting requirements regarding pertinent information related to nontariffed products and services; and

4. Periodic auditing of the costs allocated to and the revenues derived from nontariffed products and services.

E. Requirement to File an Advice Letter: Prior to offering a new category of nontariffed products or services as set forth in Rule VII C above, a utility shall file an advice letter in compliance with the following provisions of this

paragraph.

1. The advice letter shall:

a. demonstrate compliance with these rules;

b. address the amount of utility assets dedicated to the non-utility venture, in order to ensure that a given product or service does not threaten the provision of utility service, and show that the new product or service will not result in a degradation of cost, quality, or reliability of tariffed goods and services;

c. address the potential impact of the new product or service on competition in the relevant market including but not limited to the degree in which the relevant market is already competitive in nature and the degree to which the new category of products or services is projected to affect that market.

d. be served on the service list of Rulemaking 97-04-011/Investigation 97-04-012, as well as on any other party appropriately designated by the rules governing the Commission's advice letter process.

2. For categories of nontariffed products or services targeted and offered to less than 1% of the number of customers in the utility's customer base, in the absence of a protest alleging non-compliance with these Rules or any law, regulation, decision, or Commission policy, or allegations of harm, the utility may commence offering the product or service 30 days after submission of the advice letter. For categories of nontariffed products or services targeted and offered to 1% or more of the number of customers in the utility's customer base, the utility may commence offering the product or service after the Commission approves the advice letter through the normal advice letter process.

3. A protest of an advice letter filed in accordance with this paragraph shall include:

a. An explanation of the specific Rules, or any law, regulation, decision, or Commission policy the utility will allegedly violate by offering the proposed product or service, with reasonable factual detail; or

b. An explanation of the specific harm the protestant will allegedly suffer.

4. If such a protest is filed, the utility may file a motion to dismiss the protest within 5 working days if it believes the protestant has failed to provide the minimum grounds for protest required above. The protestant has 5 working days to respond to the motion.

5. The intention of the Commission is to make its best reasonable efforts to rule on such a motion to dismiss promptly. Absent a ruling granting a motion to dismiss, the utility shall begin offering that category of products and services only after Commission approval through the normal advice letter process.

F. Existing Offerings: Unless and until further Commission order to the contrary as a result of the advice letter filing or otherwise, a utility that is offering tariffed or nontariffed products and services, as of the effective date of this decision, may continue to offer such products and services, provided that the utility complies with the cost allocation and reporting requirements in this rule. No later than January 30, 1998, each utility shall submit an advice letter describing the existing products and services (both tariffed and nontariffed) currently being offered by the utility and the number of the Commission decision or advice letter approving this offering, if any, and requesting authorization or continuing authorization for the utility's continued provision of this product or service in compliance with the criteria set forth in Rule VII. This requirement applies to both existing products and services explicitly approved and not explicitly approved by the Commission.

G. Section 851 Application: A utility must continue to comply fully with the provisions of Public Utilities Code Section 851 when necessary or useful utility property is sold, leased, assigned, mortgaged, disposed of, or otherwise encumbered as part of a nontariffed product or service offering by the utility. If an application pursuant to Section 851 is submitted, the utility need not file a separate advice letter, but shall include in the application those items which would otherwise appear in the advice letter as required in this Rule.

H. Periodic Reporting of Nontariffed Products and Services: Any utility offering nontariffed products and services shall file periodic reports with the Commission's Energy Division twice annually for the first two years following the effective date of these Rules, then annually thereafter unless otherwise directed by the Commission. The utility shall serve periodic reports on the service list of this proceeding. The periodic reports shall contain the following information:

- 1. A description of each existing or new category of nontariffed products and services and the authority under which it is offered;**
- 2. A description of the types and quantities of products and services contained within each category (so that, for example, "leases for agricultural nurseries at 15 sites" might be listed under the category "leases of land under utility transmission lines," although the utility would not be required to provide the details regarding each individual**

lease);

3. The costs allocated to and revenues derived from each category;

4. Current information on the proportion of relevant utility assets used to offer each category of product and service.

I. Offering of Nontariffed Products and Services to Affiliates: Nontariffed products and services which are allowed by this Rule may be offered to utility affiliates only in compliance with all other provisions of these Affiliate Rules. Similarly, this Rule does not prohibit affiliate transactions which are otherwise allowed by all other provisions of these Affiliate Rules.

Pacific Gas and Electric Company will comply with all the provisions of Rule VII.

VIII. Complaint Procedures and Remedies

Pacific Gas and Electric Company will comply with all the provisions of this Rule.

A. The Commission shall strictly enforce these rules. Each act or failure to act by a utility in violation of these rules may be considered a separate occurrence.

B. Standing:

1. Any person or corporation as defined in Sections 204, 205 and 206 of the California Public Utilities Code may complain to the Commission or to a utility in writing, setting forth any act or thing done or omitted to be done by any utility or affiliate in violation or claimed violation of any rule set forth in this document.

2. “Whistleblower complaints” will be accepted and the confidentiality of complainant will be maintained until conclusion of an investigation or indefinitely, if so requested by the whistleblower. When a whistleblower requests anonymity, the Commission will continue to pursue the complaint only where it has elected to convert it into a Commission initiated investigation. Regardless of the complainant’s status, the defendant shall file a timely answer to the complaint.

C. Procedure:

1. All complaints shall be filed as formal complaints with the Commission and complainants shall provide a copy to the utility’s designated officer (as described below) on the same day that the complaint is filed.

2. Each utility shall designate an Affiliate Compliance Manager who is responsible for compliance with these affiliate rules and the utility’s compliance plan adopted pursuant to these rules. Such officer shall also be responsible for receiving, investigating and attempting to resolve complaints. The Affiliate Compliance Manager may, however, delegate responsibilities to other officers and employees.

a. The utility shall investigate and attempt to resolve the complaint. The resolution process shall include a meet-and-confer session with the complainant. A Commission staff member may, upon request by the utility or the complainant, participate in such meet-and confer sessions and shall participate in the case of a whistleblower complaint.

A party filing a complaint may seek a temporary restraining order at the time the formal complaint is filed. The defendant utility and

other interested parties may file responses to a request for a temporary restraining order within 10 days of the filing of the request. An assigned commissioner or administrative law judge may shorten the period for responses, where appropriate. An assigned commissioner or administrative law judge, or the Commission shall act on the request for a temporary restraining order within 30 days. The request may be granted when: (1) the moving party is reasonably likely to prevail on the merits, and (2) temporary restraining order relief is necessary to avoid irreparable injury, will not substantially harm other parties, and is consistent with the public interest.

A notice of temporary restraining order issued by an assigned commissioner or administrative law judge will only stay in effect until the end of the day of the next regularly-scheduled Commission meeting at which the Commission can issue a temporary restraining order or a preliminary injunction. If the Commission declines to issue a temporary restraining order or a preliminary injunction, the notice of temporary restraining order will be immediately lifted. Whether or not a temporary restraining order or a preliminary injunction is issued, the underlying complaint may still move forward.

b. The utility shall prepare and preserve a report on each complaint, all relevant dates, companies, customers, and employees involved, and if applicable, the resolution reached, the date of the resolution and any actions taken to prevent further violations from occurring. The report shall be provided to the Commission and all parties within four weeks of the date the complaint was filed. In addition, to providing hard copies, the utility shall also provide electronic copies to the Commission and to any party providing an e-mail address.

c. Each utility shall file annually with the Commission a report detailing the nature and status of all complaints.

d. The Commission may, notwithstanding any resolution reached by the utility and the complainant, convert a complaint to an investigation and determine whether the utility violated these rules, and impose any appropriate penalties under Section VIII.D. or any other remedies provided by the Commission's rules or the Public Utilities Code.

3. The utility will inform the Commission's Energy Division and Consumer Services Division of the results of this dispute resolution process. If the dispute is resolved, the utility shall inform the Commission staff of the

actions taken to resolve the complaint and the date the complaint was resolved.

4. If the utility and the complainant cannot reach a resolution of the complaint, the utility will so inform the Commission's Energy Division. It will also file an answer to the complaint within 30 days of the issuance by the Commission's Docket Office of instructions to answer the original complaint. Within 10 business days of notice of failure to resolve the complaint, Energy Division staff will meet and confer with the utility and the complainant and propose actions to resolve the complaint. Under the circumstances where the complainant and the utility cannot resolve the complaint, the Commission shall strive to resolve the complaint within 180 days of the date the instructions to answer are served on the utility.

5. The Commission shall maintain on its web page a public log of all new, pending and resolved complaints. The Commission shall update the log at least once every week. The log shall specify, at a minimum, the date the complaint was received, the specific allegations contained in the complaint, the date the complaint was resolved and the manner in which it was resolved, and a description of any similar complaints, including the resolution of such similar complaints.

6. Preliminary Discussions

a. Prior to filing a formal complaint, a potential complainant may contact the responsible utility officer and/or the Energy Division to inform them of the possible violation of the affiliate rules. If the potential complainant seeks an informal meeting with the utility to discuss the complaint, the utility shall make reasonable efforts to arrange such a meeting. Upon mutual agreement, Energy Division staff and interested parties may attend any such meeting.

b. If a potential complainant makes an informal contact with a utility regarding an alleged violation of the affiliate transaction rules, the utility officer in charge of affiliate compliance shall respond in writing to the potential complainant within 15 business days. The response would state whether or not the issues raised by the potential complainant require further investigation. (The potential complainant does not have to rely on the responses in deciding whether to file a formal complaint.)

D. Remedies

1. When enforcing these rules or any order of the Commission regarding these rules, the Commission may do any or all of the following:

- a. Order a utility to stop doing something that violates these rules;
- b. Prospectively limit or restrict the amount, percentage, or value of transactions entered into between the utility and its affiliate(s);
- c. Assess fines or other penalties;
- d. Prohibit the utility from allowing its affiliate(s) to utilize the name and logo of the utility, either on a temporary or a permanent basis;
- e. Apply any other remedy available to the Commission.

2. Any public utility which violates a provision of these rules is subject to a fine of not less than five hundred dollars (\$500), nor more than \$20,000 for each offense. The remainder of this subsection distills the principles that the Commission has historically relied upon in assessing fines and restates them in a manner that will form the analytical foundation for future decisions in which fines are assessed. Before discussing those principles, reparations are distinguished.

a. Reparations

Reparations are not fines and conceptually should not be included in setting the amount of a fine. Reparations are refunds of excessive or discriminatory amounts collected by a public utility. PU Code § 734. The purpose is to return funds to the victim which were unlawfully collected by the public utility. Accordingly, the statute requires that all reparation amounts are paid to the victims. Unclaimed reparations generally escheat to the state, Code of Civil Procedure § 1519.5, unless equitable or other authority directs otherwise, e.g., Public Utilities Code § 394.9.

b. Fines

The purpose of a fine is to go beyond restitution to the victim and to effectively deter further violations by this perpetrator or others. For this reason, fines are paid to the State of California, rather than to victims.

Effective deterrence creates an incentive for public utilities to avoid violations. Deterrence is particularly important against violations which could result in public harm, and particularly against those where severe consequences could result. To capture these ideas, the two general factors used by the Commission in setting fines are: (1) severity of the offense and (2) conduct of the utility. These help guide the Commission in setting fines which are proportionate to the violation.

i. Severity of the Offense

The severity of the offense includes several considerations. Economic harm reflects the amount of expense which was imposed upon the victims, as well as any unlawful benefits gained by the public utility. Generally, the greater of these two amounts will be used in establishing the fine. In comparison, violations which caused actual physical harm to people or property are generally considered the most severe, with violations that threatened such harm closely following. The fact that the economic harm may be difficult to quantify does not itself diminish the severity or the need for sanctions. For example, the Commission has recognized that deprivation of choice of service providers, while not necessarily imposing quantifiable economic harm, diminishes the competitive marketplace such that some form of sanction is warranted. Many potential penalty cases before the Commission do not involve any harm to consumers but are instead violations of reporting or compliance requirements. In these cases, the harm may not be to consumers but rather to the integrity of the regulatory processes. For example, compliance with Commission directives is required of all California public utilities:

“Every public utility shall obey and comply with every order, decision, direction, or rule made or prescribed by the Commission in the matters specified in this part, or any other matter in any way relating to or affecting its business as a public utility, and shall do everything necessary or proper to secure compliance therewith by all of its officers, agents, and employees.” Public Utilities Code § 702.

Such compliance is absolutely necessary to the proper functioning of the regulatory process. For this reason, disregarding a statutory or Commission directive, regardless of the effects on the public, will be accorded a high level of severity.

The number of the violations is a factor in determining the severity. A series of temporally distinct violations can suggest an on-going compliance deficiency which the public utility should have addressed after the first instance. Similarly, a widespread violation which affects a large number of consumers is a more severe offense than one which is limited in scope. For a “continuing offense,” PU

Code § 2108 counts each day as a separate offense.

ii. Conduct of the Utility

This factor recognizes the important role of the public utility's conduct in (1) preventing the violation, (2) detecting the violation, and (3) disclosing and rectifying the violation. The public utility is responsible for the acts of all its officers, agents, and employees:

“In construing and enforcing the provisions of this part relating to penalties, the act, omission, or failure of any officer, agent, or employee of any public utility, acting within the scope of his [or her] official duties or employment, shall in every case be the act, omission, or failure of such public utility.” Public Utilities Code § 2109.

(1) The Utility's Actions to Prevent a Violation. Prior to a violation occurring, prudent practice requires that all public utilities take reasonable steps to ensure compliance with Commission directives. This includes becoming familiar with applicable laws and regulations, and most critically, the utility regularly reviewing its own operations to ensure full compliance. In evaluating the utility's advance efforts to ensure compliance, the Commission will consider the utility's past record of compliance with Commission directives.

(2) The Utility's Actions to Detect a Violation. The Commission expects public utilities to monitor diligently their activities. Where utilities have for whatever reason failed to meet this standard, the Commission will continue to hold the utility responsible for its actions. Deliberate as opposed to inadvertent wrong-doing will be considered an aggravating factor. The Commission will also look at the management's conduct during the period in which the violation occurred to ascertain particularly the level and extent of involvement in or tolerance of the offense by management personnel. The Commission will closely scrutinize any attempts by management to attribute wrong-doing to rogue employees. Managers will be considered, absent clear evidence to the contrary, to have condoned day-to-day actions by employees and agents under their supervision.

(3) The Utility's Actions to Disclose and Rectify a Violation. When a public utility is aware that a violation has occurred, the Commission expects the public utility to promptly bring it to the attention of the Commission. The precise timetable that constitutes “prompt” will vary based on the nature of the violation. Violations which physically endanger the public must be immediately corrected and thereafter

reported to the Commission staff. Reporting violations should be remedied at the earliest administratively feasible time.

Prompt reporting of violations furthers the public interest by allowing for expeditious correction. For this reason, steps taken by a public utility to promptly and cooperatively report and correct violations may be considered in assessing any penalty.

iii. Financial Resources of the Utility

Effective deterrence also requires that the Commission recognize the financial resources of the public utility in setting a fine which balances the need for deterrence with the constitutional limitations on excessive fines. Some California utilities are among the largest corporations in the United States and others are extremely modest, one-person operations. What is accounting rounding error to one company is annual revenue to another. The Commission intends to adjust fine levels to achieve the objective of deterrence, without becoming excessive, based on each utility's financial resources.

iv. Totality of the Circumstances in Furtherance of the Public Interest

Setting a fine at a level which effectively deters further unlawful conduct by the subject utility and others requires that the Commission specifically tailor the package of sanctions, including any fine, to the unique facts of the case. The Commission will review facts which tend to mitigate the degree of wrongdoing as well as any facts which exacerbate the wrongdoing. In all cases, the harm will be evaluated from the perspective of the public interest.

v. The Role of Precedent

The Commission adjudicates a wide range of cases which involve sanctions, many of which are cases of first impression. As such, the outcomes of cases are not usually directly comparable. In future decisions which impose sanctions the parties and, in turn, the Commission will be expected to explicitly address those previously issued decisions which involve the most reasonably comparable factual circumstances and explain any substantial differences in outcome.

If a complaint is levied against Pacific Gas and Electric Company, the Utility will follow all provisions of Rule VIII.

IX. Protecting the Utility's Financial Health

Pacific Gas and Electric Company will comply with all the provisions of this Rule. On March 14, 2007, Pacific Gas and Electric Company submitted a non-consolidation opinion to the Energy Division as required by Rule IX.C.

A. Information from Utility on Necessary Capital. Each utility shall provide to the Commission on the last business day of November of each year a report with the following information:

- 1. the utility's estimate of investment capital needed to build or acquire long-term assets (i.e., greater than one year), such as operating assets and utility infrastructure, over each of the next five years;**
- 2. the utility's estimate of capital needed to meet resource procurement goals over each of the next five years;**
- 3. the utility's policies concerning dividends, stock repurchase and retention of capital for each year;**
- 4. the names of individuals involved in deciding corporate policies for the utility's dividends, stock repurchase and retention of capital;**
- 5. the process by which corporate policies concerning dividends, stock repurchase and retention of capital are implemented; and**
- 6. how the utility expects or intends to meet its investment capital needs.**

On November 24, 2010, Pacific Gas and Electric Company submitted a report to the Energy Division containing information on necessary capital.

B. Restrictions on Deviations from Authorized Capital Structure. A utility shall maintain a balanced capital structure consistent with that determined to be reasonable by the Commission in its most recent decision on the utility's capital structure. The utility's equity shall be retained such that the Commission's adopted capital structure shall be maintained on average over the period the capital structure is in effect for ratemaking purposes. Provided, however, that a utility shall file an application for a waiver, on a case by case basis and in a timely manner, of this Rule if an adverse financial event at the utility reduces the utility's equity ratio by 1% or more. In order to assure that regulatory staff has adequate time to review and assess the application and to permit the consideration of all relevant facts, the utility shall not

be considered in violation of this Rule during the period the waiver is pending resolution. Nothing in this provision creates a presumption of either reasonableness or unreasonableness of the utility's actions which may have caused the adverse financial event.

C. Ring-Fencing. Within three months of the effective date of the decision adopting this amendment to the Rules, a utility shall obtain a non-consolidation opinion that demonstrates that the ring fencing around the utility is sufficient to prevent the utility from being pulled into bankruptcy of its parent holding company. The utility shall promptly provide the opinion to the Commission. If the current ringfencing provisions are insufficient to obtain a non-consolidation opinion, the utility shall promptly undertake the following actions:

1. notify the Commission of the inability to obtain a non-consolidation opinion;
2. propose and implement, upon Commission approval, such ringfencing provisions that are sufficient to prevent the utility from being pulled into the bankruptcy of its parent holding company; and then
3. obtain a non-consolidation opinion.

D. Changes to Ring-Fencing Provisions. A utility shall notify the Commission of any changes made to its ring-fencing provisions within 30 days.

Pacific Gas and Electric Company will comply with this Rule. If changes occur that require notification to the Commission, Pacific Gas and Electric Company will comply within the required time period.

Attachment A
List of Affiliated Companies

Attachment A
Pacific Gas and Electric Company Affiliates

PARENT COMPANY: PG&E Corporation			
Subsidiary Name	Subsidiary's Line of Business (products or services offered)	Primary Location of Subsidiary	Rule II.B Affiliate
PG&E Corporation	An energy based holding company that is headquartered in San Francisco. It is the parent company of Pacific Gas and Electric Company.	San Francisco, CA	No
Pacific Gas and Electric Company	One of the largest combination natural gas and electric utilities in the United States. The company, a subsidiary of PG&E Corporation, serves approximately 15 million people throughout a 70,000-square-mile service area in northern and central California.	San Francisco, CA	No
PG&E Corporation Support Services, Inc.	Provides services to the PG&E Corporation family.	San Francisco, CA	Yes
PG&E Corporation Support Services II, Inc.	Provides services to PG&E Corporation and certain of its subsidiaries—permitted shared corporate support services only.	San Francisco, CA	No
Pacific Energy Pipeline Ruby, Inc	Formed to be the investment entity for minority interest in the Ruby natural gas pipeline project from Wyoming to Oregon.	San Francisco, CA	Yes
PG&E National Energy Group, LLC	Inactive; formed for the limited purpose of holding stock in National Energy & Gas Transmission, Inc. (equity interest in NEGT dissolved through bankruptcy on October 29, 2004).	San Francisco, CA	No
PG&E Real Estate Services, Inc.	Formed to provide corporate support services relating to employee relocation and related human resources support.	San Francisco, CA	No
PG&E Strategic Capital, Inc.	Formed for general business purposes, including possibly serving as a vehicle for investments and holding ownership of shares. Holds a one-third interest in Pacific Connector Gas Pipeline, LLC and Pacific Connector Gas Pipeline, LP.	San Francisco, CA	Yes
Pacific Connector Gas Pipeline, LLC	Formed to act as the General Partner in the Pacific Connector Gas Pipeline, LP. (Affiliate; ownership: Fort Chicago LNG II U.S.L.P. 33 1/3%, Williams Pacific Connector Gas Pipeline LLC 33 1/3%, and PG&E Strategic Capital, Inc. 33 1/3%.)	Salt Lake City, Utah	Yes

Attachment A

Pacific Gas and Electric Company Affiliates

PARENT COMPANY: PG&E Corporation			
Subsidiary Name	Subsidiary's Line of Business (products or services offered)	Primary Location of Subsidiary	Rule II.B Affiliate
Pacific Connector Gas Pipeline, LP	Established for the purpose of developing, constructing, owning, and operating a natural gas pipeline extending from the proposed Jordan Cove Energy Project LNG terminal at Coos Bay, Oregon to either Malin, Oregon, or a point of interconnection with the natural gas transmission system owned and operated by Pacific Gas and Electric Company within the state of California. (Affiliate; ownership: Fort Chicago LNG II U.S.L.P. 33%, Williams Pacific Connector Gas Pipeline LLC 33%, PG&E Strategic Capital, Inc. 33%, and Pacific Connector Gas Pipeline 1%.)	Salt Lake City, Utah	Yes
PCG Capital, Inc.	Formed for the purpose of holding interests in other businesses, financing and other transactions. (formerly PG&E Ventures, LLC)	San Francisco, CA	Yes
Pacific Energy Capital I, LLC	Name changed from Pacific Venture Capital, LLC to Pacific Energy Capital I, LLC on April 14, 2010 in DE and April 27, 2010 in CA. Reactivated on December 17, 2009 to establish and manage a portfolio of passive capital investments in growing energy companies.	San Francisco, CA	Yes
PG&E Capital, LLC	Inactive; formed for financing and other transactions related to the energy industry.	San Francisco, CA	No
PG&E Telecom Holdings, LLC	Inactive; formed for the purpose of engaging in telecommunications and related business activities.	San Francisco, CA	No
Pacific Energy Capital II, LLC	Formed to establish and manage a portfolio of passive financial investments in growing energy companies.	San Francisco, CA	Yes
SunRun Pacific Solar LLC	Formed to own and manage solar photovoltaic projects with host customers in a variety of states.	San Francisco, CA	Yes
Pacific Energy Capital III, LLC	Formed to establish and manage a portfolio of passive financial investments in growing energy companies.	San Francisco, CA	Yes
Sequoia Pacific Solar I, LLC	Formed to own and manage solar photovoltaic facilities with host customers in a variety of states.	Foster City, CA	Yes
Pacific Energy Capital IV, LLC	Formed to establish and manage a portfolio of passive financial investments in growing energy companies.	San Francisco, CA	Yes
PTTP Services LLC	Inactive; formed to provide corporate administrative services.	San Francisco, CA	No

Attachment A

Pacific Gas and Electric Company Affiliates

PARENT COMPANY: Pacific Gas and Electric Company			
Subsidiary Name	Subsidiary's Line of Business (products or services offered)	Primary Location of Subsidiary	Rule II.B Affiliate
1994 Oakland Regional Housing Partnership Associates, a California Limited Partnership	11.6% limited partner with General Partner, Merritt Community Capital, created to construct and own low-income housing.	San Francisco, CA	No
Calaska Energy Company	Inactive; formerly Pacific Gas and Electric Company's representative in Alaska Highway Pipeline Project. Formed to bring Prudhoe Bay natural gas to the lower 48 states.	San Francisco, CA	No
Chico Commons, a California Limited Partnership	40.8% limited partner with General Partner, Baynard Management, created to construct and own low-income housing.	San Francisco, CA	No
Eureka Energy Company	Formerly managed the Utah coal venture on behalf of Pacific Gas and Electric Company. Currently holds the Marre Ranch property in San Luis Obispo County.	San Francisco, CA	No
Midway Power, LLC	A direct subsidiary of Pacific Gas and Electric Company formed to be the ownership entity for real estate and licenses for a suspended development project, pursuant to a purchase and sale agreement dated July 17, 2008.	San Francisco, CA	No
Morro Bay Mutual Water Company	A non-profit mutual benefit corporation formed to jointly hold property rights such as easements in connection with the divestiture of the Morro Bay Power Plant.	Morro Bay, CA	No
Moss Landing Mutual Water Company	A non-profit mutual benefit corporation formed to jointly hold property rights such as easements in connection with the divestiture of the Moss Landing Power Plant.	Moss Landing, CA	No
Natural Gas Corporation of California	Acts as the vehicle for the amortization of the remaining GEDA (Gas Exploration Development Account) assets.	San Francisco, CA	No
Alaska Gas Exploration Associates	Inactive; 50% owned subsidiary of Natural Gas Corporation of California formed to obtain gas reserves to support the South Alaska LNG project.	San Francisco, CA	No
NGC Production Company	Inactive; formed to facilitate project financing of its capital requirements.	San Francisco, CA	No
Newco Energy Corporation	Inactive; formed for implementation of Pacific Gas and Electric Company's original proposed plan of reorganization.	San Francisco, CA	No
Pacific California Gas System, Inc.	Holds the intrastate (PG&E) segment of the PGT-PG&E Pipeline Expansion project.	San Francisco, CA	No
Pacific Conservation Services Company	Engaged in the borrowing and lending operations required to	San Francisco, CA	No

Attachment A
Pacific Gas and Electric Company Affiliates

PARENT COMPANY: Pacific Gas and Electric Company			
Subsidiary Name	Subsidiary's Line of Business (products or services offered)	Primary Location of Subsidiary	Rule II.B Affiliate
	fund Pacific Gas and Electric Company's conservation loan programs. No loans have been issued since 1986.		
Pacific Energy Fuels Company	Created to own and finance nuclear fuel inventory previously owned by Pacific Energy Trust. (Limited exemption from affiliate rules per D.05-09-006)	San Francisco, CA	Yes
Fuelco, LLC	Joint Venture LLC formed between Union Electric Company d/b/a AmerenUE 33 1/3%, Texas Utilities (TXU) Generation Company LP 33 1/3%, and Pacific Energy Fuels Company 33 1/3%, for purposes of sharing costs and reducing fuel acquisition costs. (Limited exemption from affiliate rules per D.05-09-006)	St. Louis, MO	Yes
Pacific Gas and Electric Housing Fund Partnership, L.P.	99.9% limited partner with General Partner, Merritt Community Capital, to invest in projects that construct and own low-income housing.	San Francisco, CA	No
Pacific Gas Properties Company	Holds Alaska and California properties, previously intended for LNG purposes, for sale or development.	San Francisco, CA	No
PG&E CalHydro, LLC	Created to own and operate a system of hydroelectric facilities and related watershed.	San Francisco, CA	No
PG&E Energy Recovery Funding LLC	Formed as a special purpose financing entity for issuance of Energy Recovery Bonds.	San Francisco, CA	No
PG&E Real Estate, LLC	A wholly-owned subsidiary of Pacific Gas and Electric Company, formed to conduct real estate transactions, most likely related to purchase of property rights of victims of the San Bruno incident	San Francisco, CA	No
Schoolhouse Lane Apartments L.P.	99.9% limited partner with General Partner, Peoples Self Help Housing Corporation, created to construct and own low-income housing.	San Francisco, CA	No
Standard Pacific Gas Line Incorporated	Transportation of natural gas in California; Chevron Pipe Line Company owns 14.29% interest.	San Francisco, CA	No

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

AT&T	Dept of General Services	Occidental Energy Marketing, Inc.
Alcantar & Kahl LLP	Douglass & Liddell	OnGrid Solar
Ameresco	Downey & Brand	Praxair
Anderson & Poole	Duke Energy	R. W. Beck & Associates
Arizona Public Service Company	Economic Sciences Corporation	RCS, Inc.
BART	Ellison Schneider & Harris LLP	Recurrent Energy
Barkovich & Yap, Inc.	Foster Farms	SCD Energy Solutions
Bartle Wells Associates	G. A. Krause & Assoc.	SCE
Bloomberg	GLJ Publications	SMUD
Bloomberg New Energy Finance	GenOn Energy, Inc.	SPURR
	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Public Utilities Commission
Boston Properties	Green Power Institute	
Braun Blasing McLaughlin, P.C.	Hanna & Morton	Santa Fe Jets
Brookfield Renewable Power	Hitachi	Seattle City Light
CA Bldg Industry Association	In House Energy	Sempra Utilities
CLECA Law Office	International Power Technology	Sierra Pacific Power Company
CSC Energy Services	Intestate Gas Services, Inc.	Silicon Valley Power
California Cotton Ginners & Growers Assn	Lawrence Berkeley National Lab	Silo Energy LLC
California Energy Commission	Los Angeles Dept of Water & Power	Southern California Edison Company
California League of Food Processors	Luce, Forward, Hamilton & Scripps LLP	Spark Energy, L.P.
California Public Utilities Commission	MAC Lighting Consulting	Sun Light & Power
Calpine	MBMC, Inc.	Sunshine Design
Casner, Steve	MRW & Associates	Sutherland, Asbill & Brennan
Chris, King	Manatt Phelps Phillips	Tabors Caramanis & Associates
City of Palo Alto	McKenzie & Associates	Tecogen, Inc.
City of Palo Alto Utilities	Merced Irrigation District	Tiger Natural Gas, Inc.
Clean Energy Fuels	Modesto Irrigation District	TransCanada
Coast Economic Consulting	Morgan Stanley	Turlock Irrigation District
Commercial Energy	Morrison & Foerster	United Cogen
Consumer Federation of California	NLine Energy, Inc.	Utility Cost Management
Crossborder Energy	NRG West	Utility Specialists
Davis Wright Tremaine LLP	Navigant Consulting	Verizon
Day Carter Murphy	Norris & Wong Associates	Wellhead Electric Company
		Western Manufactured Housing Communities Association (WMA)
Defense Energy Support Center	North America Power Partners	eMeter Corporation
Department of Water Resources	North Coast SolarResources	