

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



August 5, 2013

**Advice Letter 3396-G/4244-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 3396-G/4244-E is effective July 1, 2013.

Sincerely,

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

Edward F. Randolph, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulatory Relations

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

Fax: 415.973.7226

June 28, 2013

**Advice 3396-G/4244-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 ("PG&E") 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 letter sent via U.S. mail, facsimile or E-mail, no later than July 18, 2013, which is 20 days after the date of this filing. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

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

Facsimile: (415) 973-7226  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

### **Effective Date**

PG&E submits this advice letter as a Tier 1 filing and requests that it become effective July 1, 2013.

### **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 PG&E at email address 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>



Vice President – Regulatory Relations

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: Kimberly Chang

Phone #: (415) 972-5472

E-mail: kwcc@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE

(Date Filed/ Received Stamp by CPUC)

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

Advice Letter (AL) #: **3396-G/4244-E**

**Tier: 1**

Subject of AL: **Affiliate Transaction Rules Compliance Plan**

Keywords (choose from CPUC listing): Compliance, Affiliate

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 AL: \_\_\_\_\_

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: July 1, 2013

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 proposed: 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:

**California Public Utilities Commission**

**Energy Division**

**EDTariffUnit**

**505 Van Ness Ave., 4<sup>th</sup> Flr.**

**San Francisco, CA 94102**

**E-mail: EDTariffUnit@cpuc.ca.gov**

**Pacific Gas and Electric Company**

**Attn: Brian Cherry**

**Vice President, Regulatory Relations**

**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 2013**

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## INTRODUCTION

Pacific Gas and Electric Company (PG&E, or 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. PG&E's Plan includes mechanisms for implementation and compliance with these Rules, which when taken as a whole, provide a comprehensive approach to affiliate rules compliance. Although not specifically described in the Plan, all Rules are implemented by a combination of one or more of the following:

- Development and distribution of written standards and procedures
- Education, training for and communications to employees of PG&E, PG&E Corporation, and their subsidiaries governed by these Rules
- Monitoring affiliate transactions and overall compliance on a continuing basis
- Additional training and corrective actions as needed

This Plan is implemented by PG&E's Compliance and Ethics (C&E) Department, which reports to the Vice President of Internal Audit and Compliance, PG&E Corporation and Pacific Gas and Electric Company. The department is staffed with personnel experienced in training, monitoring, and enforcing compliance.

PG&E issues periodic communications to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules. These communications emphasize the importance of complying with the Rules and may refer to guidance documents, e.g., policies, standards, and procedures that articulate what Utility, PG&E Corporation, and affiliate employees must do to ensure PG&E complies with the Rules. The most recent communication was issued on August 7, 2012. A new communication will be issued to all employees by August 2013, which will also direct specific categories of employees to review a detailed description of the rules and a list of allowed corporate support services. A copy of the full Compliance Plan is available to all Utility and PG&E Corporation employees via the PG&E Intranet at <http://pgeatwork/Compliance/Pages/AffiliateRules.aspx>.

In the following pages, each Rule is shown in bold type. Following each Rule, in normal type, is PG&E's Plan. Unless specified as an Internet site, each hyperlink in this Plan is to a PG&E Intranet site. Appendix 1 is a list of Intranet hyperlinks in this Plan, and Exhibits 1 through 11 are the associated documents or screenshots.

PG&E'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 they are described in Rule II.B, and it therefore is not an affiliate under these Rules. PG&E recognizes, however, that the Rules apply to PG&E Corporation and PG&E's other affiliates where explicitly provided.

PG&E and PG&E Corporation use the following specific mechanisms and procedures to implement these Rules:

1. Employees of PG&E Corporation and its subsidiaries governed by these Rules receive regular notice of the documents that describe 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 are required to sign a statement that they are aware of, have read, and will follow all written policies about limitations on the use of non-public Utility information and that failure to observe these limitations will result in discipline.
3. All support personnel, services, physical plant, equipment, supplies, and other overhead owned by PG&E and used by PG&E Corporation are charged to PG&E Corporation as required by D.96-11-017 (Affiliated Company Transactions Standard at <http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx>).
4. All permitted corporate support services rendered by PG&E employees to affiliates are charged to the affiliates receiving the services in accordance with the Affiliated Company Transactions Standard at <http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx>.
5. Periodic training and reminders are provided to the employees of PG&E, PG&E Corporation and their subsidiaries. PG&E Corporation officers and employees are directed to maintain confidential Utility information in a manner to prevent its reaching an affiliate. When needed, PG&E 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. Procedures and practice are in place with the effect that a one-time 25% transfer fee is paid for each non-clerical employee departing the Utility and commencing work at an affiliate. This 25% fee is paid only once for any individual employee (Affiliated Company Transactions Standard at <http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx>).
7. Procedure and practice are 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 the employee's last day of employment with the Utility unless the provisions of Rule V.G.2.b. are met (Affiliated Company Transactions Standard at <http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx>).
8. Employee transfers to other companies in the corporate family are tracked by PG&E's HR/SAP system to ensure that they conform to the Rules.
9. PG&E Corporation continues to lease space in Utility facilities for PG&E Corporation employees, as approved in D.00-02-061.
10. PG&E elected not to share key officers under Rule V.E. and so notified the Commission in a letter dated May 25, 2007.
11. PG&E's standard consulting and procurement contract forms contain language restricting contractors from transmitting confidential Utility information to third parties, including affiliates.

We have reviewed the specific mechanisms and procedures described above, which are intended to ensure that:

1. PG&E is not using PG&E Corporation or any of its affiliates as a conduit to circumvent any of the Rules,



2. PG&E is following the mandates of Rule V.E., such that the use of joint corporate support services does not constitute a conduit to circumvent the Rules, and
3. PG&E is not using shared officers or directors as a conduit to circumvent the Rules.

If a specific mechanism or procedure fails to ensure compliance, we will take prompt action to strengthen it.

Respectfully submitted on June 28, 2013.



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



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Dinyar B. Mistry  
Vice President and Controller, PG&E  
Corporation  
Vice President, Chief Financial Officer and  
Controller, 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.**

Appendix 2 is 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.**

PG&E issues an annual communication to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by 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**
- 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.**

PG&E's Affiliated Company Transactions Standard

(<http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx>) states that there will be no preferential treatment by PG&E in favor of affiliates or their customers in business activities that PG&E also conducts with unregulated third parties or their customers. The standard is updated at least every two years and communicated to relevant Utility personnel.

PG&E issues an annual communication to employees of PG&E, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by this Rule.

**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.**

PG&E's Affiliated Company Transactions Standard

(<http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx>) states that there will be no preferential treatment by PG&E in favor of affiliates or their customers in business activities that PG&E also conducts with unregulated third parties or their customers. The standard is updated at least every two years and communicated to relevant Utility personnel.

PG&E issues an annual communication to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by this Rule.

PG&E limits its transactions with affiliates to those listed in this Rule, specifically:

- Tariffed products and services – PG&E implements its tariffs in a nondiscriminatory fashion. Tariff discretions are addressed in Rule III.B.4.
- Open competitive bidding process – PG&E makes the opportunity and process available to all market participants.
- Information made generally available by PG&E 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.

PG&E considers information provided to an affiliate as a necessary part of a Rule III.B transaction to be an integral part of that 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.**

PG&E's Energy Procurement Policy on Compliance with Affiliate Rules (<http://pgeatwork/EnergySupply/EP/Compliance/Pages/EPCCompliancewithAffiliateRules.aspx>) provides guidance for compliance with this Rule. PG&E's Senior Vice President of Energy Procurement periodically updates this policy and communicates it to relevant Utility personnel.

PG&E issues an annual communication to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E interprets this rule as **not** requiring advance Commission approval for a procurement transaction between the Utility and an affiliate within the meaning of Rule II. B when each of the following conditions apply:

1. Procurement transaction is pursuant to a procurement agreement entered into **before** the Utility acquired the entity or the entity otherwise became an affiliate within the meaning of Rule II.B.
2. Procurement agreement previously was approved by the Commission either through an application or Commission-approved process.

Similarly:

1. Interactions integral to such previously approved transaction and contemplated by their terms will not require advance approval.
2. The Utility will not be responsible for the retention of negotiation documents generated before 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.**

PG&E's Energy Procurement Policy on Compliance with Affiliate Rules (<http://pgeatwork/EnergySupply/EP/Compliance/Pages/EPCCompliancewithAffiliateRules.aspx>) provides guidance for compliance with this Rule. PG&E's Senior Vice President of Energy Procurement periodically updates this policy and communicates it to relevant Utility personnel.

Additionally, PG&E's Pipe Ranger Internet site, <http://www.pge.com/pipeline/>, provides some of the information referred to in this Rule to market participants. PG&E also posts information related to interstate electricity transactions on the California ISO's Open Access Same-time Information System (OASIS) Internet site (<http://oasis.caiso.com>).

Since this Rule imposes CPUC requirements on intra-state transactions, PG&E contemporaneously posts and maintains any required information on intra-state transactions on PG&E's Internet site. PG&E 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.**

PG&E complies with the provisions of its filed tariffs and gas and electric rules, including the following:

- Electric Rule 22 – Direct Access, Section B.2.a - tariff responsibilities to be discharged in neutral manner  
(Internet <http://www.pge.com/tariffs/ER.SHTML#ER>)
- Gas Rule 26 - Standards of Conduct and Procedures Related to Transactions Etc.  
(Internet <http://www.pge.com/tariffs/GR.SHTML#GR>)

PG&E 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 PG&E distribution or transmission customer consistent with other laws, regulations, and sound Utility practice. In such cases, PG&E does not investigate whether such a customer is also a customer of an affiliate. PG&E does not interpret “a transaction in which its affiliates are involved” as including this type of customer discount. PG&E 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, PG&E 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 PG&E has no discretion over whether or not that discount or waiver is applied.

PG&E issues an annual communication to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

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.**

PG&E complies with the provisions of its filed tariffs and gas and electric rules, including the following:

- Electric Rule 22 – Direct Access, Section B.2.a - tariff responsibilities to be discharged in neutral manner  
(Internet <http://www.pge.com/tariffs/ER.SHTML#ER>)
- Gas Rule 26 - Standards of Conduct and Procedures Related to Transactions Etc.  
(Internet <http://www.pge.com/tariffs/GR.SHTML#GR>)

- 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.**

PG&E complies with the provisions of its filed tariffs and gas and electric rules, including the following:

- Electric Rule 22 – Direct Access, Section B.2.a - tariff responsibilities to be discharged in neutral manner  
(Internet <http://www.pge.com/tariffs/ER.SHTML#ER>)
- Gas Rule 26 - Standards of Conduct and Procedures Related to Transactions Etc.  
(Internet <http://www.pge.com/tariffs/GR.SHTML#GR>)

- 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.**

PG&E implements this Rule uniformly for all customers through instructions in its Customer Service General Reference Guide ([https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION\\_ID=1&TIMEZONE\\_OFFSET=&CMD=STARTPAGEFRAMELESS](https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION_ID=1&TIMEZONE_OFFSET=&CMD=STARTPAGEFRAMELESS) - key word “Corporate Affiliates”).

- 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.**

PG&E implements this Rule through instructions in its Customer Service General Reference Guide

[https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION\\_ID=1&TIMEZONE\\_OFFSET=&CMD=STARTPAGEFRAMELESS](https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION_ID=1&TIMEZONE_OFFSET=&CMD=STARTPAGEFRAMELESS) - key word “Corporate Affiliates”).

- 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.**

Customers are not assigned to any affiliate for any product or service unless the means of assignment are equally available to all competitors. Instructions are in the Customer Service General Reference Guide

[https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION\\_ID=1&TIMEZONE\\_OFFSET=&CMD=STARTPAGEFRAMELESS](https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION_ID=1&TIMEZONE_OFFSET=&CMD=STARTPAGEFRAMELESS) - key word “Corporate Affiliates”).

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

- 1. provide leads to its affiliates;**

PG&E implements this Rule through instructions in its Customer Service General Reference Guide

[https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION\\_ID=1&TIMEZONE\\_OFFSET=&CMD=STARTPAGEFRAMELESS](https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION_ID=1&TIMEZONE_OFFSET=&CMD=STARTPAGEFRAMELESS) - key word “Corporate Affiliates”).

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;**

PG&E implements this Rule through instructions in its Customer Service General Reference Guide

[https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION\\_ID=1&TIMEZONE\\_OFFSET=&CMD=STARTPAGEFRAMELESS](https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION_ID=1&TIMEZONE_OFFSET=&CMD=STARTPAGEFRAMELESS) - key word “Corporate Affiliates”).

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

PG&E issues an annual communication to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by these Rules.

PG&E does not interpret this Rule as applying to activities permissible under Rule V.E.

**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;**

PG&E issues an annual communication to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by this Rule.

PG&E 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;**

PG&E implements this Rule through USP 23, Third Party Requests for Customer Information ( <http://pgeatwork/Guidance/USPIndex/Pages/default.aspx>). Information is released either with the specified customer's explicit written consent or the use of a Standard Customer Information Release Form.

PG&E also implements this Rule through instructions in its Customer Service General Reference Guide ([https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION\\_ID=1&TIMEZONE\\_OFFSET=&CMD=STARTPAGEFRAMELESS](https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION_ID=1&TIMEZONE_OFFSET=&CMD=STARTPAGEFRAMELESS) - key word "Corporate Affiliates").

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**

PG&E implements this Rule through instructions in its Customer Service General Reference

Guide ([https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION\\_ID=1&TIMEZONE\\_OFFSET=&CMD=STARTPAGEFRAMELESS](https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION_ID=1&TIMEZONE_OFFSET=&CMD=STARTPAGEFRAMELESS) - key word "Corporate Affiliates").

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

PG&E also provides training, as necessary, to targeted groups affected by this Rule.

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

PG&E issues an annual communication to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by this Rule.

- 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.**

See Compliance Plan for Rule III.B.1 and Rule III.B.2 for a description of where different types of transactions are posted. PG&E interprets 24 hours in this context to mean one business day.

PG&E 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.**

Departments whose employees have access to customer information (such as Customer Care) have requirements that prohibit providing customer information to any person or entity, except the customer, without that customer's prior written consent. The use of PG&E's Standard Customer Release Information Form or an equivalent written consent is mandatory, except in the following situations:

- PG&E has received a subpoena that requires the release of information,
- As required under Section 588 of the California Public Utilities Code,
- As required by other state or federal law or regulation.

See also Compliance Plan for Rule III.E.5, above, and USP 23 – Third Party Requests for Customer Information (<http://pgeatwork/Guidance/USPIndex/Pages/default.aspx>).

Pursuant to resolution E-3540, PG&E posts on its Internet site transactions where customer information was released to an affiliate. These postings do not include customer-specific information or identification.

PG&E's Employee Code of Conduct ([http://www.pge-corp.com/aboutus/corp\\_gov/coce.shtml](http://www.pge-corp.com/aboutus/corp_gov/coce.shtml)) requires that employees may not use or disclose confidential or proprietary information acquired during employment. A "Checklist for Departing Employees" is a tool to help supervisors ensure that employees who leave PG&E do not maintain access authorizations (e.g., building or network), intellectual property, or utility property upon their departure. The checklist and instructions are available on the Human Resources website: [http://pgeweb/services/ManagingNonrepresentedEmployees/Documents/departing\\_employee.pdf](http://pgeweb/services/ManagingNonrepresentedEmployees/Documents/departing_employee.pdf).

PG&E interprets this rule to permit PG&E to provide taxpayer (customer) information to those California cities and counties where PG&E 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 PG&E.

PG&E has put in place a dialog box that appears to persons attempting to access PG&E's internal electronic network. 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](mailto: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](mailto: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.**



PG&E's Affiliated Company Transactions Standard (<http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx>) provides CPUC-adopted pricing rules. The standard is updated at least every two years and communicated to relevant company personnel.

PG&E issues an annual communication to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by this Rule.

PG&E 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 is contemporaneously posted on the PG&E Internet site (<http://www.pge.com/about/rates/affiliate/>), which is available to all market participants.

PG&E limits its transactions with affiliates to those listed in this Rule, specifically:

- Tariffed products and services – PG&E implements its tariffs in a nondiscriminatory fashion. Tariff discretions are addressed in Rule III.B.4.
- Open competitive bidding process – PG&E makes the opportunity and process available to all market participants.
- Information made generally available by PG&E 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 that permitted transaction.

**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.**

PG&E interprets this Rule to allow the Utility to provide lists of service providers that do not contain the name of an affiliate of the Utility.

Consistent with D.99-05-034, PG&E informs all callers complaining about an energy service provider (ESP) (including affiliates) that they need to call the ESP directly or call the Commission's complaint telephone number. Instructions are in the Customer Service General Reference Guide

[https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION\\_ID=1&TIMEZONE\\_OFFSET=&CMD=STARTPAGEFRAMELESS](https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION_ID=1&TIMEZONE_OFFSET=&CMD=STARTPAGEFRAMELESS) - key word "Corporate Affiliates").

- 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.**

PG&E issues an annual communication to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction). This is also addressed in PG&E's Joint Purchasing Guidelines at <http://pgeatwork/Compliance/Pages/AffiliateRules.aspx>

PG&E also provides training to targeted groups affected by this Rule.

PG&E 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.**

PG&E implements this Rule through instructions in its Customer Service General Reference Guide

[https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION\\_ID=1&TIMEZONE\\_OFFSET=&CMD=STARTPAGEFRAMELESS](https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION_ID=1&TIMEZONE_OFFSET=&CMD=STARTPAGEFRAMELESS) - key word "Corporate Affiliates").

PG&E issues an annual communication to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by this Rule.

PG&E does not interpret this Rule as prohibiting communications with customers to provide general advice about or explain the following:

- Bundled or unbundled Utility distribution service.
- Community choice aggregation, in compliance with the Code of Conduct adopted in D.12-12-036.
- Direct access.
- Direct access tariffs or other PG&E tariffs or gas or electric rules.

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.**

PG&E requires record keeping for all tariff or contract provisions. PG&E's records management program is governed by GOV-7101S Records Management Standard (<http://pgeatwork/Guidance/Governance/Pages/default.aspx>), which establishes requirements governing the identification, control, management, retrieval and retention of records for PG&E Corporation and its subsidiaries, including Pacific Gas and Electric Company.

This rule also is addressed in the following:

- PG&E's Procurement Manual at <http://pgeatwork/SS/SupplyChain/Sourcing/ProcureManual/Pages/ProcurementManual.aspx>.
- PG&E's Energy Procurement Policy on Compliance with Affiliate Rules at <http://pgeatwork/EnergySupply/EP/Compliance/Pages/EPCompliancewithAffiliateRules.aspx>.

PG&E requires the following of all its employees:

1. 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 PG&E Internet site (<http://www.pge.com/en/about/rates/affiliate/index.page>) are made as required under Rules III.B and III.F; and
2. C&E is 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.

PG&E 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 PG&E 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.**

PG&E issues an annual communication to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction). This rule also is addressed in PG&E's Procurement Manual at <http://pgeatwork/SS/SupplyChain/Sourcing/ProcureManual/Pages/ProcurementManual.aspx>.

PG&E also provides training to targeted groups affected by this Rule.

**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.

Each affiliate has its own Board of Directors, officers, and books of accounts. Consistent with PG&E'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, PG&E and its affiliates are separate corporate entities.

Appendix 2 is 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).

PG&E Corporation's financial statements, and PG&E's financial statements and annual FERC report, are audited annually by independent accountants for compliance with GAAP.

#### 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 PG&E'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).**

PG&E issues an annual communication to employees of the Utility, PG&E Corporation and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by this Rule.

PG&E maintains data network segmentation, which provides sufficient separation of facilities as mandated by this rule. PG&E uses the Information Technology Change Management Process Manual at [http://www/ISTS\\_TechLib/PM/PM\\_Change\\_Mgt.htm](http://www/ISTS_TechLib/PM/PM_Change_Mgt.htm) 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.**

PG&E issues an annual communication to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by this Rule.

PG&E's Affiliated Company Transactions Standard (<http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx>) provides guidance for compliance with this Rule, including requiring that purchases of materials or services on behalf of an affiliate must be charged to the appropriate intercompany order. This standard is updated at least every two years and communicated to relevant Utility personnel.

PG&E will continue its current practice of making joint purchases of goods and services other than those associated with the traditional Utility merchant function. PG&E maintains a list of permitted joint purchases at <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.**



The provision of corporate support services does 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 is exchanged in accordance with Rule IV.B.

#### PG&E's Affiliated Company Transactions Standard

(<http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx>) indicates that all permitted corporate support services rendered by PG&E employees are charged to PG&E Corporation and affiliates. On a monthly basis, PG&E charges PG&E Corporation and affiliates for the costs of corporate services provided by PG&E. PG&E Corporation also is entitled to charge PG&E for services and support it provides to PG&E.

For the purposes of this Rule, PG&E considers that shared services include, but are not limited to the following:

- 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 PG&E 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

PG&E considers that financial, accounting, and purchasing systems are included within sharable support systems. Affiliate employees sharing support systems with the Utility are not granted access to any confidential Utility information contained within those systems.

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

PG&E 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.**

PG&E implements this Rule as follows:

1. PG&E issues an annual communication to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule directing them to comply with this Rule (see Introduction).

PG&E also provides training to targeted groups affected by this Rule.

2. PG&E does not interpret this Rule to cover situations where individuals unaffiliated with PG&E, 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. The disclaimer is included either on the first page of the materials within an envelope or on the envelope.
4. PG&E 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.

Disclaimers are required on written 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. Oral communications, unless recorded and distributed for broadcast, do not include disclaimers. Communications or documents which originate with a supplier, vendor or other third party are not 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 PG&E 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, are required to 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. PG&E interprets the geographic limitation on this Rule to mean the disclaimer is required only where a California customer is the intended or reasonably foreseeable recipient of the communication. Thus, for communications originating outside California, the disclaimer is required to appear only when California locations are targeted. Communications directed to customers outside of California do not bear the disclaimer.
7. PG&E 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 are required to bear a disclaimer if they are distributed in California or to California customers.

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, PG&E has prepared the consolidated disclaimers below. The first disclaimer is generally used by all affiliates except those that 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 are required to 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 that are not regulated by the Federal Energy Regulatory Commission or other agency, bear the following consolidated disclaimer on the face:


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


Affiliates that do not use the above consolidated disclaimer on the face of their business cards 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 are required to 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.

 <b>PG&amp;E</b> <b>(Affiliate)</b>	xxx Street Name, Room xx Any City, State Name, xxxxx Mailing Address
	PO Box xxxxx Any City, State Name, xxxxx
<b>Employee Name</b>	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)	

 <b>PG&amp;E</b> <b>(Affiliate)</b>	xxx Street Name, Room xx Any City, State Name, xxxxx Mailing Address
	PO Box xxxxx Any City, State Name, xxxxx
<b>Employee Name</b>	123.456.4741
Title	Fax 123.456.7890
Department	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 are required to bear the full disclaimer. Due to the small size or irregular shape of some promotional items (e.g., golf tees, lapel pins), the affiliate must display the disclaimers on packaging materials such that the disclaimers are 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 that may be distributed to customers in California by the affiliates. These promotional items, and future similar promotional items, are required to 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 is printed legibly in 6 point font, or larger. A larger font is 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 is required to 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. PG&E 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 to advertise or market the affiliate's products and services, use of the name or logo is conditioned on the use of the appropriate disclaimer. The affiliate is required to 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 is not 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, are required to 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 required to include the disclaimer only 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, are required to remind news media representatives as appropriate about the relationship between PG&E and its affiliates, prior to the interview or inquiry either orally or in writing that the affiliate is separate from PG&E, 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 PG&E 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, PG&E interprets the rules to allow institutional or “brand” advertising by PG&E Corporation in California without inclusion of the disclaimer, provided that:

- a. PG&E Corporation does not exploit the connection of PG&E 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
- b. 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.

Any PG&E Corporation paid advertising in California that identifies an unregulated affiliate by name is required to make it clear that these services are performed by the affiliates and 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.**

PG&E implements this Rule through its Customer Service General Reference Guide

[https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION\\_ID=1&TIMEZONE\\_OFFSET=&CMD=STARTPAGEFRAMELESS](https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION_ID=1&TIMEZONE_OFFSET=&CMD=STARTPAGEFRAMELESS) - key word “Corporate Affiliates”).

PG&E issues an annual communication to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by this Rule.

- 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.**

PG&E implements this Rule through its Customer Service General Reference Guide

[https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION\\_ID=1&TIMEZONE\\_OFFSET=&CMD=STARTPAGEFRAMELESS](https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&PARTITION_ID=1&TIMEZONE_OFFSET=&CMD=STARTPAGEFRAMELESS) - key word “Corporate Affiliates”).

PG&E issues an annual communication to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by this Rule.

- 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.**

PG&E issues an annual communication to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by this Rule.

PG&E interprets this Rule as permitting PG&E’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 PG&E attends such a meeting and sales matters are discussed, PG&E’s role is limited to technical or operational information regarding the Utility’s provision of service to the customer. Utility employees must 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. PG&E does not interpret attending such a meeting, or a trade show, conference, or other public marketing event where PG&E and affiliate attendance is not coordinated, to be a reportable transaction under these Rules or the rules in D.93-02-019.

PG&E 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.**

PG&E issues an annual communication to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by this Rule.

PG&E's Energy Procurement Policy on Compliance with Affiliate Rules provides guidance for compliance with this Rule (<http://pgeatwork/EnergySupply/EP/Compliance/Pages/EPCompliancewithAffiliateRules.aspx>). PG&E's Senior Vice President of Energy Procurement periodically updates this policy and communicates it 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.**

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. The Rule excepts from its prohibition the corporate support services permitted under Rule V.E. Therefore, members of the Board of Directors and officers (except for key officers) may and will continue to serve as such for both PG&E Corporation and PG&E. The following individuals serve concurrently as officers or Directors of PG&E Corporation and PG&E:

## **OFFICERS**

Harvey, Kent M.	Senior Vice President and Chief Financial Officer (PG&E Corporation) Senior Vice President, Financial Services (Pacific Gas and Electric Company)
Pruett, Greg S.	Senior Vice President, Corporate Affairs (PG&E Corporation and Pacific Gas and Electric Company)
Simon, John R.	Senior Vice President, Human Resources (PG&E Corporation and Pacific Gas and Electric Company)
Bijur, Nicholas M.	Vice President and Treasurer (PG&E Corporation and Pacific Gas and Electric Company)
Cairns, Stephen J.	Vice President, Internal Audit and Compliance (PG&E Corporation and Pacific Gas and Electric Company)
Caron, Mark T.	Vice President, Tax (PG&E Corporation and Pacific Gas and Electric Company)
Cheng, Linda Y.H.	Vice President, Corporate Governance and Corporate Secretary (PG&E Corporation and Pacific Gas and Electric Company)
Mistry, Dinyar B.	Vice President and Controller (PG&E Corporation) Vice President, Chief Financial Officer and Controller (Pacific Gas and Electric Company)
Suri, Anil K.	Vice President and Chief Risk and Audit Officer (PG&E Corporation and Pacific Gas and Electric Company)
Chan, Eileen O.	Assistant Corporate Secretary (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)
Earley, Anthony F., Jr.	Director (PG&E Corporation and Pacific Gas and Electric Company)
Fowler, Fred J.	Director (PG&E Corporation and Pacific Gas and Electric Company)
Herringer, Maryellen C.	Director (PG&E Corporation and Pacific Gas and Electric Company)
Kelly, Richard 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 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); Director, 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.); Board of Control 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) Vice President, Chief Financial Officer and Controller (Pacific Gas and Electric Company) Director, President, and Controller (PG&E Energy Recovery Funding, LLC) Director and Controller for multiple affiliates)
Bijur, Nicholas M.	Vice President and Treasurer (PG&E Corporation and Pacific Gas and Electric Company) Director and Treasurer (PG&E Energy Recovery Funding, LLC) Treasurer for multiple affiliates
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

PG&E 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 these lists.

**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.).**

PG&E's Affiliated Company Transactions Standard (<http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx>) provides guidance for compliance with this Rule. This standard is updated at least every two years and communicated to relevant Utility personnel.

PG&E's HR/SAP system tracks this employee movement and is able to provide periodic reports.

PG&E 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.**

PG&E's Affiliated Company Transactions Standard (<http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx>) provides guidance for compliance with this Rule. This standard is updated at least every two years and communicated to relevant Utility personnel.

PG&E issues an annual communication to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction).

PG&E also provides training to targeted groups affected by this Rule.

PG&E's HR/SAP system tracks this employee movement and is 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.**

PG&E's Affiliated Company Transactions Standard (<http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx>) provides guidance for compliance with this Rule. This standard is updated at least every two years and communicated to relevant Utility personnel.

This one-time fee is paid only once for any individual employee. For purposes of this Rule, "clerical workers" are deemed to include non-professional, bargaining unit employees without specific utility-related skills. Should PG&E 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's Employee Code of Conduct (Internet [http://www.pge-corp.com/aboutus/corp\\_gov/coce.shtml](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. A "Checklist for Departing Employees" is a tool to help supervisors ensure that employees who leave Pacific Gas and Electric Company do not maintain access authorizations (e.g., building or network), intellectual property, or utility property upon their departure. The checklist and instructions are available on the Human Resources website: [http://pgeweb/services/ManagingNonrepresentedEmployees/Documents/departing\\_employee.pdf](http://pgeweb/services/ManagingNonrepresentedEmployees/Documents/departing_employee.pdf).

- 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.**



PG&E has procedures that govern temporary or intermittent assignments, or rotations:

- Temporary Assignment to Affiliates at the HR guidance document website  
(<http://pgeatwork/Guidance/HumanResources/Pages/Recruiting%20and%20Hiring%20-%209000.aspx>)
- Affiliated Company Transactions Standard at the Risk and Compliance guidance document website  
(<http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx>).

**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 PG&E to PG&E Corporation. Likewise, these Rules do not specifically address transfers of assets, including intellectual property, so PG&E continues to follow the rules adopted by D.96-11-017 in this regard.

PG&E’s Affiliated Company Transactions Standard (<http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx>) provides guidance for compliance with all of Rule V.H. This standard is updated at least every two years and communicated to relevant Utility personnel.

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

Sales to an affiliate of goods and services produced, purchased, or developed for sale on the open market are priced at their tariff or list price, which PG&E 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.**

Transfers from an affiliate of goods and services produced, purchased, or developed for sale on the open market are priced at no more than fair market value or tariff or list price, which PG&E 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.**

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.**

PG&E issues an annual communication to employees of the Utility, PG&E Corporation, and their subsidiaries governed by these Rules, which directs specific categories of employees to review this Rule (see Introduction)..

PG&E also provides training to targeted groups affected by this Rule.

- 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.**

Transfers from the Utility to its affiliates of goods and services not produced, purchased or developed for sale by the Utility are 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.**

Transfers from an affiliate to the Utility of goods and services not produced, purchased or developed for sale by the affiliate are priced at the lower of fully loaded cost or fair market value. PG&E interprets this rule in accord with Rule II. B., as applying only 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;**

PG&E filed its most recent Compliance Plan on July 2, 2012 (AL 3316-G/4078-E) in compliance with this Rule. Attachment A to that plan lists all affiliates in accordance with this Rule.

- 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).**

PG&E makes this filing in compliance with this Rule.

**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.**

PG&E notifies the CPUC of the creation of any new affiliate and posts notice on its electronic bulletin board. No later than 60 days after the creation of each new affiliate, PG&E files an advice letter with the CPUC's Energy Division, served on all parties to the proceeding, demonstrating how PG&E 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.**

PG&E 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 PG&E 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.**

PG&E 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. PG&E complied with this Rule by submitting the most recent officer certifications to the Energy Division on March 27, 2013, and will continue to do so annually.

## **VII. Utility Products and Services**

**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.**

PG&E will comply with all the provisions of Rule VII. PG&E filed its most recent Report on Non-Tariffed Products and Services on May 1, 2013, and will continue to do so annually.

## **VIII. Complaint Procedures and Remedies**

**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**

**further 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 PG&E, it will follow all provisions of Rule VIII.



## **IX. Protecting the Utility's Financial Health**

**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 30, 2012, 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.**

PG&E will comply with this Rule. If changes occur that require notification to the Commission, PG&E will comply within the required time period. On March 14, 2007, PG&E submitted a non-consolidation opinion to the Energy Division as required by Rule IX.C.

## Appendix 1 Intranet Link Matrix

Page #	Link	Document or Intranet Site	Exhibit #
2, 8, 9, 19, 25, 27, 40, 41, 43	<a href="http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx">http://pgeatwork/Guidance/RiskCompliance/Pages/default.aspx</a>	RISK-4302S – Affiliated Company Transactions Standard	1
2	<a href="https://pgeatworkforme.pge.com/irj/portal">https://pgeatworkforme.pge.com/irj/portal</a>	Affiliate Rules training courses	2
10, 21, 37	<a href="http://pgeatwork/EnergySupply/EP/Compliance/Pages/EPCompliancewithAffiliateRules.aspx">http://pgeatwork/EnergySupply/EP/Compliance/Pages/EPCompliancewithAffiliateRules.aspx</a>	Energy Procurement Policy on Compliance with Affiliate Rules	3
12, 13, 14, 15, 20, 35	<a href="https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&amp;PARTITION_ID=1&amp;TIMEZONE_OFFSET=&amp;CMD=STARTPAGEFRAMELESS">https://genref.comp.pge.com/system/selfservice.controller?CONFIGURATION=1000&amp;PARTITION_ID=1&amp;TIMEZONE_OFFSET=&amp;CMD=STARTPAGEFRAMELESS</a> - key word “Corporate Affiliates”	Customer Service General Reference Guide – Corporate Affiliates	4
14, 17	<a href="http://pgeatwork/Guidance/USPIndex/Pages/default.aspx">http://pgeatwork/Guidance/USPIndex/Pages/default.aspx</a>	USP 23, Third Party Inquiries Regarding Individual Customers	5
17, 42	<a href="http://pgeweb/services/ManagingNonrepresentedEmployees/Documents/departing_employee.pdf">http://pgeweb/services/ManagingNonrepresentedEmployees/Documents/departing_employee.pdf</a>	Checklist for Departing Employees	6
20, 26	<a href="http://pgeatwork/Compliance/Pages/AffiliateRules.aspx">http://pgeatwork/Compliance/Pages/AffiliateRules.aspx</a>	Permitted Joint Purchases List	7
21	<a href="http://pgeatwork/Guidance/Governance/Pages/default.aspx">http://pgeatwork/Guidance/Governance/Pages/default.aspx</a>	GOV-7101S – Records Management Standard	8
21, 23	<a href="http://pgeatwork/SS/SupplyChain/Sourcing/ProcurementManual/Pages/ProcurementManual.aspx">http://pgeatwork/SS/SupplyChain/Sourcing/ProcurementManual/Pages/ProcurementManual.aspx</a>	Procurement Manual	9
25	<a href="http://www/ISTS_TechLib/PM/PM_Change_Mgt.htm">http://www/ISTS_TechLib/PM/PM_Change_Mgt.htm</a>	Information Technology Change Management Process Manual	10
43	<a href="http://pgeatwork/Guidance/HumanResources/Pages/Recruiting%20and%20Hiring%20-%209000.aspx">http://pgeatwork/Guidance/HumanResources/Pages/Recruiting%20and%20Hiring%20-%209000.aspx</a>	Procedure for Temporary Assignments	11

**Appendix 2**  
**Pacific Gas and Electric Company Affiliates**

<b>PARENT COMPANY: PG&amp;E Corporation</b>			
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 general corporate services to PG&E Corporation and certain of its subsidiaries.	Washington, DC	Yes
PG&E Corporation Support Services II, Inc.	Provides services to PG&E Corporation and certain of its subsidiaries outside the state of California—permitted shared corporate support services only.	San Francisco, CA	No
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
PCG Capital, Inc.	Formed for the purpose of holding interests in other businesses, financing and other transactions.	San Francisco, CA	Yes
Pacific Energy Capital I, LLC	Formed to build and manage a portfolio of passive capital investments in growing energy and telecommunications companies.	San Francisco, CA	Yes
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

## Appendix 2 Pacific Gas and Electric Company Affiliates

<b>PARENT COMPANY: Pacific Gas and Electric Company</b>			
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 Corporation, created to construct and own low-income housing.	Oakland, 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.	Oakland, 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
Merritt Community Capital Fund V, L.P.	2.4% limited partner with General Partner Merritt Community Capital Corporation, created to construct and own low-income housing.	Oakland, CA	No
Midway Power, LLC	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
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 AmerenMO and Pacific Energy Fuels Company, for purposes of sharing costs and reducing fuel acquisition costs. (Limited exemption from affiliate rules per D.05-09-006 )	St. Louis, MO	Yes

**Appendix 2**  
**Pacific Gas and Electric Company Affiliates**

<b>PARENT COMPANY: Pacific Gas and Electric Company</b>			
Subsidiary Name	Subsidiary's Line of Business (products or services offered)	Primary Location of Subsidiary	Rule II.B Affiliate
Pacific Gas and Electric Housing Fund Partnership, L.P.	99.9% limited partner with General Partner, Merritt Community Capital Corporation, to invest in projects that construct and own low-income housing.	Oakland, 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	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
Standard Pacific Gas Line Incorporated	Transportation of natural gas in California; Chevron Pipe Line Company owns 14.29% interest.	San Francisco, CA	No
STARS Alliance, LLC	An alliance of Pacific Gas and Electric Company, Southern California Edison, and five other nuclear plant operators. Formed to increase efficiency and reduce costs related to the operation of the member's nuclear generation facilities. (Limited exemption from affiliate rules per D.12-05-010.)	Goodyear, AZ	Yes

Exhibit 1

RISK-4302 Affiliated Company Transactions Standard



## Affiliated Company Transactions Standard

**Summary**

This standard establishes roles, responsibilities and requirements for transactions between Pacific Gas and Electric Company (PG&E) and the following:

- PG&E Corporation (the Corporation)
- The Corporation's affiliates and subsidiaries
- PG&E's affiliates and subsidiaries

Transactions between PG&E and affiliated entities must comply with pricing and regulatory rules and requirements as issued by the California Public Utilities Commission (CPUC) and the Federal Energy Regulatory Commission (FERC).

**Target Audience**

All employees involved in affiliate transactions.

**Safety**

NA

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## Affiliated Company Transactions Standard

### Requirements

#### 1 General Overview

- 1.1 The CPUC adopted rules governing PG&E's transactions with affiliated entities in Decision 06-12-029. Under these rules, PG&E has two types of affiliated entities:
  1. Rule II.B affiliates: 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 in the rules
  2. Non-Rule II.B affiliates: the Corporation and all other affiliates
- 1.2 The affiliate rules and this standard apply to all Rule II.B affiliates and where explicitly provided, also to the Corporation and all affiliates.
- 1.3 The lists of Rule II.B and Non-Rule II.B affiliates change periodically. See the Affiliate Rules Intranet site for the current lists:  
<http://pgeweb/finance/risk/compliance/Pages/affiliaterules.aspx>.

#### 2 Non-Discrimination Standard

- 2.1 Unless authorized by the CPUC or FERC, PG&E must not provide services to its affiliates or their customers in a preferential way over non-affiliated suppliers or their customers.
- 2.2 PG&E must not provide to affiliates, without the prior written consent of the supplier, non-public supplier information or data received from third parties.
- 2.3 The Corporation and all PG&E affiliates (Rule II.B and Non-Rule II.B) must not direct, cause, aid, or abet PG&E to violate or circumvent the affiliate rules, including but not limited to the non-discrimination restrictions in subsections 2.1 and 2.2.
- 2.4 The Corporation must not be a conduit through which affiliates can obtain access to PG&E's non-public information.

#### 3 Transactions Permitted Between PG&E and All Affiliates

- 3.1 The following transactions are permitted between PG&E and all affiliates, except as noted below:
  1. The purchase, sale or delivery of tariffed goods or services
    - a. Resource procurement (see definition) must have prior approval from the CPUC, unless it is a blind transaction (neither party knows the identity of the counterparty)



## Affiliated Company Transactions Standard

### 3.1 (continued)

2. Through an open competitive bidding process, the purchase or sale of goods, property, products, or services made generally available by the offering entity to all market participants
3. Permitted corporate support services (for a list, see [Appendix 1, Permitted and Non-Permitted Corporate Support Services](#))
  - a. IF PG&E engages in any corporate support services with the Corporation or any of its subsidiaries,  
  
THEN a Continuing Services Agreement must be obtained between the entities, which contains terms and conditions governing the transactions.
4. Permitted joint purchases (for a list, see [Appendix 2, Permitted and Non-Permitted Joint Purchases](#))
5. Non-tariffed goods and services (for a list, see [Appendix 3, Authorized Categories of Non-Tariffed Products & Services](#))
6. The transfer of assets pursuant to a written agreement
  - a. Generally permitted, with the following exception:
    - (1) No transfer or joint purchase between PG&E and any Rule II.B affiliate of research and development or other advanced technology assets, including intellectual property related to advanced technology.
  - b. Approval is needed from Compliance and Ethics and Affiliate Accounting before a transfer of asset is initiated.
  - c. Consultation with the Law department is required for written agreements.
  - d. Copy of agreement between PG&E and the affiliate must be provided to Compliance and Ethics and Affiliate Accounting within five days of execution.
  - e. IF PG&E assets are to be transferred to the Corporation or an affiliate,  
  
THEN Compliance and Ethics and Law determine whether prior CPUC approval is required under Public Utilities Code Section 851 or other requirement.



## Affiliated Company Transactions Standard

### 3.1 (continued)

#### 7. Employee Rotations or Temporary Assignments

- a. Rotations or temporary assignments to Rule II.B affiliates cannot exceed 30% of an employee's time, defined as 78 days per year.
- b. No more than 5% of full-time equivalent PG&E employees may be on rotation or temporary assignment at a given time.
- c. Rotations or temporary assignments cannot be made to energy marketing affiliates or their subsidiaries.
- d. PG&E's needs for employees always take priority over the Corporation or affiliates.

#### 8. Employee Transfers

- a. A PG&E employee who transfers to a Rule II.B affiliate may not return to employment at PG&E for 12 months following the employee's last day of employment at PG&E. This requirement does not apply if the Rule II.B affiliate ceases business during the 12 month period.
- b. A Rule II.B affiliate employee who transfers to PG&E may not return to work at the same Rule II.B affiliate for 24 months following the first day of employment at PG&E.
- c. An employee transferring from PG&E to the Corporation or any other affiliate is expressly prohibited from using information gained from PG&E, in a discriminatory or exclusive fashion, to the benefit of the affiliate or to the detriment of other unaffiliated service providers.
- d. Supervisors are required to complete a "Departing Employee Checklist" when an employee leaves PG&E. The checklist is designed to enable a supervisor to ensure that an employee who leaves PG&E does not retain access authorizations (e.g., building or network), intellectual property, or utility property upon the employee's departure.

## 4 Authorization

### 4.1 General

1. At least five business days before a PG&E organization conducts a transaction with any affiliate, it must submit an Affiliate Order Request form to Affiliate Accounting to receive advance authorization for the transaction.
  - a. An Affiliate Order Request form is **not** required for tariffed goods or services, as these require authorization only under the specific tariff.



## Affiliated Company Transactions Standard

### 4.1 (continued)

2. Services estimated at \$100,000 or greater must be approved by the Compliance and Ethics department before conducting the transaction or commencing work. Affiliate Accounting coordinates this approval process with Compliance and Ethics.
3. IF the transaction is with a Rule II.B affiliate,  
  
THEN, the same day as the transaction, the PG&E employee involved in the transaction must submit an Affiliate Transaction Report (ATR) to Compliance and Ethics.
  - a. IF the transaction extends over multiple days,  
  
THEN the employee may submit one ATR covering the entire period of the transaction.

### 4.2 Following are the approval levels required on the Affiliate Order Request form for providing goods and services and for joint purchases:

1. New affiliate order request with estimated charges less than \$1 million - manager or above
2. New affiliate order request with estimated charges of \$1 million and more - director or above
3. Predictable and recurring fixed charges (any amount) - director or above
4. Recurring affiliate order requests (any amount) - manager or above

### 4.3 Permitted joint purchases

1. In addition to the requirements above, all joint purchases must be made pursuant to a written contract with the third party offering the goods or services to be jointly purchased.
2. Special contract language may be required when making a joint purchase, and consultation with the Law department is required.

### 4.4 Employee Rotations or Temporary Assignments

1. Before processing a rotation or temporary assignment of a PG&E employee to a Rule II.B affiliate, a written agreement must be executed by the responsible director (or above) of PG&E and the affiliate company. The Compliance and Ethics department must approve the agreement and concur with the rotation or temporary assignment before it is processed.



## Affiliated Company Transactions Standard

### 5 Valuation

#### 5.1 General

1. PG&E may not grant any special pricing or terms to Rule II.B and non-Rule II.B affiliates.
2. [Appendix 4, Transfer Pricing Rules Matrix](#), summarizes the transfer pricing rules in subsections 5.2 through 5.7.

#### 5.2 Transactions between PG&E and Rule II.B affiliates

1. Tariffed goods or services
  - a. Tariffed goods and services are priced at the approved tariff, which is considered to be the fair market value.
  - b. For transfers resulting from an open competitive bid, the winning bid is considered to be the fair market value.
  - c. PG&E must not provide any discount from the tariff unless that discount is contemporaneously made available to all market participants.
  - d. If a discount is contemplated, special posting requirements apply and the Compliance and Ethics department must be contacted before an offer of any discount is made to an affiliate or to a known customer of an affiliate.
  - e. PG&E employees' labor is included in the tariffed price and is not separately charged.
2. Non-tariffed goods and services produced, purchased or developed for sale are priced at fair market value.
3. Goods and services not produced, purchased, or developed for sale (including corporate support services) are priced at the following:
  - a. Fully loaded cost plus 5% of direct labor cost when they are transferred from PG&E to a Rule II.B affiliate
  - b. The lower of fully loaded cost or fair market value when they are transferred from a Rule II.B affiliate to PG&E
4. Permitted joint purchases
  - a. Corporate support services are charged at fully loaded cost.
  - b. Goods jointly purchased are priced in accordance with the approved written contract with the third party.



## Affiliated Company Transactions Standard

- 5.3 Transfers of goods and services from PG&E to non-Rule II.B affiliates
1. Corporate support services are priced at fully loaded cost.
  2. Excluding corporate support services, goods and services produced, purchased or developed for sale are valued at fair market value.
  3. Excluding corporate support services, goods and services **not** produced, purchased or developed for sale:
    - a. IF value is \$250,000 or less,  
THEN pricing is at fully loaded cost plus 5% of direct labor cost.
    - b. IF value is greater than \$250,000,  
THEN pricing is at the **higher** of the following:
      - Fair market value OR
      - Fully loaded cost plus 5% of direct labor cost.
- 5.4 Transfers of goods and services from non-Rule II.B affiliates to PG&E
1. Corporate support services are priced at fully loaded cost.
  2. Excluding corporate support services, goods and services produced, purchased or developed for sale are priced at the **lower** of the following:
    - Fair market value OR
    - Tariff or list price.
  3. Excluding corporate support services, goods and services **not** produced, purchased or developed for sale:
    - a. IF value is \$250,000 or less,  
THEN pricing is at fully loaded cost.
    - b. IF value is greater than \$250,000,  
THEN pricing is at the **lower** of the following:
      - Fair market value OR
      - Fully loaded cost



## Affiliated Company Transactions Standard

- 5.5 Transfer of assets pursuant to a written agreement – all affiliates (CPUC rule requires only Rule II.B affiliates, but PG&E applies to all affiliates for consistency)
1. Assets having a net book value of \$250,000 or less (except land and intellectual property) are priced at net book value.
  2. All assets having a net book value greater than \$250,000 are priced at an appraised fair market value.
  3. All land and intellectual property, regardless of net book value, are priced at fair market value.
    - a. Fair market value of intellectual property may be a single cost price, a royalty on future revenues, or a combination of both.

### 5.6 Employee Rotations or Temporary Assignments

1. Non-executive employees on rotations or temporary assignments to a Rule II.B affiliate are billed at the higher of fully loaded cost plus 10% of direct labor cost or at fair market value.
2. Executive employees on rotations or temporary assignments to a Rule II.B affiliate are billed at the higher of fully loaded cost plus 15% of direct labor cost or at fair market value.
3. All employees on rotations or temporary assignments to the Corporation and other Non-Rule II.B affiliates are billed at fully loaded cost.

### 5.7 Employee Transfers

1. When a non-clerical PG&E employee is transferred to the Corporation or any affiliate, the recipient must make a one-time payment (transfer fee) to PG&E equivalent to 25% of the transferring employee's total annual compensation from PG&E.
2. No distinction is made between full-time or part-time annual compensation.
3. Compliance and Ethics approval is required if PG&E can demonstrate that a transfer fee less than 25% (but no less than 15%) is appropriate for the class of employee involved.

## 6 Recording Cost and Intercompany Billings and Payment

### 6.1 Intercompany Billings

1. Billings for affiliate transactions, including joint purchases, are done monthly.
2. Inter-company billings are accompanied by or referenced to appropriate supporting documents.



## Affiliated Company Transactions Standard

### 6.2 Payment due dates

1. PG&E's invoices to the Corporation or any affiliates, or vice versa, require payments to be made by the receiving party within 30 days after receipt of the invoice. Payment is due to PG&E whether or not the receiving party disputes all or any portion of the invoice.
2. Any balances owed to a providing party beyond 30 days following the date of receipt of the invoice accrue interest at an annualized rate equal to 5% above the prime rate published in the Wall Street Journal on the last business day of the month and each subsequent day until the outstanding balance is paid.

### 6.3 Billing Disputes

1. To dispute any portion of an invoice, the receiving party must advise the other party in writing of the disputed portion and any proposed adjustments within 30 days from the date of receipt of the invoice in dispute.
2. Billing disputes or adjustments to recorded transfer prices are to be resolved within 60 days after the billing is recorded. Compliance and Ethics and Affiliate Accounting must be notified in the event that a billing dispute cannot be resolved by PG&E and the Corporation or affiliate within 60 days after the billing is recorded.

## 7 Reporting and Compliance Requirements

### 7.1 The following information is reported in the Annual Affiliate Transactions Report:

1. Current organizational information
2. Written agreements and descriptions of verbal agreements for transactions between PG&E and the Corporation or an affiliate in the reporting year
3. Transfers of assets, goods, or services in the reporting year
4. Borrowings or loans between PG&E and the Corporation or any affiliate in the reporting year
5. Standards and/or procedures that ensure accurate recording of transactions, price calculations, record keeping, overheads, etc.
6. Internal audits conducted (dates, purposes, summaries of findings and recommendations)
7. Identification of any employees who were on a rotation or temporary assignment to the Corporation or to a Non-Rule II.B affiliate and the dates of the rotation or temporary assignment
8. Identification of any employees who transferred to the Corporation or an affiliate and the date when the transfer occurred





## Affiliated Company Transactions Standard

### 8 Internal Controls and Auditing

#### 8.1 Record Maintenance

1. PG&E must maintain contemporaneous records documenting all affiliate transactions including, but not limited to the following:
  - a. Permitted waivers of tariff
  - b. Contract provisions and discounts
  - c. Contracts and related bids and other items documenting a transaction
2. For affiliate transactions between PG&E and all affiliates, the document retention period is a minimum of three years, or longer if required by the CPUC or another government agency.
3. The retention of business correspondence between PG&E and the Corporation is not required if it meets **all** of the following requirements:
  - a. It is prepared in the normal course of PG&E's business.
  - b. It is between PG&E employees and only incidentally provided to the Corporation.
  - c. It does not require action or response by the Corporation.
  - d. It does not include customer-related information.
4. Records are to be available to third-party review upon 72-hours' notice or at a time mutually agreed upon by PG&E and the third-party. Compliance and Ethics must be immediately notified when there are requests by a third party to review affiliate records.

#### 8.2 Budgets

1. PG&E is responsible for allocating resources, monitoring, and controlling costs for any affiliate transaction it undertakes.
2. Estimates for anticipated recurring and non-recurring services, capital expenditures and personnel staffing must be provided to and received from the Corporation and affiliates must be included in PG&E's budget process.
3. A quarterly variance analysis between budget and actual costs is performed to ensure accuracy of affiliate charges.

#### 8.3 Audits

1. All employees must fully cooperate with both external and internal auditors authorized by PG&E, the Corporation or affiliates.



## Affiliated Company Transactions Standard

### END of Requirements

#### Definitions

**Affiliate** is any corporation, partnership, company or other entity that has 5% or more of its outstanding securities owned, controlled, or held with power to vote, directly or indirectly, either by PG&E, the Corporation or any of its subsidiaries or where PG&E, the Corporation or any of its subsidiaries indirectly have substantial financial interests or exert substantial control over the operations through means other than ownership.

**Affiliate Order Request** is the process to request a billable order number for the purpose of recording and charging billable services between affiliates.

**Affiliate Transactions** are transactions between PG&E, the Corporation or affiliate with another affiliate of PG&E, the Corporation or its subsidiaries.

**Annual Affiliate Transactions Report** is the Annual Report on Significant Utility-Affiliate Transactions required by the CPUC in OIR 92-08-008. This report contains a list of all affiliated entities and identifies the nature of transactions between PG&E and the Corporation or any affiliate.

**Assets** include tangible and intangible, real and personal property and the right to use the assets (including intellectual property or other intangible assets) through leases, licenses or other arrangements.

**California Public Utilities Commission (CPUC)** is a regulatory agency that regulates privately owned public utilities in the state of California, including PG&E and other electric power, telecommunications, natural gas and water companies.

**Continuing Services Agreement** is a contract executed by PG&E and the Corporation or Non-Rule II.B affiliates specifying the terms under which non-tariffed transactions will be undertaken.

**Corporate Support Services** includes work for the purposes of joint corporate oversight, governance, support systems and personnel. These services may only be performed by PG&E, the Corporation or PG&E Corporation Support Services II, Inc. In some limited cases, these services may also be provided by other affiliates. See Appendix 1 for a list of permitted and non-permitted Corporate Support Services.

**Direct Labor Cost** is defined as direct payroll costs, including wages and non-productive time, plus wage-related loadings such as payroll taxes and health insurance.



## Affiliated Company Transactions Standard

**Fair Market Value** is the price at which a willing seller would sell to a willing buyer, where neither is under a compulsion to buy or to sell. For goods or services for which the price is regulated by a single state or federal agency, the regulated price shall be deemed to be the fair market value. In cases where more than one agency regulates the price, the federal agency price (if any) shall be deemed to be the fair market value, otherwise the CPUC's price shall be deemed to be the fair market value. Affiliate Accounting is responsible for making the final determination of fair market value.

**Fully Loaded Cost** consists of 'Direct Labor Costs', general office expenses, such as space and supplies, and other direct costs of 'Goods' or 'Services' plus all applicable indirect charges and overheads. See [Attachment 1, Indirect Charges and Overheads](#) for a list of these indirect charges and overheads.

**Intangible Assets** includes any asset having no physical existence, other than recorded information, its value being set by the rights and anticipated benefits that an owner enjoys by possessing it. This includes:

- Licenses
- Franchises
- Marketable emission permits and emission offsets

**Intellectual Property** includes any proprietary market data, customer lists, marketing or feasibility studies, leads and prospects for future business opportunities, patents, trade secrets, copyrights, product rights, royalty interests or other marketable technologies.

**Joint Purchases** is defined as the purchasing of goods or services by PG&E in combination with the Corporation or affiliates under the same contract or separate contracts negotiated together or using common volumes. Joint purchasing is not allowed for energy products or energy-related goods or services (i.e. goods and services associated with the traditional utility merchant function). See Appendix 3 for a list of permitted and non-permitted joint purchases.

**Non-Rule II.B affiliate** is an affiliate that does not provide a product that uses gas or electricity or provides gas or electricity services.

**Personal Property** includes vehicles, machinery, furniture, fixtures (not attached to land), equipment, computer hardware, and any other tangible property excluding 'Goods' or 'Real Property'.



## Affiliated Company Transactions Standard

**Real Property** includes:

- Land
- Buildings
- Improvements
- Timber
- Mineral rights
- Easements
- Rights of way
- Other similar rights associated with land owned by others

**Regulated Subsidiary** is defined as a subsidiary of PG&E, the revenues and expenses of which are regulated by the CPUC.

**Resource Procurement** is the investment in and production or acquisition of energy facilities, supplies or other energy products or services necessary for PG&E to meet its obligation to serve customers.

**Rule II.B affiliate** is an affiliate that provides a product that uses gas or electricity or provides gas or electricity services, unless specifically exempted.

**Services** are any activities having economic value.

**Tariffed Goods or Services** are any goods or services for which price, terms and conditions are set by the CPUC or any other regulatory body having jurisdiction and which are available to all customers meeting the requirements contained in those terms and conditions.

**Tariffed Transactions** are transactions that include any tariffed goods or services.

**Third Parties** include parties that are not PG&E, the Corporation or affiliate, as defined in this standard.

**Transaction** means the provision of any goods, property, service, privilege, or act between any two parties for which compensation normally would be provided if each party was independent of the other and acting in its best financial interest. Transactions also include the provision of any information to an affiliate. When defining a "transaction", employees should be inclusive



## Affiliated Company Transactions Standard

rather than exclusive.

**Implementation Responsibilities**

Each officer whose responsibilities may involve transactions with the Corporation and affiliates is responsible for the following:

- Communicating this standard to the appropriate employees in the officer's organization
- Monitoring compliance with this standard within the officer's organization

Compliance and Ethics Department is responsible for providing education, training, and oversight to officers' organizations

Corporate Accounting is responsible for updating this standard.

**Governing Document**

NA

**Compliance Requirement/Regulatory Commitment**

CPUC Decision 96-11-017

CPUC Decision 06-12-029

**Reference Documents**

**Developmental References:**

- CPUC Affiliate Rules:  
<http://pgeatwork/Compliance/Documents/affiliaterules.pdf>

**Supplemental References:**

- CPUC Affiliate Transaction Rules (Affiliate Rules) Compliance Plan:  
<http://pgeatwork/Compliance/Pages/AffiliateRules/AffiliateRulesCompliancePlan>



## Affiliated Company Transactions Standard

- Appendices**
- [Appendix 1, Permitted and Non-Permitted Corporate Support Services](#)
  - [Appendix 2, Permitted and Non-Permitted Joint Purchases](#)
  - [Appendix 3, Authorized Categories of Non-Tariffed Goods and Services](#)
  - [Appendix 4, Transfer Pricing Rules Matrix](#)

- Attachments**
- [Attachment 1, Indirect Charges and Overheads](#)

**Document Recision** Affiliated Company Transaction Procedures, December 31, 2012

**Approved By** Megan Janis, Director, Compliance and Ethics

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Compliance and Ethics approvals: Dean Mortensen, Principal, Compliance and Ethics

Accounting and related matters: Connie Shiu, Affiliate Accounting

Contracts or legal matters: Doreen Ludemann, Director and Counsel, Law

**Revision Notes**

Where?	What Changed?
NA	New standard



## Affiliated Company Transactions Standard

### APPENDIX 1, PERMITTED AND NON-PERMITTED CORPORATE SUPPORT SERVICES

Page 1 of 3

The following are examples of permitted and non-permitted corporate support services by PG&E and one or more affiliates:

#### **PERMITTED CORPORATE SUPPORT SERVICES**

1. Corporate oversight and governance
2. Use of financial and cash management and payroll systems software
3. Payroll advice and services, including printing and distribution of paychecks
4. Corporate budget preparation and monitoring
5. Corporate communications, public relations, and charitable contributions
6. Tax advice and services
7. Treasury Functions
8. Investor relations and shareholder services
9. Consolidated business planning (other than market analyses)
10. Financial services including:
  - a. Accounts payable;
  - b. Accounting;
  - c. Banking services not including customer transactions;
  - d. Cash management;
  - e. Planning, analysis, and negotiation and workout (e.g. analytical support for various subsidiary projects and for long-range planning);
  - f. 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 Corporation in its oversight role may also review and approve certain transactions involving PG&E or the affiliates); and
  - g. Reporting.
11. Internal auditing



## Affiliated Company Transactions Standard

### APPENDIX 1, PERMITTED AND NON-PERMITTED CORPORATE SUPPORT SERVICES

Page 2 of 3

#### Permitted Corporate Support Services (continued)

12. Insurance advice, services, and procurement
13. State, federal, and local lobbying and regulatory affairs
14. Analysis of regulatory or legislative actions
15. Legal services and support
16. Legal and regulatory compliance, including affiliate transactions rules compliance
17. Compliance and ethics activities
18. Environmental and safety
19. Corporate development
20. Computer, telecommunications, and technical systems support and maintenance (PG&E employees may have access to affiliate systems while providing support and maintenance on those systems. PG&E support may include Internet routing. Affiliate employees will only be allowed to provide support and maintenance for PG&E if they will not have access to any non-public PG&E information contained in a computer or information system; e.g. limited hardware maintenance or software development)
21. Human resources planning and development services, including succession planning
22. Compensation and benefit services and plan procurement and management
23. Pension management
24. Development, interpretation, and application of employment policies
25. Creation and maintenance of employee records
26. 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.)
27. Printing of documents for permitted shared services and corporate support functions
28. Corporate communications and public relations
29. Fleet services





## Affiliated Company Transactions Standard

### APPENDIX 1, PERMITTED AND NON-PERMITTED CORPORATE SUPPORT SERVICES

Page 3 of 3

Permitted Corporate Support Services (continued)

30. Corporate security

#### **NON-PERMITTED CORPORATE SUPPORT SERVICES (APPLICABLE TO RULE II.B AFFILIATES)**

1. Employee recruiting
2. Engineering
3. Hedging and financial derivatives and arbitrage services
4. Gas and electric purchasing for resale
5. Purchasing of gas transportation and storage capacity
6. Purchasing of electric transmission
7. System operations
8. Marketing



## Affiliated Company Transactions Standard

### APPENDIX 2, PERMITTED AND NON-PERMITTED JOINT PURCHASES

Page 1 of 2

The following are examples of permitted and non-permitted joint purchases for goods and services by PG&E and one or more affiliates.

#### **PERMITTED JOINT PURCHASES**

1. Office supplies (pens, paper, pencils, scissors, etc.)
2. Computers, printers and other office equipment (computers must be of a standard configuration readily available in the marketplace)
3. Computer software used for general business purposes (Windows, Word, Excel, SAP, SQL etc.)
4. Office and ergonomic furniture
5. Express mail and shipping services
6. Vehicles including fuels, oils and lubricants
7. Bulk or generic chemicals (used for a variety of processes, including water treatment)
8. Travel services and travel (airline, hotel, rental car)
9. Hand and power tools readily available in the marketplace (hammers, screwdrivers, wrenches, drills etc.)
10. Copier or fax maintenance and lease
11. Health and safety products
12. Temporary staffing/clerical support
13. Telephone services (local, long distance, cell phone and pager)
14. Legal, tax and auditing services as well as all other permitted corporate support services



## Affiliated Company Transactions Standard

### APPENDIX 2, PERMITTED AND NON-PERMITTED JOINT PURCHASES

Page 2 of 2

#### **NON-PERMITTED JOINT PURCHASES (APPLICABLE TO RULE II.B AFFILIATES)**

1. Electricity (commodity, transmission, distribution, etc.)
2. Gas (commodity, transmission, parking, lending, etc.)
3. Equipment used on the utility gas or electrical system (transformers, pipe, wire, insulators, concrete, etc.)
4. Vehicles used in utility system O&M (line trucks, backhoes, etc.)
5. Tools that must be special ordered or built for utility use
6. Specialized computers used for engineering or system operations
7. Computer software specifically developed for utility functions (transmission scheduling, generation asset optimization, etc.)
8. Engineering services
9. Marketing services
10. Employee recruiting services



## Affiliated Company Transactions Standard

### APPENDIX 3, AUTHORIZED CATEGORIES OF NON-TARIFFED PRODUCTS & SERVICES

Page 1 of 3

The following are authorized categories of gas, electric, and combined gas and electric categories of non-tariffed products and services by PG&E and affiliates:

#### **GAS**

1. Sale of extraction liquids.
2. Pipeline maintenance, excavation, leak detection for others.
3. Specialty gas work (tapping and plugging) for others.
4. Meter cabinet construction and extension of customer owned piping.
5. Joint trench (gas) arrangements.
6. Field compression service.

#### **ELECTRIC**

1. Facility joint-use arrangements. Joint pole agreements. Cable TV/Telecom/Streetlight contacts. Joint trench U.G.
2. Infrared scanning of overhead facilities for others.
3. Hot-washing of electrical equipment for others.
4. Sale of hourly metered QF data to QFs.
5. Troubleshooting interference and other electrical problems for Telecom, Cable TV.
6. Repair and maintenance on third party power plants.
7. Joint nuclear services relating to equipment, fuel, technical assistance, quality assurance audits and other O&M services, normally on an exchange or own-cost basis.
8. Transmission construction and maintenance services.
9. Transmission planning and engineering.
10. Customer emergency transformer/generator loans.
11. UEG pipeline capacity brokering.
12. Incidental non-utility water sales



## Affiliated Company Transactions Standard

### APPENDIX 3, AUTHORIZED CATEGORIES OF NON-TARIFFED PRODUCTS & SERVICES

Page 2 of 3

#### COMBINED GAS AND ELECTRIC

1. Testing, analysis, evaluation, measurement of customer or third party systems and equipment. This can involve the provision of services or equipment for a fee (or shared costs).
2. Environmental analysis, assessment, monitoring for others. This can involve provision of services or equipment for a fee (or shared costs).
3. Wireless attachment, to PG&E facilities; installation/maintenance service.
4. Short-term use of facilities/real property with associated services: e.g., lodging, presentation equipment, and food.
5. Testing measurement analysis services supporting research for Industry Association (EPRI, GRI).
6. Sales of meteorological analysis/modeling.
7. Sales of standard manuals to customers and third parties.
8. Laser alignment service.
9. Business support services (reprographics, document handling, mail service) to third parties.
10. Operation, maintenance, repair, inspection and construction of customer owned or third party facilities.
11. Training for customers and third parties.
12. Gas pressure regulation and flow analysis. Electric protective relay settings, voltage regulation and capacity studies.
13. Mover Service.
14. Other consulting services
15. Operations services for other utilities, energy service providers, municipalities and others
16. Geographical Information Systems (GIS) services
17. Billing and Customer Communication Center services for Non-ESPs



## Affiliated Company Transactions Standard

### APPENDIX 3, AUTHORIZED CATEGORIES OF NON-TARIFFED PRODUCTS & SERVICES

Page 3 of 3

#### COMBINED GAS AND ELECTRIC (CONTINUED)

18. Combined Gas and Electric
19. Energy efficiency engineering, consulting and technical services
20. Use of utility software
21. Use of utility held patents
22. Use of communications and computing systems



**Affiliated Company Transactions Standard**

**APPENDIX 4, TRANSFER PRICING RULES MATRIX**

Page 1 of 3

From	To	Circumstance	Rule	CPUC Decision
Utility	Rule II.B Affiliate	For goods and services produced, purchased or developed for sale on the open market	Priced at their tariff or list price, which Pacific Gas and Electric Company interpret to be fair market value.  For transfers resulting from an open competitive bid, the winning bid is considered fair market value.	D.06-12-029 Rule V.H.1.
Utility	Rule II.B Affiliate	For goods and services <u>not</u> produced, purchased or developed for sale on the open market, <u>including</u> corporate support	Priced at fully loaded cost (direct cost of Good or Service plus all applicable indirect charges and overheads) plus 5% of direct labor cost.	D.06-12-029 Rule V.H.5
Utility	Rule II.B Affiliate	Transfer of Assets	If > \$250,000 in net book value, obtain asset appraisal. If ≤ \$250,000 and not intellectual property, net book value. If it is intellectual property or land, fair market value must be determined.	D.96-11-017 Attachment 1
Utility	Rule II.B Affiliate	Employee Rotations or Temporary Assignments	Non-executive employees: higher of fully loaded cost plus 10% of direct labor cost or at fair market value.  Executive employees: higher of fully loaded cost plus 15% of direct labor cost or at fair market value.	D.06-12-029 Rule V.G.2.e
Utility	Corporation & non-Rule II.B Affiliates	For goods and services produced, purchased or developed for sale on the open market	Tariff/List price  For transfers resulting from an open competitive bid, the winning bid is considered fair market value.	D.96-11-017 Attachment 1
Utility	Corporation & non-Rule II.B Affiliates	For goods and services <u>not</u> produced, purchased or developed for sale on the open market, <u>excluding</u> corporate support	If ≤ \$250,000, fully loaded cost plus 5% premium on labor charges	D.96-11-017 Attachment 1
Utility	Corporation & non-Rule II.B Affiliates	For goods and services <u>not</u> produced, purchased or developed for sale on the open market, <u>excluding</u> corporate support	If > \$250,000, higher of fair market value or fully loaded cost plus 5% premium on labor charges	D.96-11-017 Attachment 1



## Affiliated Company Transactions Standard

### APPENDIX 4, TRANSFER PRICING RULES MATRIX

Page 2 of 3

From	To	Circumstance	Rule	CPUC Decision
Utility	Corporation & non-Rule II.B Affiliates	For corporate support services	Fully loaded cost	D.96-11-017 Attachment 1
Utility	Corporation & non-Rule II.B Affiliates	Transfer of Assets	If > \$250,000 in net book value, obtain asset appraisal. If ≤ \$250,000 and not intellectual property, net book value. If it is intellectual property or land, fair market value must be determined.	D.96-11-017 Attachment 1
Utility	Corporation & all affiliates	Employee Transfer (non-clerical Utility employee)	25% of the transferring employee's total annual compensation from the Utility (one-time fee)	D.06-12-029 Rule V.G.2.c
Rule II.B Affiliate	Utility	For goods and services produced, purchased or developed for sale on the open market	Priced at no more than fair market value which Pacific Gas and Electric Company interpret to be the tariff or list price.	D.06-12-029 Rule V.H.2.
Rule II.B Affiliate	Utility	For goods and services <u>not</u> produced, purchased or developed for sale on the open market	Priced at the lower of fully loaded cost or fair market value.	D.06-12-029 Rule V.H.6.
Rule II.B Affiliate	Utility	Transfer of Assets	If > \$250,000 in net book value, obtain asset appraisal. If ≤ \$250,000 and not intellectual property, net book value. If it is intellectual property or land, fair market value must be determined.	D.96-11-017 Attachment 1
Corporation & non-Rule II.B Affiliates	Utility	For goods and services produced, purchased or developed for sale on the open market	Lower of fair market value or tariff/list price	D.96-11-017 Attachment 1
Corporation & non-Rule II.B Affiliates	Utility	For goods and services not produced, purchased or developed for sale on the open market, excluding Corporate Support	If < \$250,000, fully loaded cost	D.96-11-017 Attachment 1
Corporation & non-Rule II.B Affiliates	Utility	For goods and services not produced, purchased or developed for sale on the open market, excluding Corporate Support	If > \$250,000, lower of fully loaded cost or fair market value	D.96-11-017 Attachment 1





**Affiliated Company Transactions Standard**

**APPENDIX 4, TRANSFER PRICING RULES MATRIX**  
Page 3 of 3

<b>From</b>	<b>To</b>	<b>Circumstance</b>	<b>Rule</b>	<b>CPUC Decision</b>
Corporation	Utility	Corporate Support Services	Fully Loaded Cost	D.96-11-017 Attachment 1
Corporation & non-Rule II.B Affiliates	Utility	Transfer of Assets	If > \$250,000 in net book value, obtain asset appraisal. If < \$250,000 and not intellectual property, net book value. If it is intellectual property or land, fair market value must be determined.	D.96-11-017 Attachment 1
Exceptions		For all transfers to and from the Utility and Affiliates	For goods or services which price is regulated by a state or federal agency, that price is the fair market value, except where more than one state commission regulates the price of goods or services, then the CPUC's pricing provisions govern.	D.06-12-029 Rule V.H.3.

Exhibit 2  
Affiliate Rules Training Courses

Welcome Dean Mortensen



Help | Log off



- Welcome
- About Me
- Who's Who
- My Inbox
- My Learning**
- Training Compliance

## Find a Course

[Return to My Learning](#)

### Find a Course

- Find Courses**
- Find Requirement Profiles

Search for courses by keyword, course title, course code, course description, delivery method or subject area. You can enter one or more criteria to search. Then, click "Find".

Keyword(s), course title, code or description

Delivery Method

Subject Area

**Find**

### Search Results

5 result(s) returned

Code	Name	Subject Area	Delivery Method
<a href="#">CORP-0201</a>	<a href="#">Affiliate Rules</a>	Compliance Non-Academy	Instructor Led Training
<a href="#">CORP-0400WBT</a>	<a href="#">CEC-Basic CPUC Affiliate Rules</a>	Compliance Non-Academy	WBT/CBT (Internal)
<a href="#">CORP-0407WBT</a>	<a href="#">CPUC Affiliate Tran Rules - Advanced Top</a>	Compliance Non-Academy	WBT/CBT (Internal)
<a href="#">CORP-9011</a>	<a href="#">CEC-CPUC Affiliate Rules Annual</a>	Compliance Non-Academy	Instructor Led Training
<a href="#">CORP-9011WBT</a>	<a href="#">CEC-CPUC Affiliate Rules Annual</a>	Compliance Non-Academy	WBT/CBT (Internal)

Page 1 of 1

Exhibit 3

Energy Procurement Policy on Compliance with Affiliate Rules

Compliance

- Documentation of EP Operations and Record Retention
- EP Compliance with Affiliate Rules
- Code of Conduct
- FERC Compliance

## ENERGY PROCUREMENT POLICY ON COMPLIANCE WITH AFFILIATE RULES III.B.1., III.B.2., IV.F. and V.F.5. FOR RESOURCE PROCUREMENT

### Policy Statement

It is the policy of Energy Procurement that all Energy Procurement employees shall comply with the California Public Utilities Commission (Commission) Affiliate Rules (Affiliate Rules) and specifically with Rules III.B.1., III. B. 2., IV.F. and V.F.5. governing resource procurement from an affiliate, nondiscriminatory sharing of utility information, record keeping and research and development, and Decision 06-06-066 requirements that power contracts with affiliates be public.

### CPUC Rule III.B.1. on Resource Procurement from an Affiliate

#### Rule III.B.1. governing resource procurement from an affiliate provides as follows:

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.

Resource Procurement is defined as 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 electric corporations to meet their statutory obligation to serve. See Implementation of Policy section for guidelines on permissible behavior.

### CPUC Rule III. B. 2. on Provision of Information to Bidders

#### Rule III. B. 2 on provision of supply, capacity, services or information reads:

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 affiliates, it shall contemporaneously make the offering available to all similarly situated market participants, which include all the competitors serving the same market as the affiliates competitors.

In a Request for Offers (RFO), bidders would be treated as similarly situated market participants if an affiliate is bidding. Once the short-list is created, bidders on the short-list would be similarly situated market participants if there is an affiliate on the short-list.

### CPUC Rule IV. F. on Record-Keeping

#### Rule IV. F. on record-keeping provides as follows:

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.

Negotiations with an affiliate include negotiations for a power purchase or sale agreement, gas purchase or sale, gas transmission or storage services, electric transmission, or demand response, among other things.

### CPUC Rule V.F.5. on Research and Development

#### Rule V.F.5. on research and development provides as follows:

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.

### Implementation of Policy

The Energy Procurement employee responsible for negotiation/execution of a particular transaction, usually the transactor or trader, is responsible for ensuring that the transaction is completed in compliance with this policy. Except for a resource procurement transaction falling under the blind transaction exemption, the responsible Energy Procurement employee must obtain written concurrence as to compliance with this policy prior to execution of any resource procurement transaction with an affiliate from the persons listed below:

For an electric resource procurement transaction with a delivery term such that the transaction does not require Procurement Review Group (PRG) review or a core gas procurement transaction with a delivery term of three calendar months or less The Energy Procurement Director or Manager with oversight responsibility for the transaction.

For an electric resource procurement transaction with a delivery term that requires PRG review or a core gas procurement transaction with a delivery term greater than three calendar months Senior Vice President Energy Procurement or Vice President Energy Supply Management.

The employee responsible for the execution of an affiliate transaction must complete and send Compliance and Ethics an Affiliate Transaction Report (ATR) within four hours of completing the transaction. And, by the end of the following business day, the responsible employee must document the transaction by e-mailing the following documents to the EP Affiliate Transactions Mailbox: (1) the ATR, (2) the executed contract, and (3) any e-mails that are pertinent to the structure of the contract. (The EP Affiliate Transactions Mailbox can be found in the Outlook address book - the mailbox is listed as EP Affiliate Transactions. The e-mail address is: [epaffiliatetransactions@exchange.pge.com](mailto:epaffiliatetransactions@exchange.pge.com).)

All EP employees must complete the basic affiliate rules training course in 2010. All EP merchant-designated employees, EP structured transactions employees, EP renewable resource development employees, and EP strategic renewable investments employees must also complete the advanced affiliate rules training course in 2010. Employees can visit My Learning to complete the required training courses.

### Please note the following regarding operation under Rules III.B.1., III. B. 2., IV.F., V.F.5., and D.06-06-066, Appendix 1, IOU Matrix:

- It is permissible to include an affiliate on a bidders list and to accept a bid from an affiliate without prior Commission approval.
- In an RFO, information provided to bidders prior to the creation of the short-list is defined by the RFO. Once the short-list is created, if an affiliate is on the short-list, any non-public utility information provided to the affiliate by Energy Procurement in short-list negotiations must be provided contemporaneously to all other bidders on the short-list, except for specific information about the affiliate, e.g., PG&E's assessment of the affiliates creditworthiness.
- It is permissible to negotiate an agreement with an affiliate without prior Commission approval. However the negotiations would be subject to special rules governing recordkeeping, disclosure of information and non-discrimination.
- Any agreement concluded with an affiliate must be executed subject to prior Commission review and approval before the agreement becomes effective.
- Under D.06-06-066, Appendix 1, IOU Matrix, contracts and power purchase agreements between utilities and their affiliates are public.
- Complete and proper documentation must be maintained. The responsible Energy Procurement employee is required to fully document compliance with this policy consistent with the guidance above and the Energy Procurement Policy on Documentation of Electric Procurement Transactions and Record Retention. The responsible Energy Procurement employee also must review the application of and compliance with the Affiliate Rules with the other PG&E personnel working on the project.
- Compliance with all other applicable Affiliate Rules is also required.

The Affiliate Rules are available on the PG&E Intranet website. Energy Procurement employees and contractors are required to consult with the Manager Energy Policy & Procurement Compliance about specific Affiliate Rules questions. Questions may also be directed to Compliance & Ethics through the Affiliate Rules Helpline at 972-7272 or via email at: [ARC@pge.com](mailto:ARC@pge.com) or to Shirley Woo in Law.

### References:

- CPUC Affiliate Compliance Rule
- Current PG&E Affiliate Rules Compliance Plan
- [Both documents are available on the Compliance & Ethics site](#)

Exhibit 4

Customer Service General Reference Guide – Corporate Affiliates

Search  All topics

- Browse Topics**
- Public Safety >
  - Accounts >
  - Billing >
  - Credit >
  - Masters >
  - Payments >
  - Programs >
  - References >
  - Service Requests >
  - Specialty >
  - Start/Stop >

- Topics**
- References > Reference Materials / Tools > Company Information
  - Programs > Company Programs > Company Information

**Corporate Affiliates**

Full Screen

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**Corporate Affiliates**

**Affiliate Transaction Definition**

- An Affiliate Transaction is defined as
  - All communications and dealings between PG&E and one of its affiliates on any specific subject
- All transactions **MUST** be reported to the Compliance & Ethics (C&E) department within four hours of transaction

<b>Affiliate Rules</b>	<ul style="list-style-type: none"> <li>• Utility and utility customer information <b>cannot</b> be shared with anyone, except under very limited circumstances                             <ul style="list-style-type: none"> <li>◦ Do not provide customers with affiliate phone numbers</li> <li>◦ For further inquiries, politely reply                                     <ul style="list-style-type: none"> <li>▪ "This company is a separate company from Pacific Gas and Electric Company and under the rules of the <b>California Public Utility Commission</b>, we are not permitted to give out an affiliate's phone number"</li> </ul> </li> </ul> </li> <li>• <b>What to say if someone asks you to recommend an energy service provider (ESP)?</b> <ul style="list-style-type: none"> <li>◦ <b>ALWAYS REMAIN NEUTRAL</b></li> <li>◦ Let the customer know you cannot make a recommendation</li> <li>◦ Refer them to the California Public Utility Commission website <a href="http://www.cpuc.ca.gov">www.cpuc.ca.gov</a> for a list of Energy Service providers</li> </ul> </li> </ul>
<b>Utility MUST</b>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
<b>Utility MUST NOT</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> <li>• Provide leads to its affiliates</li> <li>• Solicit business on behalf of its affiliates</li> <li>• Acquire information on behalf of or to provide to its affiliates</li> <li>• Request authorization from its customers to pass on customer information exclusively to its affiliates</li> <li>• 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</li> <li>• 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 except upon request by a customer or as otherwise authorized by the Commission or another governmental body</li> <li>• Offer or provide customers advice or assistance with regard to its affiliates or other service provider</li> <li>• Through action or words, represent that, as a result of the affiliate's affiliation with the utility, its affiliates will receive any different treatment than other service providers</li> </ul>
<b>Affiliate Transaction Report (ATR)</b>	<ul style="list-style-type: none"> <li>• An Affiliate Transaction is defined as                             <ul style="list-style-type: none"> <li>◦ All communications and dealings between PG&amp;E and one of its affiliates on any specific subject</li> </ul> </li> <li>• <b>What defines an affiliate transaction</b></li> <li>• Provision of any good, property, service, privilege, or act between any two (2) parties for which compensation normally would be provided if each party was independent of the other and acting in its best financial interest</li> <li>• Reportable transactions also include the provision of non-public information to an affiliate</li> <li>• When applying the definition to an affiliate transaction, you should be inclusive rather than exclusive</li> </ul>
	<p><b>Examples of an affiliate transaction</b></p> <ul style="list-style-type: none"> <li>• Providing an affiliate with customer billing information after receiving written authorization from the customer</li> <li>• CUSTOMER MUST PROVIDE WRITTEN AUTHORIZATION</li> <li>• Signing a contract for the purchase of goods or services if that contract includes both the utility and an affiliate</li> <li>• Advising or providing a service to an affiliate</li> </ul>
	<p><b>Action</b></p> <ul style="list-style-type: none"> <li>• Anytime an employee is involved in a transaction as is defined as "all communications and dealings between Pacific Gas and Electric Company and one of its affiliates on any specific subject" between the utility and one of its affiliates:                             <ul style="list-style-type: none"> <li>◦ "Affiliate Transaction Report" must be completed</li> <li>◦ All transactions <b>MUST</b> be reported to the Compliance &amp; Ethics department within four hours of transaction</li> <li>◦ The form can be found in the WORD templates file, and should be accessed by Team Leads or SSR</li> <li>◦ The electronic copy of the Affiliate Transaction Report should be e-mailed to the following: ARC Information</li> </ul> </li> </ul>

Exhibit 5

USP 23, Third Party Requests for Customer Information





# **THIRD PARTY REQUESTS FOR CUSTOMER INFORMATION**

## **USP 23**

*Issued: April 2010*

*Expires: April 2015*

*Replaces: Third Party Inquiries Regarding Individual Customers, USP 23*

*Page 1 of 5*

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### **Statement of Policy:**

It is Pacific Gas and Electric Company's (the Company) policy that information used in all aspects of the Company's business be accurate and available for use in connection with business purposes, that information be used in a manner which protects the integrity of the information, and that confidential information be protected from unauthorized access, loss and misuse.

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### **Purpose of this Utility Standard Practice:**

This Utility Standard Practice (USP) establishes a uniform Company policy and procedure for the release of customer information to third parties including changes to the customer's mailing address. This document incorporates the provisions of the standardized Inter-Utility Release form approved by the Energy Division and the Public Advisor's Office of the California Public Utilities Commission in January 2000, and the *Request For Change Of Mailing Address To A Third Party Address* form.

### **Related Utility Policy:**

*Protection Of Computer Resources and Electronic Information, USP 9.*

### **Written Permission:**

Information collected by the Company on current or former customers is furnished to other persons, agencies, or firms only with the written permission of the customer involved.

### **Exceptions:**

The restriction on the release of customer information set forth in this USP shall not apply to the release of information essential to the conduct of the Company business, including:

- Information requested by regulatory agencies with the legal authority to request such information (e.g., the California Public Utilities Commission [CPUC]). When a regulatory agency requests individual customer information, the Law Department should be consulted beforehand;
- Information the Company is required to disclose pursuant to regulation or statute;

- Whenever the California Energy Commission (CEC), CPUC, or any of the subdivisions of the Department of Energy request individual customer information, the Public Affairs Department should be made aware of any information supplied (except those CPUC requests associated with customer complaints);
- Information ordered to be produced by a court or law enforcement agency, which has jurisdiction, pursuant to legal process. For information relating to subpoenas refer to *Service of Legal Papers*, USP 15;
- Information required by collection agencies working on bills assigned by the Company for collection (caution should be taken to provide collection agencies only what they need to know);
- Information consistent with credit reporting and interchange functions;
- Information required by the Company's consultants and other contractors retained by the Company to conduct required Company research and analysis (however, a contract should specify that consultants and other contractors will treat such information on a confidential basis and will not divulge this information to any other parties and that consultants are not to utilize such customer information in any manner other than for the purpose as specified by the contract with the Company); and
- Change of mailing address requests, whether written or verbal (if the identity can be established), made by the customer, family member, or legal guardian where the new mailing address is that of the family member or legal guardian.

**Customer Release:**

Upon receipt of a third party request for release of customer information, the Company will provide, as appropriate, the requester with either the *Authorization To Receive Customer Information or Act on a Customer's Behalf* form (Exhibits A or B) or the *Request For Change Of Mailing Address To A Third Party Address* form (Exhibit C).

To receive customer information or act on a customer's behalf, the third party must secure the signed release form from the customer and either send it or transmit a facsimile of it to the Company before any information can be released or any action is taken on behalf of the customer. A signed letter of request from a customer to release

information to a third party or information requested by a third party and sent directly to the customer for release to the third party is also satisfactory. When the Company is approached directly by the customer, the signed release form can be obtained at that time or the information can be provided directly to the customer upon verification of identity.

Request for release of multiple customer information should be directed to Al Torres, Chairman of the Privacy Committee for PG&E, via the Privacy Committee Mailbox at <mailto:privacycommittee>. He can also be reached by phone at 415-973-8440. A response to the third party requestor should not be transmitted until approved by Al and the Privacy Committee.

To request a change of mailing address, unless the third party is a family member or legal guardian (related to the customer), the third party must secure a signed *Request For Change of Mailing Address To A Third Party Address* form (Exhibit C) from the customer and send it or transmit a facsimile of it to the Company before any change will be made to the customer's mailing address. A signed letter of request or a verbal request from a customer to change their mailing address to that of an unrelated third party is not acceptable.

**Other Information:**

The third party must identify for the Company the specific information needed in the space provided on the *Authorization To Receive Customer Information or Act on a Customer's Behalf* form. A duplicate copy of the information requested is provided to the customer unless it puts an undue burden on the Company. The Company employee or department receiving the signed *Authorization To Receive Customer Information or Act on a Customer's Behalf* form or other Company approved form of written customer authorization, will provide the requested information if release of the information is within the normal scope of assigned responsibilities; otherwise, the request will be forwarded to the department or Company personnel having functional responsibility to release such information. Requests for release of multiple customer information should be directed to Al Torres, Chairman of the Privacy Committee for PG&E, via the Privacy Committee Mailbox at <mailto:privacycommittee>. He can also be reached by phone at 415-973-8440. A response to the third party requestor should not be transmitted until approved by Al and the Privacy Committee. Release of information is authorized in those situations when the third party has already obtained a signed release from the customer and presented it to the Company. When in doubt of the authenticity,

information can be sent directly to the customer for release to the third party. The signed release forms are valid for the specific information and dates requested and shall be retained as part of normal correspondence in the division or department responsible for releasing the information.

**Responsibilities:**

<b><u>INFORMATION REQUESTED</u></b>	<b><u>RESPONSIBILITY</u></b>
Customer Statement of Account	Functional Director/ Manager/Designated Personnel for Commodity Type
Customer Request For Change Of Mailing Address To A Third Party Address	"
Energy Conservation, Efficiency	"
Conservation Financing Accounting	"
Market Research	"
Credit	"
Billing	"
Legal Proceedings	Law Department
Requests from Newspapers and Other Communications Media	See PG&E Corporation’s code of conduct, <i>Standards for Personal Conduct and Business Decisions: (News Media Inquiries)</i>
Request for Release of Multiple Customer Information (more than one individual)	Privacy Committee – Al Torres (see section above entitled “Customer Release”)

**Requests from law  
enforcement  
agencies:**

Pursuant to CPUC Decision 90-12-121, the Company may not disclose customer-specific information to a law enforcement agency without the service of a subpoena. Refer to *Service of Legal Papers*, USP 15, for additional guidance.

**See Also:**

1. [Utility Standard Practices](#)

- *Record Retention and Disposal*, USP 4
- *Service of Legal Papers*, USP 15

**Exhibits:**

Exhibit A – *Authorization To Receive Customer Information or Act on a Customer’s Behalf* form

Exhibit B – *Authorization To Receive Customer Information or Act on a Customer’s Behalf* form (Spanish version)

Exhibit C – *Request For Change Of Mailing Address To A Third Party Address* form

**Contact Person:**

Thomas Wong  
Manager, Customer Care Compliance  
Company phone number: 222-5788

**Issued By:**

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Al Torres  
Vice President and Customer Privacy Officer

**EXHIBIT A - AUTHORIZATION TO RECEIVE CUSTOMER INFORMATION OR ACT ON A CUSTOMER'S BEHALF**

**SUBMITTED TO THE FOLLOWING.**  
Please check all that apply:  
 PG&E       SoCalGas  
 SCE       SDG&E

THIS IS A LEGALLY BINDING CONTRACT READ IT CAREFULLY  
(Please Print or Type)

I, \_\_\_\_\_  
NAME TITLE (IF APPLICABLE)

of \_\_\_\_\_ (Customer) have the following mailing address  
NAME OF CUSTOMER OF RECORD

\_\_\_\_\_, and do hereby appoint  
MAILING ADDRESS CITY STATE ZIP

of \_\_\_\_\_  
NAME OF THIRD PARTY MAILING ADDRESS

\_\_\_\_\_  
CITY STATE ZIP

to act as my agent and consultant (Agent) for the listed account(s) and in the categories indicated below:

**ACCOUNTS INCLUDED IN THIS AUTHORIZATION:**

1. \_\_\_\_\_  
SERVICE ADDRESS CITY SERVICE ACCOUNT NUMBER
2. \_\_\_\_\_  
SERVICE ADDRESS CITY SERVICE ACCOUNT NUMBER
3. \_\_\_\_\_  
SERVICE ADDRESS CITY SERVICE ACCOUNT NUMBER

(For more than three accounts, please list additional accounts on a separate sheet and attach it to this form)

**INFORMATION, ACTS AND FUNCTIONS AUTHORIZED** – This authorization provides authority to the Agent. The Agent must thereafter provide specific written instructions/requests (e-mail is acceptable) about the particular account(s) before any information is released or action is taken. In certain instances, the requested act or function may result in cost to you, the customer. Requests for information may be limited to the most recent 12 month period.

I (Customer) authorize my Agent to act on my behalf to perform the following specific acts and functions (initial all applicable boxes):

- 1. Request and receive billing records, billing history and all meter usage data used for bill calculation for all of my account(s), as specified herein, regarding utility services furnished by the Utility<sup>1</sup>.
- 2. Request and receive copies of correspondence in connection with my account(s) concerning (initial all that apply):
  - a. Verification of rate, date of rate change, and related information;
  - b. Contracts and Service Agreements;
  - c. Previous or proposed issuance of adjustments/credits; or
  - d. Other previously issued or unresolved/disputed billing adjustments.
- 3. Request investigation of my utility bill(s).
- 4. Request special metering, and the right to access interval usage and other metering data on my account(s).
- 5. Request rate analysis.
- 6. Request rate changes.
- 7. Request and receive verification of balances on my account(s) and discontinuance notices.

<sup>1</sup> The Utility will provide standard customer information without charge up to two times in a 12-month period per service account. After two requests in a year, I understand I may be responsible for charges that may be incurred to process this request.

**EXHIBIT A - AUTHORIZATION TO RECEIVE CUSTOMER INFORMATION OR ACT ON A CUSTOMER'S BEHALF**

**I (CUSTOMER) AUTHORIZE THE RELEASE OF MY ACCOUNT INFORMATION AND AUTHORIZE MY AGENT TO ACT ON MY BEHALF ON THE FOLLOWING BASIS<sup>2</sup> (initial one box only):**

<sup>2</sup>If no time period is specified, authorization will be limited to a one-time authorization

- One time authorization only (limited to a one-time request for information and/or the acts and functions specified above at the time of receipt of this Authorization).
- One year authorization - Requests for information and/or for the acts and functions specified above will be accepted and processed each time requested within the twelve month period from the date of execution of this Authorization.
- Authorization is given for the period commencing with the date of execution until \_\_\_\_\_ (Limited in duration to three years from the date of execution.) Requests for information and/or for the acts and functions specified above will be accepted and processed each time requested within the authorization period specified herein.

**RELEASE OF ACCOUNT INFORMATION:**

The Utility will provide the information requested above, to the extent available, via any one of the following. My (Agent) preferred format is (check all that apply):

- Hard copy via US Mail (if applicable).
- Facsimile at this telephone number: \_\_\_\_\_
- Electronic format via electronic mail (if applicable) to this e-mail address: \_\_\_\_\_

I (Customer), \_\_\_\_\_ (print name of authorized signatory), declare under penalty of perjury under the laws of the State of California that I am authorized to execute this document on behalf of the Customer of Record listed at the top of this form and that I have authority to financially bind the Customer of Record. I further certify that my Agent has authority to act on my behalf and request the release of information for the accounts listed on this form and perform the specific acts and functions listed above. I understand the Utility reserves the right to verify any authorization request submitted before releasing information or taking any action on my behalf. I authorize the Utility to release the requested information on my account or facilities to the above Agent who is acting on my behalf regarding the matters listed above. I hereby release, hold harmless, and indemnify the Utility from any liability, claims, demands, causes of action, damages, or expenses resulting from: 1) any release of information to my Agent pursuant to this Authorization; 2) the unauthorized use of this information by my Agent; and 3) from any actions taken by my Agent pursuant to this Authorization, including rate changes. I understand that I may cancel this authorization at any time by submitting a written request. **[For non-residential customer, this form must be signed by someone who has authority to financially bind the customer (for example, CFO of a company or City Manager of a municipality).]**

AUTHORIZED CUSTOMER SIGNATURE	TELEPHONE NUMBER
Executed this _____ day of _____	at _____.
MONTH      YEAR	CITY AND STATE WHERE EXECUTED

I (Agent), hereby release, hold harmless, and indemnify the Utility from any liability, claims, demand, causes of action, damages, or expenses resulting from the use of customer information obtained pursuant to this authorization and from the taking of any action pursuant to this authorization, including rate changes.

AGENT SIGNATURE	TELEPHONE NUMBER
-----------------	------------------

COMPANY
Executed this _____ day of _____
MONTH      YEAR

# DOCUMENTO DE PRUEBA B – AUTORIZACIÓN PARA RECIBIR INFORMACIÓN DE UN CLIENTE O ACTUAR EN REPRESENTACIÓN DE UN CLIENTE

PRESENTADO ANTE LOS SIGUIENTES.  
Por favor, marque todas las respuestas correspondientes:

PG&E       SoCalGas  
 SCE       SDG&E

EL PRESENTE ES UN CONTRATO JURÍDICAMENTE VINCULANTE. LÉALO DETENIDAMENTE  
(Por favor, escriba a máquina o con letra de imprenta)

Yo \_\_\_\_\_  
NOMBRE PUESTO (SI ES PERTINENTE)

de \_\_\_\_\_ (Cliente) tiene la siguiente dirección postal  
NOMBRE DEL CLIENTE REGISTRADO

, y a través del presente designo a

\_\_\_\_\_  
DIRECCIÓN POSTAL CIUDAD ESTADO CÓDIGO POSTAL

de

\_\_\_\_\_  
NOMBRE DEL TERCERO DIRECCIÓN POSTAL

\_\_\_\_\_  
CIUDAD ESTADO CÓDIGO POSTAL

para actuar como mi agente y asesor (Agente) para la(s) cuenta(s) que aparece(n) listada(s) y en las categorías indicadas más adelante:

## CUENTAS INCLUIDAS EN ESTA AUTORIZACIÓN:

1. \_\_\_\_\_  
DIRECCIÓN DEL SERVICIO CIUDAD NÚMERO DE CUENTA DEL SERVICIO
2. \_\_\_\_\_  
DIRECCIÓN DEL SERVICIO CIUDAD NÚMERO DE CUENTA DEL SERVICIO
3. \_\_\_\_\_  
DIRECCIÓN DEL SERVICIO CIUDAD NÚMERO DE CUENTA DEL SERVICIO

(Para más de tres cuentas, por favor enumere las cuentas adicionales en una hoja de papel por separado y adjúntela a este formulario)

**INFORMACIÓN, FUNCIONES Y ACTOS AUTORIZADOS** – Esta autorización le proporciona autoridad al Agente. Subsecuentemente, el Agente debe suministrar instrucciones/solicitudes específicas por escrito (el uso de E-mail es aceptable) acerca de la(s) cuenta(s) particular(es) antes de que alguna información sea divulgada o una acción sea llevada a cabo. Bajo algunas circunstancias, la función o acto solicitado podría incurrir en un costo para usted, el cliente. Las solicitudes de información podrían estar limitadas al periodo de 12 meses más reciente.

Yo (Cliente) autorizo a mi Agente a actuar en representación mía en el desempeño de los siguientes actos y funciones específicos (escriba sus iniciales en todos los casilleros pertinentes):

1. Solicitar y recibir expedientes de facturación, el historial de facturación y todos los datos de medición del consumo que son utilizados para calcular el monto de las facturas de la totalidad de mi(s) cuenta(s), tal como se especifique en el presente, en relación con los servicios públicos suministrados por la Compañía de Servicios Públicos<sup>1</sup>.
2. Solicitar y recibir copias de correspondencia relacionada con mi(s) cuenta(s) relativas a (ponga sus iniciales en todas las respuestas pertinentes):
- a. Verificación de tarifas, fecha de cambio de tarifas e información relacionada;
- b. Contratos y Convenios de Servicio;
- c. Emisión previa o propuesta de ajustes/créditos; o
- d. Otros ajustes de facturación no resueltos/en disputa que hayan sido emitidos previamente.
3. Solicitar una investigación de mi(s) cuenta(s) de servicios públicos.
4. Solicitar una medición especial, y el derecho a tener acceso a información de consumo en intervalos y otra información de medición relacionada con mi(s) cuenta(s).
5. Solicitar un análisis de tarifas.
6. Solicitar modificaciones en las tarifas.
7. Solicitar y recibir verificación de los saldos de mi(s) cuenta(s) y notificaciones de interrupción del servicio.

<sup>1</sup> La Compañía de Servicios Públicos proporciona información estándar sobre el cliente sin costo alguno hasta dos veces en un periodo de 12 meses por cuenta del servicio. Después de dos solicitudes en un año, comprendo que podría ser responsable de los cargos en lo que se podría incurrir para tramitar esta solicitud.



**DOCUMENTO DE PRUEBA B - AUTORIZACIÓN PARA RECIBIR INFORMACIÓN DE UN CLIENTE O ACTUAR EN REPRESENTACIÓN DE UN CLIENTE**

**YO (CLIENTE) AUTORIZO LA DIVULGACIÓN DE LA INFORMACIÓN SOBRE MI CUENTA Y AUTORIZO A MI AGENTE A ACTUAR EN REPRESENTACIÓN MÍA DE LA SIGUIENTE MANERA<sup>2</sup> (ponga sus iniciales únicamente en un casillero):**

<sup>2</sup>Si no se especifica un límite de tiempo, la autorización estará limitada a una sola ocasión

- Autorización para una ocasión únicamente (limitada a una sola solicitud de información y/o los actos y funciones especificados anteriormente al momento de recibir esta Autorización).
- Autorización durante un año – Las solicitudes de información y/o para los actos y funciones especificados anteriormente serán aceptados y tramitados cada vez que sean solicitados dentro de un periodo de doce meses a partir de la fecha de firma de esta Autorización.
- Se otorga la Autorización durante el periodo que inicia a partir de la fecha de firma de esta Autorización hasta \_\_\_\_\_ (Duración limitada a tres años a partir de la fecha de firma de esta Autorización.) Las solicitudes de información y/o para los actos y funciones especificados anteriormente serán aceptados y tramitados cada vez que sean solicitados dentro del periodo de vigencia de la Autorización especificado en el presente.

**DIVULGACIÓN DE LA INFORMACIÓN SOBRE LA CUENTA:**

La Compañía de Servicios Públicos proporcionará la información solicitada anteriormente, en el grado en el que esté disponible, a través de uno de los siguientes medios. El formato que prefiero (prefiere mi Agente) es (marque todas las respuestas correspondientes)

- Copia impresa a través del Servicio de Correos de Los EE.UU. (de ser pertinente).
- Documento por fax a este número telefónico: \_\_\_\_\_
- Formato electrónico a través de E-mail (de ser pertinente) a esta dirección de E-mail: \_\_\_\_\_

Yo (El Cliente), \_\_\_\_\_ (nombre del signatario autorizado en letra de imprenta), declaro bajo pena de perjurio según lo dispuesto por las leyes del Estado de California que estoy autorizado para firmar este documento en representación del Cliente Registrado que aparece indicado en la parte superior de este formulario, y que poseo la autoridad para obligar financieramente al Cliente Registrado. Asimismo, también certifico que mi Agente posee la autoridad para actuar en representación mía y solicitar la divulgación de información sobre las cuentas indicadas en este formulario y desempeñar los actos y funciones específicos indicados anteriormente. Comprendo que la Compañía de Srevicios Públicos se reserva el derecho de verificar toda solicitud de autorización presentada antes de divulgar información o desempeñar algún acto en representación mía. Autorizo a la Compañía de Servicio Público a divulgarle la información solicitada sobre mi cuenta o instalaciones al Agente mencionado anteriormente quien actúa en representación mía en lo relacionado con los asuntos indicados anteriormente. A través del presente, libero de responsabilidad e indemnizo a la Compañía de Servicios Públicos de toda responsabilidad, reclamación, demanda, antecedente de acción judicial, daño o gasto que pudiera resultar de: 1) cualquier divulgación de información a mi Agente de conformidad con esta Autorización; 2) el uso autorizado de esta información por parte de mi Agente; y 3) cualquier acción tomada por mi Agente de conformidad con esta Autorización, incluyendo modificaciones en las tarifas. Comprendo que puedo cancelar esta Autorización en cualquier momento con tan sólo presentar una solicitud por escrito. **[Este formulario debe estar firmado por una persona que posea la autoridad de obligar financieramente al cliente (por ejemplo, el Director Financiero de un compañía o el Administrador Municipal de una municipalidad).]**

FIRMA DEL CLIENTE AUTORIZADO

Firmado este día \_\_\_\_\_ de \_\_\_\_\_ de \_\_\_\_\_  
MES AÑO

NÚMERO TELEFÓNICO

en \_\_\_\_\_  
CIUDAD Y ESTADO DONDE ES FIRMADO

Yo (El Agente), a través del presente libero de responsabilidad e indemnizo a la Compañía de Servicios Públicos de toda responsabilidad, reclamación, demanda, antecedente de acción judicial, daño o gasto que pudiera resultar del uso de la información sobre el cliente obtenida de conformidad con esta autorización y de desempeñar cualquier acción de conformidad con esta autorización, incluyendo la modificación de las tarifas.

FIRMA DEL AGENTE

NÚMERO TELEFÓNICO

COMPAÑÍA

Firmado este día \_\_\_\_\_ de \_\_\_\_\_ de \_\_\_\_\_  
MES AÑO



Pacific Gas and Electric Company

# EXHIBIT C - REQUEST FOR CHANGE OF MAILING ADDRESS TO A THIRD PARTY ADDRESS

(Please Type or Print)

## 1. CUSTOMER INFORMATION:

\_\_\_\_\_  
CUSTOMER/COMPANY NAME

\_\_\_\_\_  
MAILING ADDRESS

\_\_\_\_\_  
CITY STATE ZIP

(\_\_\_\_) \_\_\_\_\_ (\_\_\_\_)  
TELEPHONE NUMBER FACSIMILE NUMBER

## 2. REQUESTED CHANGE TO MAILING ADDRESS (In order for this form to be processed, all of the following information must be provided):

\_\_\_\_\_  
INFORMATION RECIPIENT

C/O \_\_\_\_\_  
COMPANY NAME (If Applicable)

\_\_\_\_\_  
MAILING ADDRESS

\_\_\_\_\_  
CITY STATE ZIP

(\_\_\_\_) \_\_\_\_\_ (\_\_\_\_)  
TELEPHONE NUMBER FACSIMILE NUMBER

CHANGE OF MAILING ADDRESS SHOULD TAKE EFFECT ON \_\_\_\_\_  
DATE

## 3. ACCOUNTS INCLUDED IN THIS REQUEST:

1. \_\_\_\_\_  
SERVICE ADDRESS CITY SERVICE ACCOUNT NUMBER
2. \_\_\_\_\_  
SERVICE ADDRESS CITY SERVICE ACCOUNT NUMBER
3. \_\_\_\_\_  
SERVICE ADDRESS CITY SERVICE ACCOUNT NUMBER

(For more than three accounts, please list additional accounts on a separate sheet and attach it to this form.)

**EXHIBIT C - REQUEST FOR CHANGE OF MAILING ADDRESS  
TO A THIRD PARTY ADDRESS (Cont.)**

4. By signing below, Customer and Information Recipient acknowledge that account information affected by this request for change of mailing address includes all utility bills (gas and/or electric), bill inserts, discontinuance notices, and other information normally sent to the mailing address on an account(s).

If Pacific Gas and Electric Company (the Company) becomes aware of returned bills, or that the Information Recipient is no longer at the address specified on this form or is repackaging the Company's bill and other information transmitted therewith in a manner unacceptable to the Company, the Company will immediately and without prior notification to Customer or Information Recipient terminate this authorization and revert the mailing address to the Customer's service address, or other mailing address if in the Company's possession and available.

5. I, (Information Recipient), understand that this change of address form authorization does not confer any rights or privileges to act on the customer's behalf. Further, I agree that I will not reorganize or repackage the Company's bill, or other information transmitted therewith, without first providing the reformatted or repackaged bill or information transmitted therewith to the Company. I understand that no reorganizing or repackaging of said information is permitted by the Company without its prior written consent. I release, hold harmless, and indemnify the Company from any claims, damages or expenses resulting from the unauthorized use of this account information, and from the customer's failure to receive the bill, legal and safety notices, discontinuance and other notices, bill inserts and other related rate information. I will not provide this information to other parties without customer authorization.

\_\_\_\_\_  
INFORMATION RECIPIENT

\_\_\_\_\_  
ADDRESS

\_\_\_\_\_  
INFORMATION RECIPIENT SIGNATURE

\_\_\_\_\_  
CITY, STATE, ZIP

6. I, (Customer/Company), authorize the Company to change the mailing address on the accounts listed on this form. I understand that, as a result of this change of address request, I may no longer receive the bill, legal and safety notices, discontinuance and other notices, bill inserts, and other related rate information. I further understand and represent that this change of address form authorization does not confer any rights or privileges upon the third party bill information recipient to act on my behalf. I release, hold harmless, and indemnify the Company from any claims, damages or expenses associated with my failure to receive the bill, legal and safety notices, discontinuance and other notices, bill inserts, and other related rate information and from the unauthorized use of this account information. I further understand that if I should pay the information recipient or any other third party for charges owed to Pacific Gas and Electric Company as a result of the use of this form I will continue to be ultimately responsible for the payment of those charges to Pacific Gas and Electric Company until the payment is forwarded to Pacific Gas and Electric Company by the information recipient or other third party. If the information recipient or other third party fails to pay Pacific Gas and Electric Company in accordance with the Company's Rule 11 (discontinuance procedures) for any reason, I understand that I will be responsible for the payment of those utility charges to Pacific Gas and Electric Company. I further certify that I have authority to authorize the change of address for the accounts listed on this form.

\_\_\_\_\_  
AUTHORIZED CUSTOMER/COMPANY NAME

\_\_\_\_\_  
DEPARTMENT

\_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
DATE

Exhibit 6  
Checklist for Departing Employees



## Checklist for Departing Employees and Employees Approved for Long-Term Disability (LTD)

*To be completed by supervisor or authorized PG&E representative*

EMPLOYEE NAME:	LAST DAY OF EMPLOYMENT:
SUPERVISOR NAME:	EMPLOYEE DEPARTMENT:

Check One:

- ⇒ **Resignation:** Obtain written confirmation of resignation, either via e-mail or via hard copy, and forward to Human Resources promptly.
- ⇒ **Discharge:** Consult with Human Resources and Corporate Security prior to terminating any employee.
- ⇒ **Retirement:** Refer the employee to the HR Service Center at 415-973-HELP (415-973-4357).
- ⇒ **Severance:** Consult with Human Resources prior to severing any employee. Review the Supervisor's Tool Kit for complete instructions.
- ⇒ **Transfer:** Consult with Human Resources regarding any special requirements.
- ⇒ **Contractors:** Starred (\*) items are the only ones that apply to contractors.

**Contact Corporate Security at 415-973-6920 prior to the involuntary termination of any employee or the end of a contract assignment for cause.**

See the [HR contact list](#) for additional contact information.

1. PRIOR TO FINAL DAY OF EMPLOYMENT		
Completed By	Date	Item
		Personnel Change Request (PCR): Use SAP Manager Self Service (MSS) to prepare appropriate PCR.
		<p>For resigning, retiring, or transferring employees: Determine if employee is part of the FR Clothing Program. If yes, inform employee they have the option of keeping PG&amp;E logo'd FR clothing items or turning them in to their immediate supervisor.</p> <p>For employees wishing to keep their logo'd FR clothing items, inform them that when they do decide to dispose of the garment, they should:</p> <ol style="list-style-type: none"> <li>1. Cut-out the PG&amp;E logo</li> <li>2. Once the logo is removed, cut the logo into smaller pieces so as not to be easily repaired or re-used</li> <li>3. Cut the garment in half (either way is acceptable) so it cannot easily be repaired and a wearer cannot be mistaken as a PG&amp;E employee</li> <li>4. Dispose as you would any Non- FR clothing (Regular trash is OK unless it is soiled with some other type of hazardous material.)</li> </ol>
		Determine if employee has ever handled or removed asbestos during the course of their job duties while employed at PG&E. <b>If yes, complete Attachment B.</b>
		Confirm employee has no outstanding Tuition Refund Plan debts by contacting the PG&E Tuition Refund Program Office at PGETuition@pge.com. If YES, obtain a check for any payments the employee is no longer eligible to receive. Forward the check, as it applies, to the Tuition Refund Plan office promptly at 1850 Gateway Blvd., 7 <sup>th</sup> floor, Concord, CA 94520.
		If terminated by the company, determine if employee is on a H-1B work authorization Visa sponsored by PG&E. If YES, <b>CONTACT THE LAW DEPARTMENT</b> and complete Attachment D.
		Determine if employee received a signing bonus or relocation assistance. If no, this item is not applicable (N/A). If yes, review job offer letter to determine if bonus or relocation obligations were met. If met, no action required. If not met, contact the Payroll department at company extension 8-223-3767 or externally at 415-973-3767 to discuss obtaining outstanding monies owed the company for the signing bonus. For Relocation recovery contact 415-817-8298.
		Confirm disposition of final paychecks: <ul style="list-style-type: none"> <li>⇒ Hand Deliver</li> <li>⇒ Certified Mail</li> </ul>

"N/A" in this space indicates that the initialing person has determined that the requirement does not apply to this employee



# Checklist for Departing Employees and Employees Approved for Long-Term Disability (LTD)

*To be completed by supervisor or authorized PG&E representative*

		Document Current and Future Home Address and Contact Info: Current _____ _____ Future (effective date _____) _____ _____ E-mail / Phone _____ _____
--	--	--

"N/A" in this space indicates that the initialing person has determined that the requirement does not apply to this employee



## CHECKLIST FOR DEPARTING EMPLOYEES and EMPLOYEES APPROVED FOR LONG TERM DISABILITY (LTD)

*To be completed by supervisor or authorized PG&E representative*

2. FINAL DAY – AT TIME OF EMPLOYEE DEPARTURE		
Completed By	Date	Item
		*Obtain PG&E access card.
		*Obtain PG&E pager and cancel service.
		*Obtain PG&E cell phone and cancel service.
		*Obtain PG&E-owned computer equipment from home; reassign or return all computer equipment located in company office and other remote company office locations; modem; mobile devices (laptop, tablet PC, PDA, Blackberry); CITRIX fob, fax machines, home phone used.
		Obtain PG&E company vehicle.
		Obtain PG&E ID card, credit cards, telephone calling card, procurement card, etc. Ensure all outstanding receipts are accounted for and expenses have been submitted. Return all cards to the proper department for deactivation.
		*Obtain all PG&E keys.
		*Obtain all PG&E software or other intangible property.
		REQUIRED: For terminated employees. NO EXCEPTIONS. OPTIONAL: For resigning, retiring, or transferring employees. *Obtain all PG&E branded FR Clothing Items from employee, then: <ol style="list-style-type: none"> <li>1. Cut-out the PG&amp;E logo</li> <li>2. Once the logo is removed, cut the logo into smaller pieces so as not to be easily repaired or re-used</li> <li>3. Cut the garment in half (either way is acceptable) so it cannot easily be repaired and a wearer cannot be mistaken as a PG&amp;E employee</li> <li>4. Dispose as you would any Non- FR clothing (Regular trash is OK unless it is soiled with some other type of hazardous materials.</li> </ol>
		*Obtain all PG&E-owned books, publications, manuals that the employee has in his or her possession. Cancel magazine subscriptions, memberships, etc.
		*Obtain any other PG&E-owned property in employee's possession. (List separately in space below or on back of this checklist (such as safety equipment, hardhat, accident rules or flashlights).
		*Review all files, computer files and disks and logs, electronic mail, documents, binders and other recorded information that employee proposed to take; retain those items containing PG&E or PG&E customer proprietary or confidential information.
		Document and log materials employee takes with him or her upon departure. <b>Complete Attachment A.</b>
		Review with employee what types of information are proprietary, confidential or privileged, and the employee obligations with respect to such information.
		Advise employee that the Benefits Service Center will mail benefit information to the employee's home Address on file. Advise employee to contact a Benefits Service Center representative toll-free 1-800-788-2363
		If a H-1B is terminated by PG&E, advise employee that the company will provide return transportation home through Egencia. See Attachment D. If employee is on a TN, no additional steps are required outside the regular termination process.
		Review treatments of PG&E Short-Term Incentive Plan (STIP): <ul style="list-style-type: none"> <li>⇒ <b>Resignation:</b> not STIP eligible (Note: Can be STIP eligible if resigned after the first of the year for previous year)</li> <li>⇒ <b>Discharge:</b> not STIP eligible</li> <li>⇒ <b>Long-Term Disability:</b> not STIP eligible</li> <li>⇒ <b>Retirement:</b> eligible for prorated STIP</li> <li>⇒ <b>Severance:</b> eligible for prorated STIP after serving six consecutive months in a plan year</li> </ul>

"N/A" in this space indicates that the initialing person has determined that the requirement does not apply to this employee



## CHECKLIST FOR DEPARTING EMPLOYEES and EMPLOYEES APPROVED FOR LONG TERM DISABILITY (LTD)

*To be completed by supervisor or authorized PG&E representative*

		<p>*Disable LAN ID for employee and remove from all LAN ID lists. E-mail request to TSC - Online Administration mailbox. Include the employee's name, employee's LAN ID, and date and time to cancel account.</p>
		<p>*Cancel all computer authorization: List authorizations:</p> <ul style="list-style-type: none"> <li>⇒ SAP, TP, CorDaptix, Exchange/Outlook or other applicable programs</li> <li>⇒ CITRIX</li> <li>⇒ ISTS</li> <li>⇒ HRIS for HR employees</li> <li>⇒ Other Department Software</li> </ul> <p>Submit an <b>ACCOUNT RETIRE</b> request at the following link to disable the LAN ID and network access for the departing employee &gt;&gt;&gt; <a href="http://tsc/forms/IDRetire/Default.aspx">http://tsc/forms/IDRetire/Default.aspx</a>. For URGENT REQUEST please contact the TSC at 415-973-9000 or internally @ 223-9000.</p>
		<p><b>REQUIREMENTS SPECIFIC TO NERC - CIP</b></p> <p>Managers &amp; Supervisors MUST ENSURE THAT ALL ELECTRONIC and PHYSICAL access is REMOVED according to the following schedule:</p> <ul style="list-style-type: none"> <li>⇒ Within <b>24 HOURS</b> for EMPLOYEES TERMINATED FOR CAUSE.</li> <li>⇒ Within <b>7 DAYS</b> for EMPLOYEES who have left the company OR who have</li> </ul>

3. OTHER TASKS TO COMPLETE ON FINAL DAY		
Completed By	Date	Item
		*Remove employee access to any other PG&E secured area or system. (List separately in space below)
		*Obtain password for voice messaging system and immediately change the password or disable the mailbox.
		Cancel employee Accounts Payable authorization. Download company form 01-1697 from: <a href="#">\\go260\netprograms\TEMPLATE\01-1697.dot</a> and follow instructions.
		Remove employee from all local phone and pager lists.
		Remove employee from emergency notification lists (DO, MDSS contact field, department specific).

I, \_\_\_\_\_, hereby affirm that I have been employed by Pacific Gas and Electric Company, a public utility, and am now departing from such employment. I affirm that I have reviewed this completed checklist, and that I have returned all PG&E owned property (both tangible and intangible), including any "works for hire" or other intellectual property I created and which PG&E owns. I affirm that I have disclosed and turned over to PG&E's authorized representative for review, all files, documents and other information belonging to PG&E or its customers (whether written or electronic) in my possession. I agree that I will not use or disclose any utility proprietary and confidential information (including privileged and customer information) in the course of my future employment.

"N/A" in this space indicates that the initialing person has determined that the requirement does not apply to this employee





**CHECKLIST FOR DEPARTING EMPLOYEES and  
EMPLOYEES APPROVED FOR LONG TERM DISABILITY (LTD)**

*To be completed by supervisor or authorized PG&E representative*

\_\_\_\_\_  
Signature of Employee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employee Name

\_\_\_\_\_  
Employee Personnel Number

If employee is transferring to an affiliate or to the Holding Company, please indicate below name of affiliate (including Holding Company) and expected start date of employment.

Name of Affiliate (if applicable): \_\_\_\_\_ Start date: \_\_\_\_\_

"N/A" in this space indicates that the initialing person has determined that the requirement does not apply to this employee



## **CHECKLIST FOR DEPARTING EMPLOYEES and EMPLOYEES APPROVED FOR LONG TERM DISABILITY (LTD)**

*To be completed by supervisor or authorized PG&E representative*

### **DISTRIBUTION:**

- **\*\*RETENTION REQUIREMENTS\*\*** – MUST RETAIN THE COMPLETED and SIGNED DEPARTING EMPLOYEE CHECKLIST (AND ALL ATTACHMENTS) IN THE EMPLOYEE'S LOCAL DEPARTMENT FILE FOR SIX (6) YEARS AFTER THE DATE OF SEPARATION. DO NOT FORWARD TO HUMAN RESOURCES.
- IF EMPLOYEE IS GOING TO AN AFFILIATE OR TO THE HOLDING COMPANY, PLEASE SEND COPY OF COMPLETED FORM (PAGE 4) TO ARRC, 77 BEALE, B28K.
- IF ATTACHMENT B IS COMPLETED, PLEASE SEND COPY TO MANAGER, SAFETY, HEALTH & CLAIMS, 77 BEALE, B23H.

"N/A" in this space indicates that the initialing person has determined that the requirement does not apply to this employee





**CHECKLIST FOR DEPARTING EMPLOYEES and  
EMPLOYEES APPROVED FOR LONG TERM DISABILITY (LTD)**  
*To be completed by supervisor or authorized PG&E representative*

**Attachment B  
PG&E ASBESTOS PROGRAM EXIT EXAMINATION**

**DIRECTIONS FOR PG&E SUPERVISOR:**

- Offer Attachment B only to employees you have determined meet the requirements (see SH&C website; SH&C 227 Asbestos Program: "Asbestos Exit Exam Process".
- Ask the qualifying employee to read, fill out the Statement of Employee portion and return Attachment B to you
- Fax completed Attachment B to: 415-973-6440 (co.8-223-6440) or scan and e-mail to "SHC Scorecard" mailbox
- If the employee selects to accept the Asbestos Exit Medical Exam Safety Engineering & Health Services will mail the Asbestos Exit Exam Medical forms, the information for the nearest \*clinic and instructions for setting up the clinic appointment to the address they have designated above
- Asbestos Exit Exams will be charged to the departing department; please include your pcc to be charged below
- Attach original of Attachment B to the Checklist for Departing Employees and retain in LOCAL DEPARTMENT FILE
- If any questions call: Safety Engineering & Health Services at 415-973-8700 option 3 (co. 8-223-8700 option 3)

Employee's Supervisor (Print) \_\_\_\_\_ Work Phone \_\_\_\_\_  
Supervisor's Corporate ID: \_\_\_\_\_ PCC: \_\_\_\_\_

**NOTICE TO EMPLOYEE:**

You are being offered an Asbestos Exit Medical Examination because you have indicated that you have handled or removed asbestos containing material as part of your job duties while employed at PG&E. The provision of this medical examination is based on your performance of Class I, II, or III asbestos work or other asbestos-related work and is not an indication of exposure at or above the permissible exposure limit.

*Under Cal/OSHA Asbestos regulations, Title 8, California Code of Regulations, Sections 1529 and 5208, an employee must be offered an asbestos exit medical examination when:*

- *He or she has performed Class I, II or III asbestos work for 30 or more days in any year during employment with PG&E, or*
- *He/she has been exposed to airborne asbestos levels at or above the Cal/OSHA permissible exposure limit and/or excursion limit.*

*This examination must occur within 30 calendar days before or after termination of employment with PG&E (unless a similar examination was performed within the previous 12 months). A company-designated physician\* will perform the exam at no charge to the employee.*

**STATEMENT OF EMPLOYEE:**

**I have read and understand this notice.**

\_\_\_ I choose to accept an Asbestos Exit Medical Examination.

\_\_\_ I choose to decline to participate in an Asbestos Exit Medical Examination.

Employee Name: (Print) \_\_\_\_\_ Lan ID: \_\_\_\_\_

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Employee Personnel # \_\_\_\_\_ Termination Date: \_\_\_\_\_

Employee's Organization: \_\_\_\_\_ Current Work Phone: \_\_\_\_\_

Home Address (Next 60 days): \_\_\_\_\_

\_\_\_\_\_ Home/Cell Phone: \_\_\_\_\_

*\*The company's current medical provider of asbestos medical surveillance exams (under contract to SH&C) will be used for the asbestos exit exam.*

"N/A" in this space indicates that the initialing person has determined that the requirement does not apply to this employee



# CHECKLIST FOR DEPARTING EMPLOYEES and EMPLOYEES APPROVED FOR LONG TERM DISABILITY (LTD)

*To be completed by supervisor or authorized PG&E representative*

## Attachment C

### SUPPLEMENTAL CHECKLIST FOR DEPARTING PERSONNEL

Use only if employee is assigned to Diablo Canyon Power Plant

To be completed by supervisor or authorized PG&E representative

1. PRIOR TO FINAL DAY OF EMPLOYMENT		
Completed by	Date	Item
		*ECP (Employee Concerns Program): Supervisor <i>must</i> contact ECP Staff (691-4994) directly to arrange for an ECP Exit Interview. Note below date and time scheduled:  _____ / _____
		*Access:  ⇒ After the individual has exited the protected area on their final work day, go into PIMS = 8.2.3, and terminate unescorted access.  ⇒ Remove from SSI Access by contacting the DCPD Security Manager's office. Give name and date individual no longer needs SSI access.
		<b>Lead Blood Test:</b> Must be offered to employees who took one when they were hired and are leaving the company. To schedule, contact Medical Facility (691- 4441). Note below date and time scheduled:  _____ / _____
		*Whole Body Count: A departing Radiation Worker must be scheduled for a Whole Body Count on his/her last day (691-3170/3136): Note below date and time scheduled:  _____ / _____
2. FINAL DAY – TO COMPLETE WITH DEPARTING EMPLOYEE		
Initial	Date	Item
		*Property: ⇒ <b>Pager, Cell Phone, Car Phone:</b> Obtain and cancel service. Send an e-mail to DCPD IS TCOM Requests and provide the following information: <i>Name, LAN ID, DCPD Telephone Extension, Date of Departure.</i> (Also request removal from phone and pager lists.) All items should be returned to DCPD IS. <b>DO NOT CONTACT TSC.</b> ⇒ <b>Key Card:</b> Instruct departing individual to deposit in "last day" badge drop box. ⇒ <b>Vehicle Pass:</b> Instruct departing individual to drop off at front gate when leaving site. ⇒ <b>Keys:</b> Obtain all keys to desk, office, or other plant locations or property. Return office and building keys to Security (691-3704 or 691-4019) ⇒ <b>Computers/Software:</b> Obtain all PG&E-owned computer hardware and software employee may have taken home or other intangible property (such as PC Workstations, laptops, Citrix Keyfob or PDA). All items should be returned to DCPD IS).
		*Controlled Documents/Library and/or Training Materials: ⇒ Verify that all specifications, drawings and documents are returned or reassigned (Controlled Copy Procedures – Procedure Services; Controlled Copy Drawings – Document Services). ⇒ Delete access to Engineering Subsystem Access ⇒ Verify all Library documents have been returned or reassigned.
		<b>Work in Progress:</b> Review work (SAPN's tasks and ACES) for which the individual was responsible and verify that the work has either been completed or turned over to another person.

"N/A" in this space indicates that the initialing person has determined that the requirement does not apply to this employee



## CHECKLIST FOR DEPARTING EMPLOYEES and EMPLOYEES APPROVED FOR LONG TERM DISABILITY (LTD)

*To be completed by supervisor or authorized PG&E representative*

3. FINAL DAY – OTHER ITEMS		
Initial	Date	Item
		<b>Emergency Response Organization (ERO):</b> ⇒ Notify Emergency Plan Supervisor's Office if employee is a member of ERO.
		<b>*Information Systems:</b> ⇒ Notify Information Systems by sending an e-mail to <b>DCPP IS Termination</b> of the departing individual. Provide the following information: <i>LAN ID, Department, Date of Departure, and whether individual is leaving PG&amp;E.</i> (If transfer within PG&E, include location transferring to.) Also note if access needs to be deleted for RMS or RIP.
		<b>Reactor Operator Licensee/Senior Reactor Operator Licensee:</b> ⇒ Notify Regulatory Services Manager's Office of termination of licensee.

"N/A" in this space indicates that the initialing person has determined that the requirement does not apply to this employee



**CHECKLIST FOR DEPARTING EMPLOYEES and  
EMPLOYEES APPROVED FOR LONG TERM DISABILITY (LTD)**  
*To be completed by supervisor or authorized PG&E representative*

**Attachment D  
SUPPLEMENTAL  
CHECKLIST FOR INVOLUNTARY DEPARTING PERSONNEL ON H-1B VISAS**  
Use only if employee has work authorization sponsored by PG&E  
To be completed by supervisor or authorized PG&E representative

1. PRIOR TO FINAL DAY OF EMPLOYMENT		
Completed by	Date	Item
		Notify Law department to prepare notification letter to USCIS that the employee has been terminated. Letter must include Name of Employee and USCIS Receipt Number.
2. FINAL DAY – TO COMPLETE WITH DEPARTING EMPLOYEE		
Initial	Date	Item
		Notify terminated employee of return transportation home provided by PG&E through Egencia. ⇒ Tell employee to make travel arrangements under the "H1B Return Home" Guest Account. ⇒ Provide Employee with Egencia Number to make travel arrangements: <b>1 (800) 997-4803 or +1 (702) 939-2532</b> ⇒ Inform employee that travel arrangements must be made within 2 weeks of termination.
3. FINAL DAY – OTHER ITEMS		
Initial	Date	Item
		Confirm with Law department that notification letter to USCIS regarding employee's termination was sent.

"N/A" in this space indicates that the initialing person has determined that the requirement does not apply to this employee

Exhibit 7

Permitted Joint Purchases List



# **COMPLIANCE AND ETHICS (C&E)**

## **JOINT PURCHASING GUIDELINES FOR UTILITY EMPLOYEES**

(Revised 2011)

The following list contains examples of goods and services that may or may not be purchased jointly by the utility and one or more affiliates. If you have a question about whether or not a specific purchase is permitted under the affiliate rules please contact the Helpline at 415-972-7272 or e-mail your question to [ARC.Information@pge.com](mailto:ARC.Information@pge.com).

Remember the following:

- each joint purchase must be reported as soon as practical to the C&E department;
- the affiliate(s) involved must pay their pro-rata share of all procurement costs and the costs of all goods and services provided to them;
- no confidential utility or customer information may be given to an affiliate unless you have followed the CPUC requirements for doing so;
- supplier information shall not be released to an affiliate unless they are a party to the purchasing agreement from that supplier, or the supplier has provided their written authorization to release information to third parties, which authorization you may not request;
- the utility may provide procurement for an affiliate as a part of providing corporate support only for items where joint purchase is permitted. Procurement as it is used here is defined as developing and issuing bid materials, contracts, purchase orders and on-going contract management.

### **Permitted Joint Purchases Include These and Similar Items:**

- Office Supplies (pens, paper, pencils, scissors, etc.)
- Computers, Printers and other Office Equipment (computers must be a standard configuration readily available in the marketplace)
- Computer Software used for general business purposes (Windows, Word, Excel, SAP, SQL etc.)
- Office and Ergonomic furniture
- Express mail and shipping services
- Vehicles\* including fuels, oils and lubricants
- Bulk or Generic Chemicals (used for a variety of processes, including water treatment)
- Travel Services and Travel (airline, hotel, rental car)
- Hand and Power Tools readily available in the marketplace (hammers, screwdrivers, wrenches, drills etc.)
- Copier or Fax maintenance and lease
- Health and Safety Products
- Temporary Staffing / Clerical Support

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\* Jointly purchasing vehicles, other than passenger cars, is not yet approved by the CPUC. These purchases should not be undertaken jointly until CPUC authorization has been granted.

- Telephone Services (local, long distance, cell phone, pager and accessories)
- Legal, tax and auditing services as well as all other permitted corporate support services

**Purchases which may NOT be made with or for an Affiliate include these and similar items:**

- Electricity (commodity, transmission or distribution etc.);
- Gas (commodity, transmission, parking, lending, etc.);
- Equipment used on the utility gas or electrical system (transformers, pipe, wire, insulators, concrete);
- Vehicles used in utility system O&M (line trucks, backhoes etc.);
- Tools that must be special ordered or built for utility use;
- Specialized Computers used for engineering or system operations;
- Computer Software specifically developed for utility functions (examples: transmission scheduling, generation asset optimization);
- Engineering Services
- Marketing Services
- Employee Recruiting Services

Exhibit 8

GOV-7101S – Records Management Standard

## Records Management Standard

### Summary

This standard establishes the requirements governing the identification, control, management, retrieval and retention of records for PG&E Corporation and its subsidiaries, including Pacific Gas and Electric Company (together, "PG&E").

**Information** is created everyday by business operations at PG&E, whether computerized or by the use of paper documents. Not all information constitutes a record. Information may be working copies, drafts, or preliminary or outdated versions of a document that do not constitute records. Documentation of purely administrative activities (e.g., appointment setting) does not constitute the creation of records. Information that does not constitute a record may be retained for current business use or to comply with regulatory or legal requirements, or as long as it supports a valid business, regulatory or legal need and no longer.

A **record** is information created, received, and maintained for a business purpose or to comply with regulatory or legal requirements, including the documentation of a specific action, a transaction, a decision, regulatory compliance requirement, or legal commitment made by PG&E during the course of its business activity. Examples include documentation of construction, repair, maintenance, and inspection activities; documentation of compliance with legal requirements; and documentation of personnel actions. Record types and associated retention periods are documented in the PG&E Enterprise Records Retention Schedule, which will replace current Line of Business Records Retention Schedules on approximately October 1, 2012. Employees should work with their line of business Records Manager/Records Coordinator and the Records Management Department to identify information that does and does not constitute a record.

### Target Audience

This standard applies to employees, members of the Boards of Directors, contingent workers, and contractors who create or possess PG&E records, regardless of format.

### Safety

NA

## Records Management Standard

### Table of Contents

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2	Records as a Subset of Information .....	2
3	Organizational Structure.....	3
4	Applicability of This Standard .....	3
5	Objectives of the Records Management Program .....	3
6	Program Requirements .....	3

### Requirements

#### 1 Information Created at PG&E

1.1 Information is created everyday by business operations at PG&E, whether computerized or by the use of paper documents.

1.2 Not all information constitutes a record.

1. Information may include working copies, drafts, or preliminary or outdated versions of a document that do not constitute records.
2. Documentation of purely administrative activities (e.g., appointment setting) does not constitute the creation of records.
3. Information that does not constitute a record may be retained for current business use or to comply with regulatory or legal requirements, or as long as it supports a valid business, regulatory, or legal need and no longer.

#### 2 Records as a Subset of Information

2.1 A **record** is information created, received, and maintained for a business purpose or to comply with regulatory or legal requirements, including the documentation of a specific action, a transaction, a decision, regulatory compliance requirement, or legal commitment made by PG&E during the course of its business activity.

2.2 Examples include documentation of the following:

1. Construction, repair, maintenance, and inspection activities;
2. Compliance with legal requirements; and
3. Personnel actions.

## Records Management Standard

### 3 Organizational Structure

- 3.1 The Records Management Policy, standards, training, and procedures are developed by the General Counsel of PG&E Corporation or the General Counsel's designee.
- 3.2 The execution of these standards and procedures will be the responsibility of each line of business through a designated Records Manager or Records Analyst/Coordinator. This function in the line of business will be accountable for processes that support the execution of the records management program as drafted by the Records Management Department.

### 4 Applicability of This Standard

- 4.1 This standard applies to all records created, modified, maintained, stored/archived, retrieved, or transmitted during the course of PG&E business, regardless of format.

### 5 Objectives of the Records Management Program

- 5.1 The objectives of the records management program are to:
  - 1. Facilitate the creation of records that are accurate, complete, and verifiable;
  - 2. Enable records access and retrieval by the appropriate organizations and individuals;
  - 3. Satisfy applicable legal and regulatory requirements;
  - 4. Achieve the proper level of security and privacy;
  - 5. Systematically retain records only as long as necessary;
  - 6. Systematically dispose of PG&E records pursuant to all applicable retention periods; and
  - 7. Facilitate recovery and survival of vital records in the event of a disaster.

### 6 Program Requirements

- 6.1 Each person is responsible for PG&E information that the person creates, receives, manages, and retains in the course of performing PG&E work. This information is owned by PG&E.
- 6.2 Information must be systematically reviewed to determine if it is a record. Records must then be managed, retained, and disposed of in a systematic manner. Review must occur at least annually during the Records Management Compliance Certification process, but also can happen upon business process closure, such as the end of construction or the end of a project.

## Records Management Standard

- 6.3 All vendors selected to store PG&E records must be approved and documented by the Records Management Department.
- 6.4 The preferable storage medium for records is electronic, except where otherwise required.
- 6.5 PG&E records must reside in a PG&E business location or a documented PG&E storage site.
1. PG&E records may not be maintained for record-keeping purposes on personal or home computers.
  2. Information (whether or not constituting a record) belonging to PG&E may not be permanently stored at the homes of any employees, members of the Boards of Directors, contingent workers or contractors. Information used in the normal course of business may be located temporarily at non-PG&E business locations to support business process needs.
- 6.6 PG&E record types and mandated retention periods will be set forth in the PG&E Enterprise Records Retention Schedule expected to be published on October 1, 2012. Until such publication, the current Line of Business Records Retention Schedules will dictate retention periods.
- 6.7 Retention schedules and any other requirement calling for the disposal of information or records may be superseded by the directive of the Law Department. Until such time as this directive is lifted, records within the scope of the directive may not be destroyed.
- 6.8 Employees are expected to manage PG&E records, whether paper or electronic, as company assets.
- 6.9 Records deemed confidential, restricted, privileged, or under specific confidentiality regulation (e.g., Personally Identifiable Information, Health Insurance Portability and Accountability Act ("HIPAA")) must be safeguarded and may be disclosed to parties outside of PG&E only upon proper authorization by the company pursuant to the applicable company's policies and standards governing such disclosure or pursuant to a court order or subpoena or other applicable law.
- 6.10 Any subpoena received by employees or questions regarding the release of PG&E Records must be directed to the Law Department Subpoena Desk before the release of such records.
- 6.11 Records generated, stored, or maintained by third-parties during the course of PG&E business are owned by PG&E. Third-parties that manage PG&E records are required to be under appropriate contractual arrangements that meet the requirements of PG&E's Records Management Policy and other applicable information management policies and standards. The retention of PG&E records on third-party equipment or third-party locations does not modify PG&E's control or responsibility of these records.

## Records Management Standard

- 6.12 Upon an employee's exit from PG&E, all electronic and paper information generated, retained, and managed by the exiting employee must be reviewed for records identification. Information not designated a record can be disposed of pursuant to the PG&E Records Management Policy and other applicable PG&E information management policies and standards. An employee's supervisor is responsible for identifying records from the information population and handling them in accordance with this standard.
- 6.13 Normally, information generated in email messages, instant messaging, and social media is considered transient communications and should not constitute a record. Nor should these media be used to create records. However, if a particular communication on these media does constitute a record, it must be handled in accordance with this standard.
- 6.14 All records are to be assigned an information security level consistent with applicable PG&E information classification standards.
- 6.15 The Records Management Department is responsible for developing a training module, which all employees and contingent workers are to complete annually.
- 6.16 Each line of business or support organization shall, by October 1, 2012, submit a records management compliance plan setting forth the specific steps that it plans to take to implement the Records Management Policy and Standard and the dates by when those steps will be completed.
1. The plans will be reviewed by the Enterprise Content Management Executive Steering Committee or its successor (the "Steering Committee"), after which they will be reviewed and approved by (i) the relevant organization's Executive Vice President or Senior Vice President and (ii) the General Counsel.
  2. The submission of an approved records management compliance plan to the Steering Committee will replace the Annual Certification of Records Management compliance formerly submitted to the Corporate Secretary's Office on September 1<sup>st</sup> of each year.
  3. The approved records management compliance plans will be aggregated and documented by the Corporate Information Management Compliance Department. Organizations that submit compliance plans are in compliance with the Records Management Policy and this standard which will be communicated through an email notification from the Information Management Compliance Department.
  4. Responsibility for the Records Management certification process, formerly administered by the Corporate Secretary, now resides with the Information Management Compliance Department.
  5. If a plan is not fully implemented by October 1, 2013, the relevant business or support organization shall, by October 1, 2013, submit to the Steering Committee an updated records management compliance plan, which shall be approved as described above, defining the remaining steps that it plans to take to implement the Records Management Policy and this standard and the dates by when those steps will be completed.



## Records Management Standard

### END of Requirements

**Definitions**

None.

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**Implementation Responsibilities**

The PG&E Law Department will be accountable for the development and implementation of the Records Management Policy and the records management standards that implement the Policy.

The Law Department will work with:

- (1) line of business Records Managers/Analysts/Coordinators who will be responsible for records management program execution within their line of business and
  - (2) departments responsible for Regulatory Affairs, Risk, and Compliance and Ethics to identify proposed and adopted legislation, rules, or company policy that may impact PG&E's records management program.
- 

**Governing Document**

Corporation Policy: GOV-01 Records Management Policy

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**Compliance Requirement/Regulatory Commitment**

The California Public Utilities Commission, Internal Revenue Service, Securities and Exchange Commission ("SEC"), and other government regulatory agencies and auditors have established guidelines for maintaining specific, identified records. To ensure that PG&E complies with these requirements, record types identified by specific regulations and the number of years that records need to be maintained from the point of creation to the final disposition are set forth in the PG&E Records Retention Schedules that accompany this Standard and are expected to be published as of October 1, 2012. Until such publication, the current Line of Business Records Retention Schedules dictate retention periods.

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**Reference Documents****Developmental References:**

None

**Supplemental References:**

- GOV-7101P-01 – Shipping Records to the Records Center Procedure
-

## Records Management Standard

- GOV-7101P-02 – Requesting Records from the Records Center Procedure
- Records Transmittal Form
- PG&E Enterprise Records Retention Schedule (expected to be available as of October 1, 2012). Until such publication, the current Line of Business Records Retention Schedules will dictate retention periods.

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### Appendices

### Attachments

NA

### Document Recission

GOV-7001S Record Retention and Disposal Standard (10/01/2010)

### Approved By

Hyun Park, Senior Vice President and General Counsel

Sanford Hartman, Vice President and Managing Director, Law  
Pacific Gas and Electric Company

### Document Owner

Leslie Banach, Director, Information Management Compliance  
Pacific Gas and Electric Company Law Department

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Leslie Banach, Director, Information Management Compliance  
Pacific Gas and Electric Company Law Department

### Revision Notes

Date	Comments
New: 09/15/2012	Cancels and supersedes GOV-7001S Record Retention and Disposal Standard (10/01/2010).

Exhibit 9  
Procurement Manual



# Pacific Gas and Electric Company

## Requisition To Pay Procurement Manual

### INTRODUCTION, POLICY, and ROLES OVERVIEW

<b>Filename:</b> 0_Introduction_CURRENT	<b>Revision #:</b> 4
<b>Created:</b> RTP Team	<b>Last Update:</b> 28-Jun-13 11:42 AM



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## **PREFACE: MANUAL DESIGN**

The RTP Procedure Manual is intended to be a central reference and launching point for understanding the procurement process and associated activities. Whenever relevant, the Manual points to the appropriate online training, policies, forms and other references for instruction and direction on “how” to complete tasks.








The RTP Manual covers seven core procurement processes, and each process is covered in its own chapter. To facilitate easier navigation, the RTP Manual lays out each chapter using a common design with contents presented in the following order:

- 1. Overview of the RTP Process with chevron graphics and a brief description**
- 2. Overview of each Procedure included in each Process: graphics and brief description**
- 3. Description of that Procedure’s Key Activities**
- 4. List of Active Roles**
- 5. Links to References**

Throughout the Manual, important terms are identified and defined in the online Glossary.

**For easy navigation, a series of common symbols, or typographic conventions, are used.**

The following table summarizes the symbols used throughout the RTP Manual, as well as some supporting reference materials.

This icon...	Helps you to identify
	Overview information. This icon is used when an overview is provided.
	Path information. This icon specifies <b>where</b> to find <b>external information</b> such as mentioned forms, training, websites, policies, and other information not contained directly in the Manual.
	Procedure information. These topics describe step by step the tasks necessary to do to execute activities and tasks.
	Jobs and Role Responsibilities
	Important business policy or operations-related information that is not a process or procedure but explains “why” a specific set of tasks is required. Key Points help clarify complicated concepts or activities and can contain information like special considerations or exceptions that should help avoid errors.
	Technical Tip – highlights when the activity has a technical component, and if applicable, references how to access the technical materials
	Reference information. This icon points to places that <b>explain in detail how</b> to do activities or tasks such as specific training, Job Aids, and other reference learning tools.

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### Changes to this Manual

All substantive changes to the RTP Manual must be reviewed and agreed to at a Sourcing Governance team meeting. Once approved by the Sourcing Director team, the directors will request approval from the Supply Chain Senior Director. Once approved by the Senior Director, the changes will be reflected in the RTP Manual.



Go to the "Document Review History" located at the end of each section in the RTP Manual to record all changes to this manual.

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## 1. REQUISITION to PAY PROCESS OVERVIEW

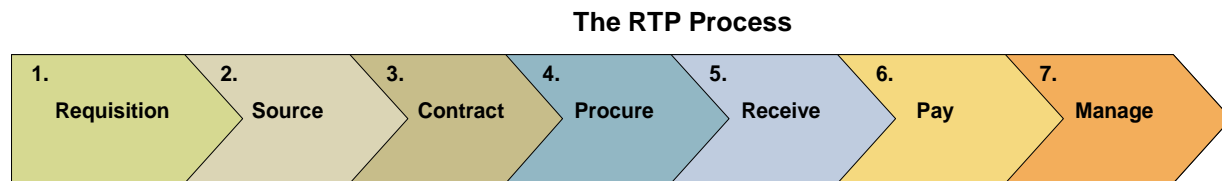
“Requisition to Pay” defines the end to end process for Pacific Gas and Electric Company’s (PG&E’s) procurement and payment processes. Procedure Manual audiences include both employees in the Business Departments and Procurement Specialists in Supply Chain – basically, anyone involved in the procurement process that needs to understand and review the Key Activities associated with different Processes and Procedures.

The Requisition to Pay (RTP) Procedure Manual is intended to be inclusive of all Processes, Procedures and Key Activities related to procurement at PG&E. The RTP Manual begins with determining the procurement need (materials or services of any value or description) and moves through the separate requisitioning, sourcing, contracting, and procuring processes. Then the RTP provides an overview of the receipt and pay processes, with links to Materials and Accounts Payable intranet sites for the most up-to-date details about these departments’ processes. And, last the RTP Procurement Manual outlines the ongoing management of contracts, suppliers, and the procurement systems.

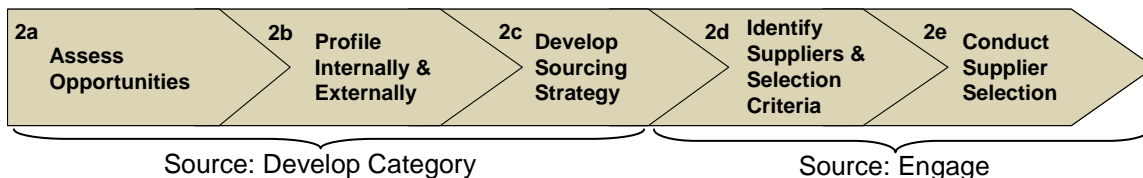
The RTP Procurement Manual content focuses on the “why” and defines the “what” of the Company’s procurement process with enough context to explain to users the reasons for a Process or Procedure and what context would trigger that procurement activity.

The Manual itself does **not** explain all detailed steps, or “how” various activities and tasks are defined and accomplished. Instead, the step-by step “how” to do various activities is included in Training and Job Aids accessed by links to relevant websites.

To facilitate understanding of this end-to-end procurement process are graphics offering visual snapshots of the seven defined RTP Processes, with each Process represented by the chevrons below.



In addition, within each Process are key Procedures, represented as sub graphic under the Process. For



There is an Introduction or Overview of each Procedure, followed by explanation of Key Activities related to that particular Procedure. Entry conditions – what triggers that Procedure – and the expected result at the end of the Procedure often frame these sections.

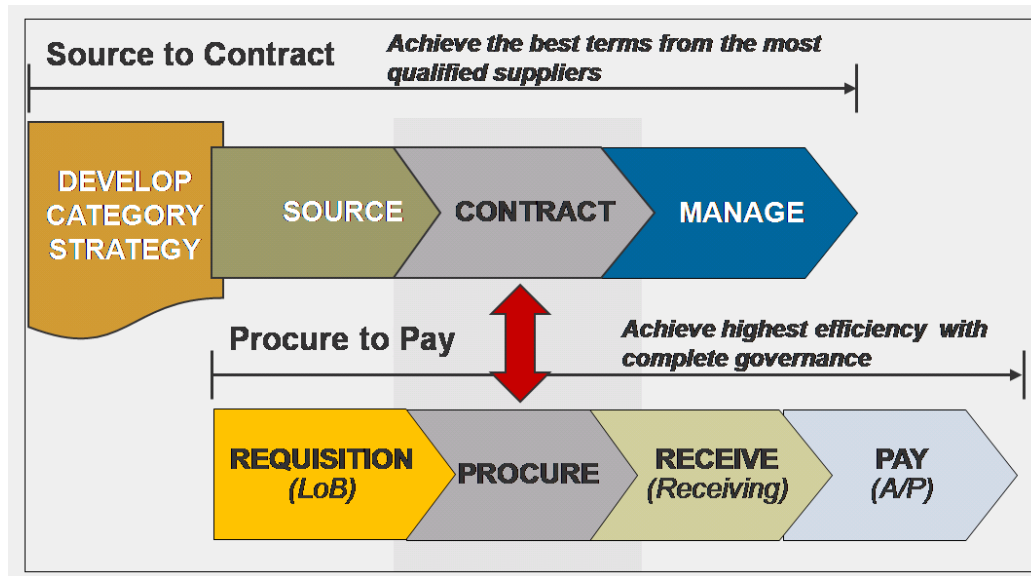
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### Business department Procedures versus Sourcing department Procedures

This RTP Procedure Manual covers two different, but integrated, business processes – one set for Sourcing department employees and the other set for Business Department employees. The objectives and Processes are defined below:

**Source to Contract → Sourcing department:** *Achieve the best contractual terms (price, on time delivery and other performance measures, payment terms etc) from the most qualified suppliers.*



**Procure to Pay → Business department:** *Achieve highest efficiency (contract and Purchase Order cycle time or turn around, transaction cost, etc) with complete governance and SOX adequate controls.*



The **Requisition to Pay Procurement Process web based reference tool** is available at [Learning Central](#). Scroll to the bottom of the page and click the link to launch the web learning session. This web based reference document is designed to help people in all Roles gain an understanding of PG&E's contracting and procurement processes, and the policies that form the procurement framework. The overview and scenario addresses cycle time, and the touch points between roles performing the tasks required to complete contracting, purchase order creation, approval and payment processes.

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## 2. Policy overview

### Governing Policies

PG&E's procurement processes and procedures are governed by two broad policies:

- The *Contract Approval and Signing Policy*, effective 01/1/2007, as amended 07/11/08, specifies certain pre-approvals, contract award approval and contract signing appropriate for various types of contracts. This policy replaces previous materials and services contract delegations in the former UO Policy 3.5 and other officer-specific delegation documents with very few limited exceptions.
- For procurement of general materials and services, the *Materials & Services Procurement Policy*, effective 01/1/2007, as amended 00/00/09, further specifies the Business Department and Supply Chain/Sourcing departments' responsibilities within the end to end procurement process.



The current policies, Utility Standard Practices and other guidance documents are located on the following Intranet site: <http://pgeatwork/Guidance>

### **Contract Approval and Signing Policy, effective 01/01/07 as amended 07/08 (Approvals Policy)**

The *Approvals Policy* is the central document related to delegation of authority for approvals and contract signing authority for the expenditure of funds and disposal of property. The Chairman of PG&E has the authority to delegate contract award approval and signing authority for the commitment of funds and has delegated this authority to the PG&E CEO; no other person may delegate his or her approval or signing authority.

The *Approvals Policy* implements the Chairman's delegations uniformly throughout the company and is based on an individual's position within the company. For example:

- A manager in Environmental Services will have the same level of Contract Award Approval authority as a manager in Energy Delivery.
- A Director must delegate Contract Award Approval authority (Substitute Approver) to another Director, Sr. Director or VP.



For materials and services contracts, the *Approvals Policy* introduces the concept of **Contract Award Approval that is separate and distinct from Contract Signing Authority**. Contract Award Approvals are provided by individuals in the Business Departments involved with a contract. Contract signing is performed by individuals within the Department (s) responsible for sourcing.

**Contract Award Authority and Signing Authority cannot be sub-delegated.** Persons with Contract Award Authority and/or Signing Authority, or their supervisor, may designate a Substitute Approver, but only at a higher or equal level of authority.

Two exhibits in the *Approvals Policy* pertain to Contract Award Approval and contract Signing Authority for Materials and Services:

- **Exhibit 2-A**, *Materials and Services Expenditures – Contract Award Approval Authority*, and
- **Exhibit 2-B**, *Materials and Services Expenditures – Contract Signing Authority*.

Refer to the *Approvals Policy* for information related to other procurement areas. For example:

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- Demand Side Management (DSM) and Customer Energy Efficiency contracts have different approval and signing limits, which are consistent with Exhibit 1.
- Certain Corporate departments, such as Law and Insurance, have their own Exhibits.



This RTP Procurement Manual does not cover the processes, approvals, and signing limits for contracts and expenditures outside of materials and services.

**Definition of a Contract**

**The Approvals Policy defines a Contract** as any written or oral agreement that obligates the Company to purchase, sell, rent, lease, exchange, or otherwise undertake any obligation with regard to any goods, labor, services, construction, property, or anything else of value. In short, a contract is anything that commits the Company to the expenditure of funds or the disposal of property.

PG&E has a variety of Approved Form Contracts – listed below and described in more detail in the 3. Contract section of the RTP Manual.

An **Approved Form Contract** is a contract document that is approved by the Law Department for a stand alone Contract to back up a Purchase Order (PO), or as a contract document tied to a Blanket Agreement (Contract Work Authorization). Each Approved Form Contract is designed for use under specific circumstances. If any modifications are made to an Approved Form Contract document, it ceases to be an Approved Form Contract.

***For more details on PG&E’s Approved Form Contracts and contracting processes, see “3. Contract”***

Approved Form Contracts include the following Contract documents:

- **Contract Work Authorization (CWA)** (under and tied to a Blanket Agreement (Master Service Agreements/ SRM Contract or Outline Agreement)
- **Catalog CWA Template** (Catalog CWA used to contract for low risk, coded services via the Internal Service Catalog)
- **SAP Purchase Order (PO)** with Terms and Conditions (primarily Materials Purchase Orders)
- **Short Form Contract** (for Stand Alone, Project Specific Contracts) generally under \$100,000
- **Long Form Contract**, when used with an approved set of General Conditions (for Stand Alone, Project Specific Contracts) generally over \$100,000.
- **Contract Change Order** (used to amend an existing SRM Contract = Blanket Agreement)
- **CWA Contract Change Order** (used to amend an existing CWA contract)

**Purchase Orders (PO):** In addition to the contract document, a corresponding PO must be set in SAP SRM in order to pay the contractor or supplier for the work. The paper-based contract document is attached to the “Process Purchase Order” screen in SAP SRM, and is the Contract backing up the PO. To avoid “after the fact Purchase Orders” (AFPOs), both a contract document and a PO are required before the contractor or supplier begins work.

***For more details on creating SRM POs, see “4. Procure”***

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**Different approval and signing authority rules apply for Contracts that commit the expenditure of funds versus Blanket Agreements.**

Blanket Agreements are an important part of PG&E’s overall contracting strategy because they streamline the procurement process for Business Departments. Blanket Agreements contain the legal terms and conditions and negotiated pricing information, and thus protect the Company from risk. Another contract document and/or a PO are required to complete the contractual commitment.

Only Strategic Buyers can negotiate, manage and amend Blanket Agreements. Blanket Agreements allow Self Service procurement where Business Departments procure goods and services via material catalog buy “auto PO’s;” coded materials reservations and Internal Service Catalog (coded services), where a Catalog CWA is sent “auto PO” to the Supplier and requires no signatures.

**Per the Approvals Policy:**

“A **Blanket Agreement** is a negotiated contract document between a contractor and the Company that provides general pricing information, terms, and conditions for the purchase of a particular service or a material, which is likely to occur in the future. In some cases, a Blanket Agreement serves as a reference document for specifications. A Blanket Agreement does not commit the Company to buy specific goods or services, or to expend funds. All changes in target value are approved and signed at the total amended value.

To purchase specific services or materials pursuant to a Blanket Agreement, the parties execute a Contract Work Authorization (CWA) or Purchase Order (PO), as defined below. These second contract documents, tied to the Blanket Agreement are the contracts that “commit the expenditure of funds.”

Because Blanket Agreements are not financial commitments, they do not have a maximum contract value listed in the contract document. However, Blanket Agreements are assigned a “target value” in the Company’s electronic records (e.g., SAP or SRM), which limits the total value of all POs and CWAs associated with a particular Blanket Agreement.”



All Blanket Agreements/Master Service Agreements managed with Purchase Order approvals in SRM (SRM Contracts 44xx series or Global Outline Agreements 56 series) are approved by the Supply Chain/ Sourcing departments prior to signing by the Supply Chain organization per Exhibit 2-B.

Coded Materials Purchase Orders (35xx series) generated in SAP through “auto PO” do not route for Contract Award Approval; thus, the Blanket Agreements backing these PO’s are awarded and signed per Exhibit 2- A and 2-B, respectively.

Master Service Agreements negotiated for outsourced Services created in SAP with payments through a non-PO invoice process also are awarded and signed per Exhibit 2-A and 2-B, respectively.

**The tables below are interpretations of the *Approvals Policy Exhibits*, and were developed as aids in implementation of the policies.**



The *Contract Award and Signing Policy* with all its Exhibits is on the Guidance Library website. It is always recommended to check the policy website to ensure use of the most current policy. Policies, Utility Standard Practices and other guidance documents are located on the following Intranet site:

<http://pgeatwork/Guidance>

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**Blanket Agreement Contract Award Approval and Signing Authority Implementation Guide**

Value Up To	4400 CAA Authority (SRM)		4600 CAA Authority (SAP R/3)	
<b>unlimited</b>	CPO	Executive Summary	Utility Chairman	Briefing session
<b>\$150M</b>	CPO	Executive Summary	Utility CEO	Briefing session
<b>\$100M</b>	CPO	Executive Summary	COO	Briefing session
<b>\$50M</b>	Sr. Sourcing Director	Executive Summary	Sr VP/ CPO	Executive Summary / DRS
<b>\$25M</b>	Sourcing Director	Executive Summary	Sr. VP/ CPO	Executive Summary / DRS
<b>\$10M</b>	Portfolio Manager	Executive Summary	VP Supply Chain	Executive Summary / DRS
<b>\$5M</b>	Portfolio Manager	Template	Sr. Director SC	Template/ DRS
<b>\$1M</b>	Portfolio Manager	Template	Director, Sourcing	Template/ DRS
<b>\$500k</b>	Category Lead/Spv	Template	Category Lead/Spv	Template/ DRS
<b>\$250k</b>	Category Lead/Spv	Template	Category Lead/Spv	Template/ DRS
<b>\$100k</b>	Category Lead/Spv	Template	Category Lead/Spv	Template/ DRS
<b>\$50k</b>	Category Lead/Spv	Template	Category Lead/Spv	Template/ DRS
<b>\$0.5k</b>	Category Lead/Spv	NA	Category Lead/Spv	NA

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**Contracts that Commit the Expenditure of Funds:** When a Blanket Agreement does not exist, the Buyer must prepare and negotiate a Stand Alone contract, including negotiation of General Conditions. All contracts that commit the expenditure of funds (either Contract Work Authorizations or Long/ Short Form Stand Alone, Project-Specific Contracts), are attached to Purchase Orders (SRM 25xx series and SAP 35xx series), **and must be conferred Contract Award Approval per Exhibit 2-A by the Business Department prior to Contract Signing.** Likewise, Purchase Orders with Terms and Conditions for non-coded materials must be conferred Contract Award Approval per Exhibit 2-A by the Business Department prior to final approval and Buyer release of the PO. SRM Catalog buy Shopping Carts are routed for Contract Award Approval, and only upon approval does SRM generate an “auto PO.”

**Delegation of Authority Implementation Guide for Contracts that Commit the Expenditure of funds (25xxx or 35 xxx series Purchase Orders)**

Value Up To	Budget approval (SRM optional after 1/1/09)		Procurement validation	Buyer	Contract Award Approval Authority		Signature (CS Authority)
unlimited	LoB Director	Briefing session	Portfolio Manager	Strategic	Utility * Chairman	Briefing session	Utility CEO
\$150M	LoB Director	Briefing session	Portfolio Manager	Strategic	Utility CEO	Briefing session	CPO
\$100M	LoB Director	Briefing session	Portfolio Manager	Strategic	Utility COO	Briefing session	CPO
\$50M	LoB Director	DAD* or internal notes	Portfolio Manager	Strategic	LoB SVP, CPO, CIO	DAD, internal notes, bid record	Sr. Sourcing Director
\$25M	LoB Director	DAD or internal notes	Portfolio Manager	Strategic	LoB SVP, CPO, CIO	DAD, internal notes, bid record	Sourcing Director
\$10M	LoB Director	DAD or internal notes	Portfolio Manager	Strategic	LoB VP	DAD, internal notes, bid record	Portfolio Manager
\$5M	LoB Director	DAD or internal notes	Portfolio Manager	Strategic	LoB Sr. Director	DAD, internal notes, bid record	Portfolio Manager
\$1M	LoB Director	DAD or internal notes	Portfolio Manager	Strategic	LoB Director	DAD, internal notes, bid record	Portfolio Manager
\$500k	LoB Director	DAD or internal notes	Portfolio Manager	Strategic	LoB Director	DAD, internal notes, bid record	Category Lead/Spv

\* PG&E Corporation CEO written concurrence is required on any contract that commits the expenditure of funds that exceed \$150M. And, PG&E Corporation CEO written concurrence is required when (1) a contract amendment causes the total value of a contract to exceed \$150 million, or (2) where the original contract value already exceeded \$150 million, if the value of the contract amendment itself exceeds \$150 million.

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**Business Department Limited Right to Procure certain Services up to \$100K**

Per the *Materials and Services Procurement Policy*, the Chief Procurement Officer has the right to delegate a limited right to procure to the Business Departments or Lines of Business (LoB).

Operational Buyers, located in the Business Department, may negotiate non-IT, low risk Service contracts when the total expected value is under \$100,000. Managers and PL1 Supervisors may award Contract Award Approval and Sign contract documents for these Service contracts.

**Continued: Delegation of Authority Implementation Guide for Contracts that Commit the Expenditure of funds (25xxx or 35 xxx series Purchase Orders)**

Value Up To	Budget approval (SRM optional after 1/1/09)		Procurement validation	Buyer	Contract Award Approval Authority		Signature (CS Authority)
\$250k	LoB Manager	DAD or internal notes	N/A	Strategic	LoB Manager	DAD* or bid record, internal notes,	Sr. Procur. Spec
\$100k	LoB Manager	DAD or internal notes	N/A	Operational (if low risk, non IT)	LoB Manager	DAD, internal notes	Sr. Procur. Spec LOB Manager
\$50k	LoB Supervisor	Internal Notes	N/A	Operational (if low risk, non IT)	LoB Supervisor (PO1 approval)	DAD, internal notes	Procurement Specialist LOB PL1 Sup <sup>v</sup>
\$0.5k	N/A	Internal Notes	N/A	Operational (if low risk, non IT)	N/A	DAD, internal notes	Not Applicable

\* DAD = Direct Award Documentation Form



Note: the *Approvals Policy* does not apply to the signing of documents that do not commit the Company to expenditures, such as invoice signing, electronic fund transfer authorization, PG&E employee decisions, billing adjustments, permit filing, taxes, employee expense approvals, petty cash or legal settlements.

**Amendments or Change Orders Implementation Guidelines – Contract Award Approval Authority**

There are four types of change orders to contracts that commit the Company to the expenditure of funds. Each change order type has different rules for Contract Award Approval as shown in the implementation guide below.

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Value Up To	High Value Contract C.O.	Significant Change Order	Limited Additional Dollar C.O.	Administrative C.O.
Definition / Criteria:	Delegation authority by value of amendment,  Regardless of scope changes  Amended PO value > \$50M	Total amended value < \$50M  Alters the scope/PO materially (more liabilities, assigns business, risk)  Increases contract/ PO value by > 10% OR > \$1M OR value crosses a delegation threshold	Delegation authority by value of amendment  Clarifies the scope of the contract, does not alter it materially  Increases P.O. value by < 10% AND < \$1M  Amended P.O. value does not cross a delegation threshold	Delegation authority not applicable  Clarifies scope of the contract/ PO., does not alter it  Does not increase the contract/ P.O. value
UNLIMITED	Utility Chairman *	N.A.	N.A.	N.A.
\$150M	Utility CEO	N.A.	N.A.	N.A.
\$100M	Utility COO	N.A.	N.A.	N.A.
\$50M	Escalate	LoB SVP, CPO, CIO	N.A.	N.A.
\$10M	Escalate	LoB VP	N.A.	N.A.
\$5M	Escalate	LoB Sr. Director	N.A.	N.A.
\$1M	Escalate	LoB Director	LoB Director	N.A.
\$500k	Escalate	LoB Director	LoB Director	N.A.
\$250k	Escalate	LoB Manager	LoB Manager	N.A.
\$100k	Escalate	LoB Manager	LoB Manager	N.A.
\$50k	Escalate	Escalate	Escalate	N.A.
\$0.5k	Escalate	Escalate	Escalate	N.A.

\* The *Approvals Policy* is interpreted that PG&E Corporation CEO written concurrence is required when (1) a contract amendment causes the total value of a contract to exceed \$150 million, or (2) where the original contract value already exceeded \$150 million, if the value of the contract amendment itself exceeds \$150 million.

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**The *Materials and Services Procurement Policy*, effective 01/01/2007 as amended 00/00/09**

This policy specifies the

- Overall responsibility for procurement of materials and services
  - Establishes procurement standards
  - General procurement principles
- Roles and responsibilities in the procurement process
  - Business department(s)
  - Supply Chain/ Sourcing department(s)
  - Law Department
- Limited business department right to procure – enter into certain Service contracts under \$100K
- Materials leasing, and
- Supplier diversity program.



The RTP Procurement Manual provides specific guidance in each of the above areas to implement the *Materials and Services Procurement Policy*. The *Procurement Policy* is on the UO Policy website at <http://pgeatwork/Guidance>

**Policy-Based Responsibilities for Procurement**

Procurement activities are performed by Strategic Buyers in the Sourcing Department(s) and to a limited extent by employees in an Operational Buyer role in the Business Departments.

**The Supply Chain/ Sourcing Department (s)**

In general, the Sourcing Department(s) procure materials and services for the Company, as specified in the *Contract Approval and Signing Policy* and the *Materials and Services Procurement Policy*.



**See the “Limited Business Department Right to Procure section for specific exceptions.**

Sourcing Department procurement activities include:

- Perform sourcing and bidding to select the preferred supplier
- Ensure that diverse suppliers are provided with an equal opportunity to participate in contracting and sub-contracting opportunities
- Negotiate contracts and agreements
- Prepare contract documents and manage review process as required
- Manage the approval and signature processes
- Sign contracts, as authorized, only after Contract Award Approval by the requesting business department
- Support the business department in the management of the supplier relationship
- Administer the contract and manage the contractor, including management of payment mechanisms.

**Sourcing departments negotiate, prepare and sign all Blanket Agreements / Master Service Agreements.**

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**Sourcing departments collaborate with Business Departments in developing, negotiating, and preparing all contracts for Materials and all Services when the expected total contract value is over \$100,000. Sourcing teams negotiate Strategically Sourced Agreements to save the Company money, increase supplier diversity, ensure quality, and to promote long-term stability for supply of materials and services.**

**Business Departments outside of Sourcing**

Business Departments outside of the Supply Chain/ Sourcing departments are primarily responsible for the following broad categories of procurement activities:

- Identifying the need to obtain materials and/or services from contractors, consultants and/or suppliers, outside of PG&E
- Approving expenditure of funds such as project authorizations, Job Estimates, Shopping Carts and Purchase Orders
- Defining the contract work scope, determining the materials and services specifications (including performance criteria, when appropriate) and any special supplier qualifications
- Requisitioning needed materials via SAP, and approving SAP requisitions and SRM Shopping Carts
- Contacting the appropriate Sourcing department for supplier selection, bidding and preparation of contract documents
- Conferring Contract Award Approval
- Inspecting and accepting materials and services provided by suppliers (Goods Receipt)
- Managing contractors and suppliers to ensure they meet the specifications of the contract and quality standards of the Company
- Receiving, reviewing, posting and paying invoices.

Any Business Department Director choosing to perform procurement of Services under \$100K is responsible for conforming to the following procurement procedures:

- Ensure Operational Buyers or other employees engaged in procuring services are knowledgeable of, and comply with all applicable company policies and procedures, and document their activities appropriately to demonstrate compliance.
- For contractor work that is subject to PG&E-specific environmental permits or programs, Operational Buyers or Contract Administrators provide the contractor with such permit or program requirements, including the possibility of related training
- Develop appropriate inter-departmental partnerships prior to contract signature and implementation; e.g., Law, Environmental Services, Insurance, Treasury and Internal Auditing.
- Conduct procurement activities in a manner that assures an equal opportunity for diverse suppliers (WMDVBE Suppliers).
- Ensure a timely response to all contractors or suppliers who express interest or concerns about the procurement process.
- Administer and monitor all contracts under his or her responsibility for compliance with the contract requirements and internal PG&E requirements.

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### Limited Business Department Right to Procure

Business Department individuals may **not** source or sign a contract to obtain the following without Sourcing Department support:

- Materials
- Services that replicate Strategically Sourced Agreements
- Information technology materials and services
- Services involving unusual risk or a hazardous activity must be obtained through the Sourcing Department to ensure that they are in accordance with Utility Standard Practice 20.

Business Departments may conduct both Contract Award Approval and contract Signing Authority activities for certain Services when the total expected contract value does not exceed \$100,000; provided such activities are in accordance with standards issued by the most senior officer in charge of supply chain, sourcing and procurement and the *Contract Approval and Signing Policy*.

Business Departments may award and sign certain Services contracts within the following limits:

PL2 Managers: Up to and including \$100,000

PL1 Approvers: Up to and including \$50,000



**Contract Award Approval and Signing Authority cannot be sub-delegated. All designated Substitute Approvers must be at an equal or higher level of authority.**

### GENERAL LIMITS ON AUTHORIZATION TO PROCURE

Category	Limit
Certain Service Contracts, including any construction, maintenance, repair, professional or technical Service contracts	\$100,000
IT & Telecom Services Contracts	not authorized
Materials (outside of ordering from Catalog)	not authorized

### Limits on Procuring IT Materials & Services

**Procurement of all IT and Telecom materials and services is not authorized for Business Departments.**

Procurement activities for computer hardware, software, technology consulting and programming services, including hosting and application service agreements, must be performed by Supply Chain/ Sourcing departments.

Any request for project-specific IT related materials or services requires approval by IT Governance before the Sourcing Department can process the Requisition or Shopping Cart.

To initiate the IT Governance approval process, fill out the IT Work Request (ITWR) and submit it at <http://wss/ocio/sites/itgpm/default.aspx>.

The Information Systems Technology Services Department (ISTS) establishes the IT standards for the Company. Refer to the ISTS Planning Product Guide for material codes for standard company equipment and software <http://www.ists/ITIS/CS/ProductGuide/>. Additional ISTS Desktop Guidelines can also be found at [http://www.ists\\_it\\_programs/desktopdeployment.htm](http://www.ists_it_programs/desktopdeployment.htm)

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Strategic Buyers work closely with the ISTS technical staff to ensure only supported products and applications are purchased for use at PG&E.



**The Sourcing Department(s) have set up many IT products on Catalogs (self-service eProcurement system) for ease of requisitioning.**

**Software may NOT be purchased using the C-Card or corporate credit card.** These cards do not provide PG&E with the necessary legal protection. PG&E's standard Purchase Order, issued by the Sourcing Department, include terms and conditions with the necessary legal protections.

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## 2. ISSUING CONTRACTS IN EMERGENCIES

### Issuing Contracts in Emergencies – Business Department

Examples of emergency conditions include imminent loss of life or property, unplanned situations such as a fire or flood causing a major disruption to core business functions or a situation that could result in a Notice of Violation (NOV) requiring immediate action.



**Scheduling and/or cost constraints alone are NOT emergencies.**

Business Department Directors -- acting to meet emergencies -- may authorize contracts or Purchase Orders that would normally require bidding or involvement by a Sourcing department Strategic Buyer. In an emergency situation, the following procedure should be followed:

- Obtain verbal bids, if possible, before authorizing the work and then obtain written confirmation of the bid or price quote before preparing the contract
- Document the emergency with a brief description of the work under the contract and the reason for the selection of the contractor on the Direct Award Documentation form. Keep the documentation in the contract file.
- Inform the Director of the appropriate Sourcing Department the next business day, attaching the Direct Award Documentation to the email notification..
- As soon as possible after the emergency, work with the appropriate Sourcing Department to prepare and route the contract and Purchase Order through the Contract Award Approval and Signing processes. In the case of emergencies, Sourcing Department signature can be obtained but is not mandatory.



See Utility Standard Practice 20, *Contracting Requirements and Procedures*, for contracts that require Sourcing Department and Law Department involvement as well as emergency exceptions to Law Department review. <http://pgeatwork/Guidance>

In general, the USP 20 Section 3.1 Emergency exceptions to Law Department approval for a contract that out side an emergency would require Law Department review state :

- Only an officer or director can request an emergency contract when a genuine emergency exists and the work cannot be delayed ;
- The duration of the emergency contract should be as short as possible, generally less than 30 days
- When the exception is used, the officer or director must work with Supply Chain / Sourcing to create the appropriate contract documents and obtain Law Department and Insurance review as soon as possible.

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## USP 20 Procurement Restrictions

Utility Standard Practice (USP) 20, *Contracting Requirements and Procedures*, Section 4 titled “Law Department Review and Approval Required” defines the contracts and transactions that require Law Department review.

In accordance with the *Materials and Services Procurement Policy*, Business Departments must work with the appropriate Sourcing department to develop, negotiate and prepare contracts, and to ensure that the contract has been reviewed by the Law Department, as required.

Always check with the appropriate Sourcing department to determine if a Blanket Agreement/ Master Service Agreement has been prepared and approved by the Law Department for the type of needed service or material. If so, a Contract Work Authorization or Materials Purchase Order is the required contract document.



**Any negotiation that changes or waives General Conditions in the Approved Form Contract, regardless of dollar amount, must be approved by the Law Department.** For example, it is recommended that contracts with sole proprietors involve the Sourcing and Law Departments because negotiations often involve requests to waive insurance requirements or other important terms contained in the General Conditions.

## Examples of Services and Contracts that may require Law Department Review



This is a partial list, for more information refer to USP 20 at <http://pgeatwork/Guidance>

- Contracts with a single individual or a company with only one employee (sole proprietor)
- Medical services
- Aircraft/airport related services ( includes helicopter and fixed-wing aircraft services)
- Staff augmentation
- Travel services
- Explosives or demolition work
- Cleanup, disposal, testing and transportation of nuclear or hazardous materials and waste
- Pollution/ environmental impact work
- Drilling (including oil and gas), soil boring and core sampling
- Transportation, storage of oil and or gas
- Transportation, storage of high-value equipment
- Installation or sale of gas/electric appliances to PG&E customers
- Tree trimming and vegetation control
- Marine services including underwater diving, watercraft, inspection and repairs
- Work performed underground, such as tunneling
- Security guards and patrol services
- Any transaction involving PG&E Corporation, an affiliate or subsidiary of Pacific Gas and Electric Company

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## **Limited Law Department Review Exception: Pre-approved Contract Work Authorizations (CWAs) Templates**

The Law Department and Sourcing Department have created Blanket Agreements / Master Service Agreements that streamline the contracting and approval of CWAs for certain services or recurring low risk services used frequently by the Business Departments.

### **Catalog CWA Templates for Low Risk, Coded Services**

For coded, low risk services (also referred to as recurring services) each Catalog CWA Template is unique to the Supplier and Service in the Internal Services Catalog. The Internal Service Catalog link provides access to the easy to complete CWA Template, pricing sheets and other tools to aid “self service procurement.”

As long as the Blanket Agreements, approved by the Law Department, have not expired, specified Business Department employees may fill out these “Catalog CWA Templates” and attach them to Shopping Carts for approval and expedited procurement.

Sourcing will, on a case-by-case basis, create “approved form CWA contracts” for services used frequently by a Business Department. For projects using an “approved form CWA Contract,” the information below applies in all cases.

- The approved form CWA Template must be under a properly executed and effective Blanket Agreement that has not expired.
- A pre-approved CWA Template that references the Blanket Agreement and includes a full scope description, except the specific information for a particular transaction.
- The CWA must not any contain service or work that is not covered in the Blanket Agreement, or any waivers of the Blanket Agreement terms and conditions.

**For Catalog CWAs over \$100,000, the Sourcing Department can complete and sign the Approved Form CWA Contract, without Law Department review.**

**For CWAs under \$100,000, Business Departments may complete and sign the CWA Approved Form CWA Contract without Sourcing Department support or Law Department review.**



**Catalog CWAs written against Blanket Agreements will be tracked, and periodic audits completed to ensure the approved form CWA contracts are being used as intended.**

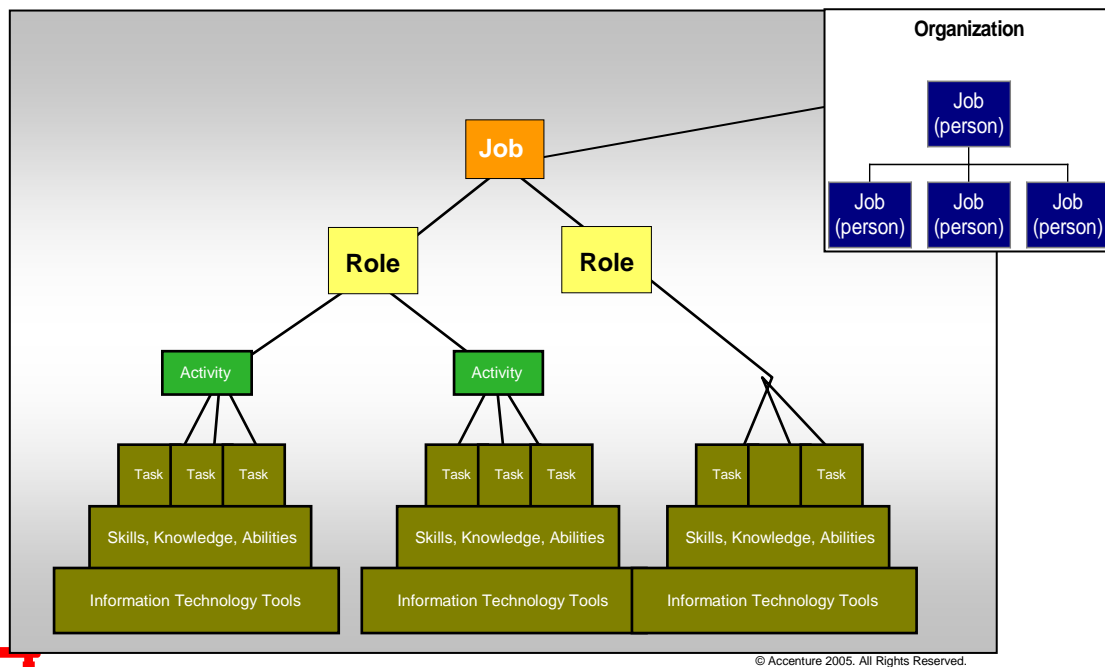
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### 3. ROLES AND JOBS

**A Job is a culmination of various Roles and embodies the full range of responsibilities a person may have assigned to them.**

- The Procedures outlined in the Manual are a collection of activities that must be completed to finish that portion of the Requisition to Pay Process.
- These activities are the responsibility of specific Roles.

**The tables below identify which Roles are expected to complete a specific process, procedure, or key activity.**



**The following tables link the Roles to the Procedures or Activities assigned to that Role.**

Please note, however, that this list is not conclusive and there are activities expected of each Job that are not listed in the RTP Procedure Manual. Roles are categorized as:

- **On-line Roles – SRM Roles (SAP R/3 Roles)** related to technology-driven activities
- **Off-Line Roles** –non-technology driven Roles related to a set of tasks in the procurement process



More detailed definitions are included in the online [Glossary](#)



Prior to beginning work in SRM, take the steps necessary to ensure your position is set up correctly in SAP HR and SAP User Access (SUA) systems. Review the following Job aids to determine which role you need, how to contact your role manager, and what training is recommended for your role. (The [Job Aid Index](#) provides links to all Job Aids.)

JA\_ 819 Supply Chain SRM Role Guide

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JA\_348 Obtain and Manage Your Supply Chain SAP SRM Roles  
 JA\_545 SRM Role Assignment – Training Requirements

<b>On-Line Roles – PG&amp;E</b>	<b>Description</b>	<b>RTP Procedures</b>
<p><b>Requisitioner</b></p> <p align="center"><b>(SAP R/3)</b></p> <p><b>SRM Requisitioner</b></p> <p align="center"><b>(SRM Role)</b></p> <p><b>Inventory Requisitioner</b></p> <p align="center"><b>(SRM Role)</b></p>	<p>Requisitioners initiate requests for materials or services.</p> <p>The Shopping Cart in SRM is equivalent to a requisition transaction in SAP R/3. Energy Delivery PM Orders, generated in R/3, create Preq's which are either processed in R/3 or lifted to the SRM Sourcing Cockpit.</p> <p>The <b>SRM Requisitioner</b> creates a Shopping Cart to request Materials or Services for the organization supported by the Requisitioner. Certain Requisitioners may be given rights to create Shopping Carts for other relevant departments/cost centers. SRM Requisitioners also have Goods Receipt rights, which limit their ability to take on other financially impacting roles.</p> <p>The Inventory Requisitioner (Direct to Inventory) role is assigned to a limited number of employees who create Shopping Carts in SRM primarily for direct to inventory coded materials such as poles and concrete enclosures.</p>	<ul style="list-style-type: none"> <li>• Determine Procurement Need and Method</li>   <li>• Create Shopping Cart</li>   <li>• Replenishment Order for Distribution Center or Remote Location</li> </ul>
<p><b>SRM Shopping Cart Creator</b></p> <p align="center"><b>(SRM Role)</b></p>	<p>The <b>SRM Shopping Cart Creator</b> can create shopping cart requests and order from catalogs in SRM, but does not have the ability to create SRM confirmations for goods/services. This role may be assigned to those who have a role that conflicts with the SRM Requisitioner role.</p>	

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<p><b>Business Approver</b></p> <p><b>(SRM Role)</b></p> <p><b>(SAP R/3 Role)</b></p>	<p>The R/3 and SRM Business Approver is authorized to approve or reject a SAP requisition, a SRM Shopping Cart (approval to expend funds only) based on the cost center to which the line items are assigned.</p> <p>Business Approvers are authorized to confer written or electronic Contract Award Approval, at designated approval thresholds, for contracts and associated Purchase Orders at the total contract value. The Business Approver's designated dollar approval threshold is based on PG&amp;E policy and their organizational position.</p>	<ul style="list-style-type: none"> <li>• Approve Requisitions/ Shopping Carts</li> <li>• Confer Contract Award Approval for SRM Contracts and Services Purchase Orders</li> <li>• Approve or reject Shopping Cars line item(s)</li> </ul>
<p><b>Purchasing Group</b></p> <p><b>(SRM Role)</b></p>	<p>A Purchasing Group is an individual responsible for the procurement of materials and/or services. Each person with a Buyer role is assigned a Purchasing Group.</p>	<ul style="list-style-type: none"> <li>• Create Bids, SRM Contracts, R/3 Outline Agreements and Purchase Orders</li> </ul>
<p><b>Purchasing Group – Gatekeeper</b></p> <p><b>(SRM Role)</b></p>	<p>The Purchasing Group Gatekeeper (either a Sourcing Department Supervisor (below \$250K) or Portfolio Manager (above \$250K) assigns work to Buyers according to the Shopping Cart's total dollar amount.</p> <p>The Purchasing Group - Buyer is responsible for creating, monitoring, and outputting Purchase Orders in SAP SRM. Purchasing Group – Gatekeepers also have Buyer rights.</p> <p>The Purchasing Group Gatekeeper:  Reassigns Shopping Carts in the Sourcing Cockpit to a designated Purchasing Group Buyer (Strategic or Operational Buyer)  Receives Shopping Carts and external requirements without a recommended or unique source of supply and assigns them to the appropriate Purchasing Group - Buyer.</p>	<ul style="list-style-type: none"> <li>• Assigns work to Purchasing Group – Buyers</li> <li>• Review and negotiate source of supply with Requesting Organization</li> <li>• Materials requirements supported by a Global Outline Agreement in R/3 and a unique source of supply are automatically generated in R/3 (auto PO).</li> <li>• Catalog items supported by a SRM Contract or R/3 Outline Agreement with an approved source of supply are automatically generated in SAP SRM.</li> </ul>

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<p><b>Strategic Buyer</b>  <b>(Purchasing Group - Buyer)</b></p> <p style="text-align: center;"><b>(SRM Role)</b></p>	<p>The Strategic Buyer has access to the full functionality of SAP SRM.</p> <p>Receives Shopping Cart requests assigned to them by the Gatekeeper, including Shopping Carts that need to be sourced (i.e. identify and qualify suppliers when there is not an approved source of supply).</p> <p>Full abilities in the Sourcing Cockpit to create electronic bids, SRM Contracts and R/3 Outline Agreements for Master Service Agreements and Blanket Agreements and Purchase Orders, with attached contract documents, of any dollar amount.</p> <p>Duties may also include the role or function of a Contract Administrator.</p>	<p>Performs procurement functions by creating:</p> <ul style="list-style-type: none"> <li>• Request for Proposal/Bid,</li> <li>• SRM Contract or R/3 Global Outline Agreement for Materials,</li> <li>• Purchase Order for Materials,</li> <li>• Services Purchase Order with attached contract document, either a Contract Work Authorization (CWA) or Long or Short Form Contract for Project Specific Services.</li> <li>• Can also provide the function and/or role of Contract Administrator.</li> </ul>
<p><b>Operational Buyer</b>  <b>(SRM Role)</b></p>	<p>An individual with the Operational (Line of Business) Buyer role resides in a Business Department and is responsible for assigning a source of supply for <b>certain Services</b> requirements transferred to the Sourcing Cockpit from SAP R/3 or from a Shopping Cart that is under \$100,000.</p> <p>The Operational Buyer creates bids and Purchase Orders in SAP SRM for Service items under \$100k. The Operational Buyer also processes Change Orders to Catalog Contract Work Authorizations created by Requisitioners in their Business Department.</p> <p>Duties may also include the role or function of a Contract Administrator.</p> <p><b>An Operational Buyer does not have the ability to create Outline Agreements or SAP SRM Contracts.</b> If a Master Service Agreement or Blanket Agreement is required for their Business Department, the Operational Buyer creates a Describe Requirements Shopping Cart, requesting the creation of the Agreement and associated SRM Contract by a Strategic Buyer. Once the SRM Contract or Outline Agreement is created, the Operational Buyer can prepare Contract Work Authorizations to “buy from” that Contract.</p>	<ul style="list-style-type: none"> <li>• Create Purchase Orders</li> <li>• Change Purchase Orders they have created</li> <li>• Can also provide the function and/or role of Contract Administrator.</li> </ul>

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<p><b>Job Site Clerk</b>  (WRM)  (SRM Role)</p>	<p>The Work and Resource Management (WRM) Job Site Clerk is responsible for requisitioning and sourcing designated construction-related services (SAP R/3 requisition transferred to the SAP SRM Sourcing Cockpit).</p> <p>The Job Site Clerk assigns an existing contract as a source of supply or a fixed vendor (supplier) to a requirement and clicks the 'Create Purchase Order' Button in the Sourcing Cockpit.</p> <p><b>Note:</b> This role does NOT have rights to create Purchase Orders outside the designated Product Categories, create a SRM Contract or a Bid Invitation.</p>	<ul style="list-style-type: none"> <li>• Order specified construction-related services ("A" coded services) lifted from a PM Order and sourced from a Blanket Agreement via limited functionality in Sourcing Cockpit</li> </ul>
<p><b>Approver –Special</b>  (SRM Role)</p>	<p>The Special Approver is authorized to approve or reject Shopping Carts and/or Purchase Orders related to a Product Category. This is a specialized role that allows the person to act on behalf of a group or organization to approve/reject items in their Product Category for asset management or compliance purposes before approval for the expenditure of funds by the Business Department/ Business Approver.</p> <p>For example, based on the product category (material group) for a specific line item, an IT Special Approver will check the item or product against a PG&amp;E asset inventory – the purchase request will be rejected if the item can be provided from existing inventory.</p>	<ul style="list-style-type: none"> <li>• Check purchase request against inventory (accept or reject Shopping Cart)</li> <li>• A Legal review may be required of certain contract documents attached to a Purchase Order prior to Contract Award Approval</li> </ul>
<p><b>Approver – Substitute</b>  (SRM Role)</p>	<p>In SRM, a Substitute Approver is an Approver at the same or higher approval threshold that can be assigned to perform another Approver's tasks. For example, a vacation-relief assignment to keep the approval process from being delayed. A Substitute Approver can be set as either an Active or Passive Substitute.</p>	<ul style="list-style-type: none"> <li>• Requisition</li> <li>• Approval to Expend Funds</li> <li>• Contract Award Approval</li> </ul>
<p><b>Approver – Ad Hoc</b>  (SRM Role)</p>	<p>An Ad Hoc Approver is an Approver that has been manually selected and added to the workflow approval chain for a Shopping Cart or Contract Award Approval.</p>	<ul style="list-style-type: none"> <li>• Requisition</li> <li>• Approval to Expend Funds</li> <li>• Contract Award Approval</li> </ul>

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<p><b>Reviewer</b>  (SRM Role)</p>	<p>A Reviewer can be manually added to the workflow approval chain for a Shopping Cart or for Contract Award Approval.  Unlike a Substitute Business Approver or Ad Hoc Approver, the Reviewer cannot approve or reject the Shopping Cart, but can add comments or additional Ad Hoc Approvers.</p>	<ul style="list-style-type: none"> <li>• Requisition</li> <li>• Approval to Expend Funds</li> <li>• Contract Award Approval</li> </ul>
<p><b>Goods Receiver</b>  (SRM Role)</p>	<p>The Goods Receiver is responsible for receiving goods on behalf of a given Requisitioner or a Department/s (Central Goods Receiver) and posting a Goods Receipt/confirmation in SAP SRM. SAP then generates a follow-on posting in the SAP R/3 backend.  <b>Note:</b> Most Requisitioners, those without a conflicting role, also have the capability to create a Goods Receipt. Goods Receipts are <b>not</b> required for catalog items.</p>	<ul style="list-style-type: none"> <li>• Receive – post Goods Receipt</li> </ul>

On-Line Roles – Supplier	Description	RTP Procedures
<p><b>Vendor – Service Entry or Service Confirmation</b>  (SRM Role)</p>	<p>The Vendor – Service Entry role allows a designated Supplier (Vendor) to log into the PG&amp;E Portal and the SRM system to create a Service Entry Sheet or Goods Receipt confirmation, for services performed or materials (goods) delivered.  A PG&amp;E Approver reviews and approves all Vendor–Service Entry confirmations.</p>	<ul style="list-style-type: none"> <li>• Receive – post Goods Receipt</li> </ul>
<p><b>Bidder or Business Partner</b>  (SRM Role)</p>	<p>The Bidder is any Supplier (Business Partner) individual or entity that bids on work, usually in response to a PG&amp;E Request for Proposal (RFP).  In SRM, a Bidder is a contractor/supplier authorized to respond to bids in the SRM system. All Bidders, whether prospective PG&amp;E suppliers or existing PG&amp;E suppliers must be assigned a SAP Vendor Number prior to entering the PG&amp;E Supplier Portal.</p>	<ul style="list-style-type: none"> <li>• SRM Bidding Engine</li> </ul>

System Roles	Description	RTP Procedures
<p><b>BW Reporting</b>  (SRM Role)</p>	<p>The Business Warehouse (BW) Reporting role has access to a selection of BW Purchasing Reports.</p>	<ul style="list-style-type: none"> <li>• Manage Systems</li> </ul>

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<b>Catalog Content Manager (CCM)</b> (SRM Role)	The Catalog Content Manager is SAP's catalog management application for internal catalogs, including catalog search capabilities within SRM.	<ul style="list-style-type: none"> <li>• Manage Catalogs</li> </ul>
<b>SRM Workflow Administrator</b> (SRM Role)	The SRM Workflow Administrator is responsible for maintaining the functional and business aspects of the workflow system, including reassigning work items to appropriate approvers, and pushing work items that are in error.	<ul style="list-style-type: none"> <li>• Manage Systems</li> </ul>
<b>SRM Organizational Structure / Functional Administrator</b>	This person(s) is responsible for maintaining users and Departments in the SAP Organizational Structure.	<ul style="list-style-type: none"> <li>• Manage Production Support</li> </ul>

**Note: Grayed out Roles are developed in SRM, but not implemented as of 12/31/2008**

**The Sourcing Department Portfolio Team**

This team consists of the Portfolio Manager, Category Leads, a Business Analyst, and Supplier Diversity Consultant, as well as a number of Strategic Buyers working on sourcing events and contracts within the Portfolio. In managing on-going supplier relationships, the Portfolio Team works closely with the Business Department Supplier Relationship Managers and Contract Administrators.

<b>Off-Line Roles</b>	<b>Description</b>
<b>Sourcing Department Portfolio Manager</b>	<p>The Portfolio Manager plays a critical Account Management role in the Sourcing Department and communicates with the Business Departments on a regular basis. The Portfolio Manager "owns" the Portfolio and all the contractual relationships, and participates in Business Department Initiatives.</p> <p>The Portfolio Manager is also responsible for the following activities:</p> <ul style="list-style-type: none"> <li>• Develop and Approve Portfolio Plan, Category Strategies, and individual Contract Strategy</li> <li>• Develop sourcing strategy and oversees major sourcing events. Collaboratively works with Business Department to agree on strategies and the source of supply for contract opportunities.</li> <li>• Performs "Gatekeeper" role for contracts over \$250K, recommending the sourcing strategy or source of supply and assigning to appropriate Procurement Specialist.</li> <li>• Leads major Negotiations - coaches Category Leads and Procurement Specialists through negotiators</li> <li>• Implement Agreements</li> <li>• Be responsible for Category Metric Reports</li> </ul>
<b>Sourcing Department Category Lead</b>	<p>The Category Lead plays a central role in the Portfolio Team in assessing category opportunities and in managing the Supplier Relationship Management program, building involvement with the Business Department Supplier Relationship Managers.</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> <li>• Develop Category Strategies</li> </ul>

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	<ul style="list-style-type: none"> <li>• Continually assess the market - testing pricing against market conditions and justifying the value of strategic supplier relationships</li> <li>• Manage category metrics - conduct spend analysis for benefits / develop algorithm/rules and measure adherence to sourced contracts.</li> <li>• Leads sourcing events, manages the development of major RFI/RFP, including approval of Bid Criteria and leads or participates in negotiations with suppliers</li> <li>• Define supplier metrics / performance measures and manage scorecards</li> <li>• Meet with suppliers to collaboratively address issues and develop continuous improvement plans</li> <li>• Coach Procurement Specialists and Business Departments in Implementing Agreements</li> </ul>
<p><b>Sourcing Department</b>   <b>Strategic Buyer or Procurement Specialist</b></p>	<p>The Sourcing Department Procurement Specialist conducts and coordinates the procurement process with responsibilities for sourcing, conducting the bid process, negotiation, awarding the contract, and debriefing unsuccessful bidders. Specifically, these responsibilities include:</p> <ul style="list-style-type: none"> <li>• Preparing and issuing contract documents.</li> <li>• Being responsible for the quality and content of the Request For Proposal (RFP) to ensure fair supplier treatment and protect PG&amp;E's interests.</li> <li>• Being responsible for administering System Blanket and Master Service Agreements</li> </ul> <p>Procurement Specialists are available to support Business Departments with procurement activities for their service contracts under \$100,000.</p>
<p><b>Supply Chain</b>   <b>Supplier Diversity Consultant</b></p>	<p>This role receives and tracks reports on supplier diversity and works directly with Procurement Specialists to source diverse suppliers for contract opportunities and to ensure ongoing subcontracting with diverse suppliers as stipulated in the contract (tier 2 reporting).</p> <p>Responsibilities include verification and re-verification of diverse suppliers with the CPUC, and reporting PG&amp;E's diverse supplier spend, including sub-contracting spend, annually to the CPUC and U.S. General Services Administration.</p>

**Requester Organization or Business Department:** Per the *Materials and Services Procurement Policy*, Business Department Operational Buyers may prepare certain Service contracts when the total contract value is not expected to exceed **\$100,000**.

Business Departments may procure their own Services or may have a Sourcing department handle the procurement process. Any Business Department Director choosing to perform procurement of services is responsible for conforming to the procurement controls outlined under the *Materials and Services Procurement Policy*.

When requesting the procurement of materials or services from the appropriate Sourcing Department, Business Department Directors are responsible for ensuring valid, accurate requirements are communicated by their Department to the appropriate Sourcing department.

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Responsibilities of Requestor Organizations are covered in 1. REQUISITION but key roles are described below:

Off-Line Roles	Description
<b>Requestor Organization</b>  <b>Contract Administrator</b>	<p>A Contract Administrator is the Business Department person who manages the contract. These responsibilities include:</p> <ul style="list-style-type: none"> <li>• Complying with all applicable company policies and procedures relative to procuring materials and services</li> <li>• Planning and developing specifications and providing contract interpretation</li> <li>• Working with contractors/suppliers to resolve issues or contract questions</li> <li>• Administering contracts: This role monitors the contractor's spend and subcontracting plan as well insurance coverage status. Other responsibilities include getting advice from the Law Department during claims or disputes, working with Internal Auditing on contract audits, and managing invoice payments to ensue early payment discounts for PG&amp;E.</li> </ul>
<b>Requestor Organization</b>  <b>Work Supervisor</b>  <b>(Person who manages the Contractor - Project Manager or Inspector are common titles)</b>	<p>The Work Supervisor is the PG&amp;E representative that oversees the work performed by the supplier, ensures that it is completed as agreed to in the contract, and reports contract completion.</p> <p>Other responsibilities include monitoring Contract Change Orders in relation to work scope changes, acting as inspector without directly supervising contract work, ensuring that the work meets contract requirements and that the contractor complies with required permits or programs.</p> <p>An essential part of the Work Supervisor role is documenting progress relative to contract performance measures and communicating with the contractor and Contract Administrator on work status/issues.</p> <p>(A Work Supervisor may also be the Contract Administrator.)</p>
<b>Requestor Organization</b>  <b>Invoice Approver</b>	<p>The Invoice Approver authorizes invoice payment for contracts. This person may be the Business Department Director or may be a person to whom the Director has delegated this authority such as the Contract Administrator or Work Supervisor, according to dollar limits.</p>
<b>Business Department</b>  <b>Supplier Relationship Manager</b>	<p>This is a Business Department role that owns the supplier relationship with PG&amp;E's Tier 1 (mission –critical suppliers). Supplier Relationship Managers work closely with Sourcing Portfolio Managers and Category Leads in measuring supplier performance, creating performance improvement plans, resolving supplier issues and managing continuous improvement initiatives.</p>
<b>Supplier or Contractor</b>  <b>Vendor in SAP</b>  <b>Business Partner in SRM</b>	<p>A firm or individual with a distinct, separate business identity from PG&amp;E, under Contract to provide materials or equipment to PG&amp;E. Also referred to a Contractor, Vendor (in SAP), Business Partner (in SRM), consultant, contractor or successful Bidder.</p> <p>In the Glossary see also, Business Partner (SRM) and Contractor.</p>

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Supporting Departments	Description
<b>Affiliate Rules Compliance (ARC)</b>	<p>Employees must comply with the Affiliate Rules Compliance (ARC) requirements. The ARC Affiliate Company Transaction Procedures Joint Purchases Guidelines lists examples of materials and services that may, or may not, be purchased jointly by the Utility and one or more affiliates. This list must be consulting prior to starting any work with or for an affiliate to ensure that work is permissible under the guidelines. See the Guidelines at: <a href="http://www/ARC/Affiliate.htm">http://www/ARC/Affiliate.htm</a></p>
<b>Environmental Services (ES)</b>	<p>The Environmental Services (ES) group provides routine environmental compliance support for all Business Departments in the utility.</p> <p>ES can help Directors, Procurement Specialists, Contract Administrators, Work Supervisors and the responsible Business Departments identify environmental permit and program requirements before the contractor or supplier begins work. ES Procedure 002 – Environmental Screening and Best Management Practices.</p> <p>Information on PG&amp;E-specific environmental requirements can be found at <a href="http://uo/ssos/env/">http://uo/ssos/env/</a></p>
<b>Internal Auditing (IA)</b>	<p>Internal Auditing can help Directors, Procurement Specialists, and Contract Administrators identify risks and develop cost effective controls before the contractor or supplier begins work.</p> <p>During the bid evaluation process, IA can assist with verifying components of the proposed billing rates that are based on representations, calculations, or information requiring an examination of the contractor/supplier's books, records, or operations. See <a href="#">Internal Auditing</a>.</p> <p>IA can help with contracting by identifying risks and developing cost-effective controls. IA offers a wide variety of review services throughout the contract process, such as:</p> <ul style="list-style-type: none"> <li>• Review of Request For Proposal (RFP) specifications and proposed contract pricing structure</li> <li>• Analysis of bid documents (price schedules, financial statements, direct labor breakdown sheets, etc.)</li> <li>• Verification of proposed contractor rates and costs</li> <li>• Evaluation of contractor's cost reporting and invoice preparation process</li> <li>• Evaluation of proposed change orders for rate and price increases</li> <li>• Assistance in resolving billing disputes and contract interpretation issues with contractors/suppliers</li> <li>• Verification of actual versus forecasted contractor/supplier costs</li> </ul>
<b>Law Department</b>	<p>The Law Department must review and approve certain specifications, Purchase Orders, Requests for Proposals (RFP), Contracts, Contract Work Authorizations (CWA), and Change Orders as required by Utility</p>

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	<p>Standard Practice (USP) 20, <i>Contracting Requirements and Procedures</i>.</p> <p>The Law Department must review and approve certain contract documents, as well as supplier-requested exceptions to PG&amp;E's standard contract General Conditions.</p>
<b>Insurance Department</b>	<p>The Insurance Department defines reviews and approves insurance requirements for different types of contracts, and must approve changes or exceptions to certain supplier-requested exceptions to contract General Condition insurance requirements.</p>
<b>Safety, Health &amp; Claims</b>	<p>PG&amp;E is committed to protecting the safety and health of employees, customers, and the public, as well as the environment. One of the critical ways to accomplish this commitment is the careful selection, use, and disposal of material and equipment necessary to operate the business.</p> <p>Specific safety, environmental, and health responsibilities are identified in the Contractor Site Safety, Environmental, and Health Checklist (Form 61-0416) and in procedures throughout this manual. All organizations within the company must be knowledgeable of and follow these requirements.</p> <p>Representatives of Safety, Environmental, Health and Claims are available to assist with specifications and requirements for procured materials.</p>
<b>Treasury or Finance</b>	<p>The Treasury organization manages all financing activities, ensures efficient access to financial markets, protects the Company's credit, and oversees interactions with financial institutions. As such, the Treasury Department is a full partner with the Sourcing Department in the procurement of any services from financial consulting, commercial banking, and investment banking firms.</p> <p>The Treasury Department must be involved early in the sourcing process and must approve procurement of any financial services where the counterparty is a bank or financial institution.</p> <p>These services may include leasing, treasury risk management, cash management, payment processing, and other services. Always coordinate with the Finance Department if you plan to enter into any agreements with financial service providers.</p> <p>The Finance Policy is available on the Policy Website at <a href="http://pgeatwork/Guidance">http://pgeatwork/Guidance</a></p>

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**DOCUMENT REVIEW HISTORY**

This document is stored on the PG&E Program SharePoint site. Amendments are to be provided to the SharePoint administrator.

As modifications require it, please save this document's latest version with the same name (**0\_Introduction\_CURRENT.doc**) at the above location. Also, save a review version in the "Review Copies" folder for this Chapter following this naming convention:

**0\_Introduction\_REVIEW\_V1\_YourInitials\_ReviewDate noted as *ddmmyy*\_CURRENT.doc**

**Deliverable Information Sheet**

**Deliverable Name:** Requisition To Pay Procurement Manual Review Documents

**Dates:** Please sign and note the date of revisions. Save 0\_(your initials) and date 071209. Comments incorporated will include a new name and incorporate revisions

**Purpose:** This chapter of the RTP Manual is meant to be reviewed for comments and changes. This document will serve as a record of the review, revisions, and comments.

**The Review History for this document:**

Version Number	Date Reviewed	Date Revision Incorporated	Section Commented on	Summary of Review comments
1	08/22/07	09/05/07	All	CAH – Formatting and links on all sections
2	10/12/07	10/12/07	All	JAO – October Policy Update
3	12/19/07	01/07/08	Roles/All	JAO – Update to Finance Dept and Edit of All
4	06/08/09	06/09/09	Policy Update	JAO – April update for revised Policies and Role definitions / June Fran Chang update on amendment interpretation/ Corp and Utility interactions
5			Emergency Update	TBD: Add new Incident Command Center processes and special delegations
6	07/16/09	07/16/09	All	Updated links in the document. Added link to Job Aid Index.
7	11/18/09	11/18/09	Roles	AAT7- Update to Strat Ops buyer and Ops Buyer
8	7/27/11	7/27/11	Preface	TAG4 - Added "Changes to this Manual" in Preface

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Exhibit 10

Information Technology Change Management Process Manual

- Tech Library Home
- Site Map
- Document Search
- Acceptance Test
- Agreements
- Author Tools
- Emergency Plans
- Forms
- Guidelines
- Information Bulletins
- Manuals
- PCM
- Plans & Strategies
- Policies
- Presentations
- Procedures
- Process Manuals
- Standards
- Configuration Manual



## Process Manual—Change Management

Number	Title	Released/Last Date Reviewed	Associated Documents
PM0004	Mainframe DB2 Change Management PM	05/18/06	
PM0006	UNIX Change Management PM Ver 1.5	08/28/06	
PM0007	Externally Facing Shared Web Environment Change Management PM	09/19/06	
PM0008	Active Directory Change Management PM	04/1/09	
PM0010	Windows Server Change Management PM	04/1/09	
PM0036	IT Electric SCADA T&D Change Management	03/30/09	
PM0040	Change Management work Infrastructure Change Management Enterprise Computing	06/08/10	
PM0040	ISTS ODN Windows Server Infrastructure Applications	10/15/09	
PM0041	IT Hydro SCADA Change Management	11/30/09	

UPDATED: 07/20/10

Exhibit 11

Procedure for Temporary Assignments



## Policy/Procedure for Temporary Assignments of Pacific Gas and Electric Company employees to PG&E Corporation or PG&E Corporation Support Services II

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**Background:** PG&E Corporation, PG&E Corporation Support Services II and other entities (contact the Compliance and Ethics Department (see Attachment A, List of Affiliated Companies at [the C&E website](#)) to determine the status of a specific company) are not Affiliates under the rules adopted by the CPUC (hereafter they are referred to as Corporate Services Entities) and as such temporary assignments are permitted. Assignments to these entities shall be documented in accordance with these procedures.

Temporary assignments to a Corporate Services Entity may not be used as a means of providing a service to an Affiliate that is not otherwise permissible under the affiliate rules. Services provided to Affiliates by Pacific Gas and Electric Company employees shall be conducted and priced in accordance with the rules and procedures applicable to the specific affiliate involved.

**Definition of Temporary Assignment:** A temporary assignment is defined as a short term or intermittent assignment where the employee's work is for the sole benefit of the Corporate Services Entities *or* for the shared benefit of Pacific Gas and Electric Company and the Corporate Services Entities. The employer continues to be Pacific Gas and Electric Company for the duration of the assignment.

A transfer occurs when the employee moves to and accepts a position with a Corporate Services Entity and the Corporate Services Entity becomes the employer. The new employer will be billed a transfer fee based on the Pacific Gas and Electric Company employee's final compensation at Pacific Gas and Electric Company after a transfer has occurred (see the Affiliated Company Transaction Procedures issued by the Controller for more information on the transfer fee.)

**Employees Eligible for Temporary Assignments to PG&E Corporation:** All Pacific Gas and Electric Company employees are eligible for temporary assignment to a Corporate Services Entity.

**Temporary Assignment Agreements:** A Temporary Assignment agreement, signed by the responsible Pacific Gas and Electric Company manager, Corporate Services Entity supervisor, and the employee is *to be completed prior to the start of the assignment*. The executed agreement should be sent to the Compliance and Ethics Department. The agreement must include at a minimum the following provisions:

- The starting and ending dates of the assignment;
- The purpose of the assignment;
- Employee's pay rate for the duration of the assignment;
- Work location of the employee during the assignment. If the employee will be located in Pacific Gas and Electric Company space the cost of the space and support systems must be identified and billed to the Corporate Services Entity;
- A requirement that Pacific Gas and Electric Company needs shall take precedence over those of the Corporate Services Entity; and
- Confirmation that the employee understands the Affiliate Rules, including the provision that they will not transfer confidential Pacific Gas and Electric Company information to Affiliates while on assignment to a Corporate Services Entity.

A sample agreement is attached to this policy. The document may only be changed by revising the original agreement and obtaining all signatures and submitting the revised agreement to the Compliance and Ethics Department.



## Policy/Procedure for Temporary Assignments of Pacific Gas and Electric Company employees to PG&E Corporation or PG&E Corporation Support Services II

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**Billing for Temporary Assignments:** To ensure that assignments are correctly billed, employees who are on assignment to another entity will remain tagged to their Pacific Gas and Electric Company cost center within SAP. It is the responsibility of the Pacific Gas and Electric Company manager to ensure that an Order has been established by Affiliate Accounting and that all appropriate time and costs for the employees on Temporary Assignments are charged to the corresponding Orders. The form to request an Order is available from the Controller's Intranet site <http://pgeatwork/Finance/Controller/AT/>. Employees will continue to receive paychecks and benefits from Pacific Gas and Electric Company during their assignments.

**Cost of Employee to PG&E Corporation:** If the purpose and work is for the sole benefit of the Corporate Services Entity, that entity is to be billed the fully loaded cost for the employee. If the purpose and work performed is for the shared benefit of the Pacific Gas and Electric Company and the Corporate Services Entities, only the appropriate proportionate amount of the fully loaded cost will be billed to the Corporate Services Entity. The form to request an Order is available on the Controller's intranet site.





## Policy/Procedure for Temporary Assignments of Pacific Gas and Electric Company employees to PG&E Corporation or PG&E Corporation Support Services II

### SAMPLE CORPORATE SERVICES ENTITY TEMPORARY ASSIGNMENT AGREEMENT

(Actual Agreement may vary in form and substance; however the minimum requirements identified in the Temporary Assignment Policy must be included.)

The undersigned agree to the following conditions for the temporary assignment of *{employee}* from Pacific Gas and Electric Company to *{receiving employer}*.

- The temporary assignment will begin on or about *{start date}* and end on or about *{end date}*.
- For the duration of the assignment, *{employee}* will maintain his/her Pacific Gas and Electric Company status and corresponding salary. The Pacific Gas and Electric Company will continue to pay *{employee}* and bill *{receiving employer}* according to adopted transfer pricing rules (See PG&E's Affiliated Company Transaction Procedures).
- The objective of the assignment is to provide *{description of purpose and work}*.
- During the past six months *{employee}* has held the following position at the Pacific Gas and Electric Company: *{insert position title}*.
- If the purpose and work is for the sole benefit of the *{receiving entity}*, *{receiving entity}* will be billed the fully loaded cost for *{employee}* for time spent on *{receiving employer}* work. If the purpose and work is for the shared benefit of the Company and the Corporate Services Entities, only the proportionate amount of the fully loaded cost will be billed.
- *{Employee}* will report to *{receiving supervisor}* at *{receiving employer}*. *{Receiving supervisor}* may change this reporting relationship at any time during this assignment based on business and operational needs.
- For the duration of the assignment, *{employee}* will continue to receive the Short-Term Incentive Plan (STIP) rating associated with their department at Pacific Gas and Electric Company. All provisions of Pacific Gas and Electric Company's STIP Guidelines in effect at that time will apply.
- *{Receiving employer}'s {Department Name}* will be billed for *{Employee's}* expenses incurred in carrying out this assignment (for example, meals or lodging). To the extent possible all such expenses shall be directly charged to *{Receiving Employer}* by the employee or the vendor providing the service.
- Due to continued restructuring in the company, [*sending Pacific Gas and Electric Company department*] or [*receiving Affiliate department*] may decide to reorganize its work force. Nothing in this agreement precludes the implementation of such changes in either department for the duration of the assignment. In the event this occurs and [*employee*] is impacted by the change, [*he or she*] will receive all considerations offered to eligible employees under the work force management provisions in effect at the time of the impact.
- Either Company may choose to terminate this assignment prior to the end date based on operational needs. The needs of Pacific Gas and Electric Company shall take precedence over those of the *{Receiving Company}*. Pacific Gas and Electric Company will have sole discretion in determining the needs of Pacific Gas and Electric Company. Should Pacific Gas and Electric Company terminate the assignment prior to the end of the assignment, *{Pacific Gas and Electric Company manager}* will notify *{receiving supervisor}* of the termination. Upon such notification, *{employee}* shall be informed of the termination of the assignment and shall be expected to return to his/her base Pacific Gas and Electric



**Policy/Procedure for Temporary Assignments of  
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Company position the workday immediately after the end of the assignment but no later than *{ending date}*. The minimum notice for termination is two business days unless otherwise agreed to by both parties. *{Receiving supervisor}* will give *{employee}* two weeks' notice prior to official termination of assignment.

- All changes to this agreement must be made in writing and authorized by the Pacific Gas and Electric Company manager, manager of receiving employer, and the employee prior to their effective date.

\_\_\_\_\_  
Pacific Gas and Electric Company Manager - *{Manager Name}*

\_\_\_\_\_  
Date

\_\_\_\_\_  
Manager of *{receiving employer}* - *{Manager Name}*

\_\_\_\_\_  
Date

-----  
I have read and signed the attached confidentiality agreement. I affirm that I am not taking any PG&E-owned property (tangible or intangible), including any "works for hire" or other intellectual property, which I created and which Pacific Gas and Electric Company owns, or any files, documents and other information belonging to PG&E or its customers, with me while on assignment to *{Receiving Company}*. **I agree that while on assignment to *{Receiving Company}*, I will not perform any work for any other affiliate.**

\_\_\_\_\_  
Employee

\_\_\_\_\_  
Date

**A copy of the signed agreement should be received by the Compliance and Ethics Department (Mail Code N4F, 245 Market or fax 415-973-1183) at least two business days prior to the start of the assignment.**

**Pacific Gas and Electric Company manager must also submit an Order Request Form to the Affiliate Accounting section in the Management Reporting Department.**



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**Confidentiality Agreement**

As an employee on assignment to *{Receiving Company}*, you may have access to confidential Pacific Gas and Electric Company or customer data.

*{Receiving Company}* has the following policy with regard to confidential information: Each employee maintains the confidentiality of proprietary and other confidential information acquired in the course of his or her employment with *{Receiving Company}*. Further, confidential Pacific Gas and Electric Company or customer information may only be released to third parties, including Pacific Gas and Electric Company Affiliates, (1) with the prior written consent of the customer, and (2) on an equal basis as among Affiliates and non-affiliates. And finally, California Public Utilities Commission affiliate transaction rules strictly limit the circumstances under which confidential Pacific Gas and Electric Company information may be shared with Affiliates. If you receive or have access to confidential Pacific Gas and Electric Company information, you may not provide that information to any third party, including any Affiliate of Pacific Gas and Electric Company, nor to employees of third parties or Affiliates. Affiliates include, among others (see Attachment A, List of Affiliated Companies at [the C&E website](#) for most current list), Fuelco LLC, Pacific Connector Gas Pipeline, LP, Pacific Connector Gas Pipeline, LLC, Pacific Energy Fuels Company, PG&E Corporation Support Services, Inc., PCG Capital, and PG&E Strategic Capital, Inc. Please note that *{Receiving Company}* is not an "Affiliate" for purposes of these rules; however, *{Receiving Company}* employees may not be used as a conduit to circumvent the rules.

Covered information may bear the following label (or something similar) either on the information itself or in the cover letter attached to the information:

"May contain confidential Pacific Gas and Electric Company information, which may be shared with the holding company, but not with affiliates."

I affirm that I am not taking any Pacific Gas and Electric owned property (tangible or intangible), including any "works for hire" or other intellectual property, which I created and which Pacific Gas and Electric owns, or any files, documents and other information belonging to Pacific Gas and Electric Company or its customers with me while on assignment to *{Receiving Company}*. **I agree that while on assignment to *{Receiving Company}*, I will not perform any work for an Affiliate.**

If you have any questions about this requirement you should discuss them with your director or manager, or contact the Compliance and Ethics Department at 1-888-231-2310. Please sign one copy of this memorandum where indicated below and return it to Compliance and Ethics Department, Mail Code **N4F, 245 Market**.

I have read the above and will comply with all written policies regarding limitations on the use of confidential Pacific Gas and Electric Company information and understand that failure to observe these limitations in the future will result in subjecting me to corporate discipline policies.

\_\_\_\_\_  
Signature of Employee

\_\_\_\_\_  
Print Employee Name

\_\_\_\_\_  
Date



## Policy/Procedure for Temporary Assignments of Pacific Gas and Electric Company employees to PG&E Corporation or PG&E Corporation Support Services II

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### Policy/Procedure for Temporary Assignments with Rule II.B Affiliates

**Background:** Temporary Assignments of Pacific Gas and Electric Company employees to non-energy marketing Rule II.B. Affiliates (Affiliates (see Attachment A, List of Affiliated Companies at [the C&E website](#) for most current list)) are permitted, with certain restrictions, under the Affiliate Transaction Rules adopted by the CPUC. All assignments to Affiliates (PG&E Corporation and PG&E Corporation Support Services II and certain other Entities are not Rule II.B. Affiliates) must follow the guidelines and procedures described below. Failure to follow the guidelines and procedures outlined below may result in significant penalties being imposed on Pacific Gas and Electric Company. Contact the Compliance and Ethics Department to determine the status of a specific company.

**Definition of Temporary Assignments:** A Temporary Assignment is defined as a short term or intermittent assignment where an employee works at or under the direction of an Affiliate. The employer continues to be Pacific Gas and Electric Company for the duration of the assignment.

A Transfer occurs when the employee moves to an Affiliate and accepts a position with the Affiliate. The Affiliate becomes the employer when a transfer has occurred. Employees who Transfer to an Affiliate are subject to rules which require a minimum length of service at an Affiliate before the employee can return to the Pacific Gas and Electric Company (Temporary Assignments on the other hand have a maximum duration). Affiliates are billed a transfer fee when a Pacific Gas and Electric Company employee Transfers to an Affiliate.

Pacific Gas and Electric Company has defined work which requires five or more consecutive days of service at the Affiliate's work location or at a non-Pacific Gas and Electric Company facility under the direction or sponsorship of an Affiliate to be an assignment covered by this policy. This includes assignments which might otherwise be covered under corporate support. Work assignments which are performed entirely at Pacific Gas and Electric Company facilities or which require less than five consecutive days at an Affiliate's facilities *must be permitted* corporate support. Authorization under the appropriate Continuing Services Agreement (CSA) or a work order executed pursuant to a CSA is required. A work order is not required for Temporary Assignments. A description of permitted corporate support can be found in the Affiliate Company Transaction Procedures or in the Affiliate Rules Compliance Plan on the Compliance and Ethics Intranet site.

**Ineligible Affiliates:** Energy marketing affiliates may *not* receive employees on Temporary Assignment from Pacific Gas and Electric Company under any circumstance.

**Employees Eligible to Rotate to an Affiliate:** Employees *not* involved in marketing for Pacific Gas and Electric Company may be assigned to an affiliate. For the purpose of this policy employees involved in marketing include any employee who within the past six months has had one or more of the following types of assignment as a significant proportion of job responsibilities for Pacific Gas and Electric Company:

- Gas or Electric commodity, transportation, or delivery sales;
- Assigned customers with responsibility for sales;
- Market or customer research;
- Customer oriented product or program development or management;



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- Advertising or promotions.

Final determination on whether or not an employee has been involved in marketing within the past six months will reside with the Director of Compliance and Ethics of Pacific Gas and Electric Company.

**Length of Temporary Assignments:** Temporary Assignments are limited to 30 percent of an employee's chargeable time in a calendar year. For purposes of this rule an employee may not be on assignment to one or more affiliates for more than 78 work days (including vacation, sick and other nonproductive time) excluding holidays recognized by Pacific Gas and Electric Company (for example, New Years Day, Presidents Day or Fourth of July) which occur during the assignment.

The Compliance and Ethics department will maintain records of all Temporary Assignments to ensure that no employee is on assignment to an affiliate for more than the permitted 78 days during a calendar year. The Compliance and Ethics department will provide a reminder to the employee, two weeks prior to their reaching the 78 day maximum, that they must return to Pacific Gas and Electric Company once the maximum is reached. The 78 day maximum is a cumulative number in any one calendar year.

**Temporary Assignment Agreements:** An Affiliate Temporary Assignment Agreement, signed by the responsible Pacific Gas and Electric Company officer, the Affiliate officer, and the employee *must be completed and submitted to the Compliance and Ethics Department prior to the start of the assignment.* A minimum of two business days in advance is requested to ensure that the agreement meets all requirements. The Compliance and Ethics Department will notify the employee and the Pacific Gas and Electric Company officer once it has reviewed the agreement that the assignment may begin. The Affiliate Temporary Assignment Agreement (see Attachment for a sample agreement) must include at a minimum the following provisions:

- The starting and ending dates for the assignment;
- Pacific Gas and Electric Company job titles held by the employee for the prior six months;
- Work location of the employee during the assignment;
- Upon two business day notice by Pacific Gas and Electric Company that the services of the employee are needed by Pacific Gas and Electric Company, the assignment will end and the employee will report back to Pacific Gas and Electric Company;
- Determination of Fair Market Value for the employee's services (provided by the Controller's organization);
- Confirmation that the employee understands the Affiliate Rules and agrees to abide by them.

Agreements may only be changed by revising, in writing, the original agreement and obtaining all signatures and submitting the revised agreement to Compliance and Ethics Department prior to the end of the original agreement. In no case may an extension cause an employee to exceed the maximum 78 days in a calendar year.

**Maximum Number of Pacific Gas and Electric Company Employees who may be assigned to Affiliates:** At any one time no more than five percent of the total number of Pacific Gas and Electric Company employees may be on assignment to affiliates. Should the Pacific Gas and Electric Company reach the maximum number of permitted assignments no further assignments will be allowed. Pacific Gas and Electric Company officers in consultation with PG&E Corporation



## Policy/Procedure for Temporary Assignments of Pacific Gas and Electric Company employees to PG&E Corporation or PG&E Corporation Support Services II

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will determine priorities for assignments when Pacific Gas and Electric Company is near the maximum number of temporary assignments. The Compliance and Ethics department will maintain records of all employees' currently on assignment and shall notify Pacific Gas and Electric Company officers and Pacific Gas and Electric Corporation when the number of assignments is near the maximum number allowed.

**Billing for Temporary Assignments:** To ensure that temporary assignments are correctly billed, employees who are on assignment to an affiliate will remain tagged to their Pacific Gas and Electric Company cost center within SAP. It is the responsibility of the Pacific Gas and Electric Company manager to ensure that an order has been established by Affiliate Accounting and that all time and costs for the employee on assignment are charged to that order. The employee will continue to receive paychecks and benefits from Pacific Gas and Electric Company during the assignment. All personal expenses shall be reimbursed to the employee by the affiliate for the duration of the assignment.

**Cost of Employee to Affiliates:** The Affiliate will be billed at the greater of the fully loaded cost plus 10% of direct labor costs or fair market value for all non-executive employees. Executives (managers and officers) on assignment to an Affiliate will be billed at the greater of fully loaded cost plus 15% of direct labor or fair market value. The Controller of Pacific Gas and Electric Company or his delegate shall make the final determination of fair market value.

**Employee Checklist:** Employees who are on assignment to an Affiliate shall have their Pacific Gas and Electric Company access to information and systems suspended, terminated, or otherwise not available during the period of their Assignments. The Pacific Gas and Electric Company supervisor should ensure that the departing employee checklist is completed on the employee's last day with Pacific Gas and Electric Company and the completed checklist sent to the Compliance and Ethics Department. For shorter assignments the Pacific Gas and Electric Company supervisor may keep access and identification cards and ensure that the employees' passwords to Pacific Gas and Electric Company systems are changed and the new passwords not provided to the employee until the Assignment has finished. Once the assignment ends the Pacific Gas and Electric Company employee may be granted access to Pacific Gas and Electric Company information and systems as required.



## Policy/Procedure for Temporary Assignments of Pacific Gas and Electric Company employees to PG&E Corporation or PG&E Corporation Support Services II

### SAMPLE AFFILIATE TEMPORARY ASSIGNMENT AGREEMENT

(Actual Agreement may vary in form and substance; however the minimum requirements identified in the appropriate Temporary Assignment Policy must be included.)

The undersigned officers agree to the following conditions for the temporary assignment of [employee] from Pacific Gas and Electric Company to [receiving affiliate].

- The assignment period will begin on [date] and end on [date].
- For the duration of the assignment, [employee] will be Band [Band], with a salary of [\$ amount]. Pacific Gas and Electric Company will continue to pay the employee and bill the affiliate according to adopted transfer pricing rules (See PG&E's Affiliated Company Transaction Procedures).
- The objective of the assignment is to provide [employee] with a developmental opportunity to meet the following business need(s):

[Describe]

[employee] has not been involved in marketing within the past six months. During the past six months [employee] has held the following positions at the Pacific Gas and Electric Company: [list all]

- The hourly market rate for [employee's Pacific Gas and Electric Company classification] is [fair market value approved by Corp Accounting].
- [Affiliate] will be billed the higher of the fully loaded cost of the employee plus 10 percent [15 percent if an executive] of direct labor costs or the fair market value determined above.
- [Employee] will report to [receiving affiliate supervisor] at [affiliate work location]. [Receiving department supervisor] may change this reporting relationship at any time during this assignment based on business and operational needs.
- For the duration of the assignment, [employee] will continue to receive the Short-Term Incentive Plan (STIP) rating associated with [the sending Pacific Gas and Electric Company department]. All provisions of Corporate Compensation's STIP Guidelines in effect at that time will apply.
- [Receiving affiliate department] will directly reimburse the employee's expenses incurred due to the acceptance of this assignment (for example, meals or lodging).
- Either Department may choose to terminate this assignment prior to the end date based on operational needs. The needs of Pacific Gas and Electric Company shall take precedence over those of the Affiliate. Pacific Gas and Electric Company will have sole discretion in determining the needs of Pacific Gas and Electric Company. Should Pacific Gas and Electric Company terminate the assignment prior to the end of the assignment, [Pacific Gas and Electric Company officer] will notify [affiliate officer] of the termination. Upon such notification, the employee shall be informed of the termination of the assignment and shall



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be expected to return to his/her base Pacific Gas and Electric Company position the workday immediately after the end of (*the termination date*). The minimum notice for termination is two business days unless otherwise agreed to by both parties. [*Receiving supervisor*] will give [*employee*] and [*sending department manager*] two weeks notice prior to official termination of assignment.

- Due to continued restructuring in the company, [*sending Pacific Gas and Electric Company department*] or [*receiving Affiliate department*] may decide to reorganize its work force. Nothing in this agreement precludes the implementation of such changes in either department for the duration of the assignment. In the event this occurs and [*employee*] is impacted by the change, [*he or she*] will receive all considerations offered to eligible employees under the work force management provisions in effect at the time of the impact.
- This agreement is not a guarantee of employment for the prescribed period of the assignment. During the assignment, employee shall be subject to all applicable conduct and work performance policies.
- All changes to this agreement must be made in writing and authorized by the officer of Pacific Gas and Electric Company, the officer of the Affiliate, and the employee prior to their effective date.

\_\_\_\_\_  
Officer of Pacific Gas and Electric Company

\_\_\_\_\_  
Date

\_\_\_\_\_  
Officer of Receiving Affiliate

\_\_\_\_\_  
Date

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By signing this agreement I acknowledge that I have read and agree to follow all rules, policies and procedures, including the CPUC rules last updated in D. 06-12-029, regarding affiliate transactions during my Assignment to [*Affiliate Company*]. I agree that I will not use or disclose any Pacific Gas and Electric Company proprietary and confidential information (including privileged and customer information) in the course of my assignment with the affiliate. I affirm that I am not taking any Pacific Gas and Electric Company owned property (tangible or intangible), including any “works for hire” or other intellectual property, which I created and which Pacific Gas and Electric Company owns, or any files, documents and other information belonging to Pacific Gas and Electric Company or its customers with me while on assignment to [*Affiliate*]. I agree that while on Assignment to [*Affiliate*] I will not perform any work for Pacific Gas and Electric Company.

\_\_\_\_\_  
Employee

\_\_\_\_\_  
Date

**A copy of the signed agreement must be received by the Compliance and Ethics Department (Mail Code N4F, 245 Market or fax 415-973-1183) at least two business days prior to the start of the assignment.**

**Pacific Gas and Electric Company manager must also submit an Order Request Form to the Affiliate accounting section of the Management Reporting Department.**





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

1st Light Energy	Douglass & Liddell	Occidental Energy Marketing, Inc.
AT&T	Downey & Brand	OnGrid Solar
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Pacific Gas and Electric Company
Anderson & Poole	G. A. Krause & Assoc.	Praxair
BART	GenOn Energy Inc.	Regulatory & Cogeneration Service, Inc.
Barkovich & Yap, Inc.	GenOn Energy, Inc.	SCD Energy Solutions
Bartle Wells Associates	Goodin, MacBride, Squeri, Schlotz & Ritchie	SCE
Bear Valley Electric Service	Green Power Institute	SDG&E and SoCalGas
Braun Blaising McLaughlin, P.C.	Hanna & Morton	SPURR
California Cotton Ginners & Growers Assn	In House Energy	San Francisco Public Utilities Commission
California Energy Commission	International Power Technology	Seattle City Light
California Public Utilities Commission	Intestate Gas Services, Inc.	Sempra Utilities
Calpine	Kelly Group	SoCalGas
Casner, Steve	Linde	Southern California Edison Company
Cenergy Power	Los Angeles Dept of Water & Power	Spark Energy
Center for Biological Diversity	MAC Lighting Consulting	Sun Light & Power
City of Palo Alto	MRW & Associates	Sunshine Design
City of San Jose	Manatt Phelps Phillips	Tecogen, Inc.
Clean Power	Marin Energy Authority	Tiger Natural Gas, Inc.
Coast Economic Consulting	McKenna Long & Aldridge LLP	TransCanada
Commercial Energy	McKenzie & Associates	Utility Cost Management
County of Tehama - Department of Public Works	Modesto Irrigation District	Utility Power Solutions
Crossborder Energy	Morgan Stanley	Utility Specialists
Davis Wright Tremaine LLP	NLine Energy, Inc.	Verizon
Day Carter Murphy	NRG Solar	Water and Energy Consulting
Defense Energy Support Center	Nexant, Inc.	Wellhead Electric Company
Dept of General Services	North America Power Partners	Western Manufactured Housing Communities Association (WMA)