PG&E Prime Supplier Program

Monthly Webinar Training
First Tuesday of the Month, 10:00 a.m. PT

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R2LW@pge.com  (415) 973-6176
**Prime Supplier Program (PSP)**

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“Diversity is one of the cornerstones of PG&E’s success in our mission to provide safe, reliable and affordable energy to the nearly 16 million people we serve. At the heart of our commitment to diversity is our Supplier Diversity program, which helps provide vital opportunities for a growing number of businesses owned by women, minorities, service-disabled veterans and LGBT individuals. By helping these companies thrive, PG&E is not only reflecting the diversity of our customers, we are strengthening our service, and we are investing in our communities and California’s economy at the same time.”
10-Year Performance Trend

Year | Performance Trend
--- | ---
2004 | $296 18.5% DBE
2009 | $928 25.6% DBE
2014 | $2,112 40.9% DBE

 Millions

$ DBE | % DBE
Prime Supplier Program

Prime Suppliers are key contributors to PG&E’s supplier diversity goal achievement and to expanding opportunities for diverse businesses.

Prime Suppliers Responsibilities:

1. Supplier Diversity Plan submitted and updated annually
2. Documented subcontracting goal
3. Monthly Diversity results tracked and reported

Tracked through the Prime Supplier Business Compliance Program.
Prime Supplier Program

- **Major components of PG&E’s Prime Supplier Program:**
  1. Prime Supplier Subcontracting
  2. Business Solution Partnerships (such as Value Added Resellers, Distributors, Joint Ventures, etc.)

- **The Prime Supplier Program was responsible for over 40% of PG&E’s 2014 total diverse spend.**

### 2014 PG&E Supplier Diversity Spend

- **Over 40%** accomplished through our prime suppliers
- **Over $2.1B**

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SD Plan Components

A written Supplier Diversity Plan details how your company will ensure that diverse suppliers have the maximum opportunity to participate in your provisioning of goods and services to PG&E.

This multi-page document should include:

1. Internal Roles & Responsibilities
2. Internal policies, systems and programs
3. Value chain analysis and opportunities
4. Goals for overall diverse spend for the year
5. Supplier engagement and outreach
6. Subcontracting management
7. Mentorship selection and tracking
## Resources

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<td><strong>National Gay &amp; Lesbian Chamber of Commerce (NGLCC)</strong></td>
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| **Local Chambers of Commerce** | - National Association of Women Business Owners  
- CA Asian Pacific Chamber of Commerce  
- CA Black Chamber of Commerce  
- American Indian Chamber of Commerce  
- CA Hispanic Chamber of Commerce  
- Western Regional Minority Supplier Development Council  
- CA Disabled Veteran Business Alliance  
- Elite SDVOB Network  
- Golden Gate Business Association |
PG&E Prime Supplier Program

Reporting
Supplier Diversity Management System (SDMS) is open between the 1st and the 10th of each month

Subcontractors must be CPUC certified (DVBEs must be DGS certified)

Reported dollars must be associated with specific PG&E work

Entries are included in PG&E’s annual prime supplier subcontracting audit

If you miss a reporting period, add that month to your next reporting period
www.pge.com/supplierdiversity

- Select “How to Become Certified”
- Then select “Register and create a supplier profile with PG&E”

Link to access Subcontracting Reporting site
Obtaining a password

- Supplier contacts Perry Bumanlag at 415-973-1225 / PVB1@pge.com to request login name and password
- Perry replies via email
- Supplier logs into reporting system, creates new password
Prime Supplier Reporting:

- Click on “Begin Reporting” to select subs and enter dollar amounts for the current reporting period.
Select “Edit” to go to the reporting screen for this reporting period

Direct Purchases: Purchase made by you, through your subcontractor, for PG&E specifically

- Prior to reporting, it may be helpful to develop a spreadsheet with the company name of each diverse subcontractor and amount paid during the reporting period.
Prime Supplier Reporting: Step 2

- Use search function to locate suppliers
  - If you cannot find a supplier contact Perry Bumanlag at (415) 973-1225.
- Select “Remove” to no longer report a supplier
- Select “Add” to add a new supplier to report
  - Only have to do this step once unless you are adding or removing a supplier.
- Periodically check to be sure you are choosing the correct suppliers

Search for and select suppliers, then “add” or “remove”

Click to continue

Do not use. Call Perry to add a new supplier.
Select appropriate listed contract or “NULL CONTRACT” for this spend
Select “Save & Next” to continue

Select contract, then “Save & Next”.
Prime Supplier Reporting: Step 3

- Enter ‘Net’ dollar amounts (or $0) for each listed subcontractor
- Only enter amounts directly attributable to a specific PG&E contract, project, or site
- Click “Save & Next” to go to the next screen

Enter ‘direct’ dollar amounts, net of any discounts
Select “Preview” to verify names and dollar amounts entered, and accepted as ‘Verified’

NOTE: Once the report is ‘submitted’ the names and dollar amounts cannot be altered
Prime Supplier Reporting: Step 5

- Check that “Verified Spend” equals “Total Reported Spend”, if there’s a variance, the Sub may no longer be certified as diverse by CPUC Clearinghouse (or CVM) – contact Perry Bumanlag
- Select “Submit” to report results, only after ensuring all data is correct
- Other Tips
  - Assign a designated person to report subcontracting
  - Ensure knowledge transfer if duties are reassigned
  - If a reporting period is missed, report dollars during the next reporting period
  - Quarterly check to ensure diverse subcontractors are CPUC certified

Confirm suppliers and amounts before submitting
Once submitted, no changes can be made
Prime Supplier Reporting: Completed

- Verify ‘Green’ background in “Preview” box
- Log out

Green background indicates successful submission
Subcontracting Audit

The primary goal of auditing is to increase reporting accuracy through the promotion of best practices.

PG&E Internal Audit
- PG&E conducts formal internal audits of its diverse subcontracting program

PG&E 3rd Party Audit
- PG&E hires third party to conduct its annual subcontracting audit of suppliers
- PG&E audited by CPUC in 2012

Subcontracting Audit Process

Random sampling of:
- **100+** subcontractors
- **60+** prime suppliers

Aug-Sep
Send audit notification letters and select suppliers and subs

Oct-Feb
Conduct audit with third party auditors using PowerAdvocate

Mar-May
Hold post-audit debriefs and trainings
Majority of PG&E Prime Suppliers notified of general audit requirements:

- Reported subcontracting dollars must be directly related to PG&E work. Invoices must reference PG&E contract, project or site.

- Reported subcontracting dollars must reflect actual payments made to suppliers, net of any voided transactions, estimates, early payment discounts, markups, etc.

- Records to document your subcontracting dollars must be kept for a period of three years. These records should clearly document that the work performed was for PG&E and that payment was made to the subcontractor.
Audit Requirements
Emphasis on paperwork required from Primes

Selected suppliers notified of specific audit requirements:

- **Contracts or Purchase Orders** between the prime supplier and specified subcontractor(s)
- **Invoices** from Subcontractor to the prime supplier for PG&E work. The invoice must clearly state the work was performed, or material was purchased, for PG&E. Invoice data in an Excel file is not acceptable audit documentation.
- **Payments** to Subcontractor. Payments must link directly back to the invoice and must show it was paid in the current year. Valid payment documentation includes front and back copy of a check or an electronic funds transfer payment such as an ACH debit document.
- **Signed Letter** from Company Officer confirming accuracy of the subcontracting documentation.
Key Learnings From Previous Audits

- Make sure documentation is available and references specific PG&E contracts, locations or project names.
- Spreadsheets and handwritten forms do not constitute acceptable audit documentation, but may be supplemental.
- Report subcontracting dollars based on “paid”, not on “accrued”, in the reporting year.
- Make sure sufficient linkage exists between POs, subcontractor invoices and payments.
- Develop and maintain a detailed accounting of bulk material allocations to PG&E work, locations or projects.
- Be prepared to submit soft copies of all required documents, including contract or purchase orders, invoices and payments.
Training Available

• Debrief audited prime suppliers
  - Individual meetings with primes with high spend values, significant audit exceptions and/or over $500K disallowed due to audit
  - Webinars for remaining prime suppliers that took place in the audit

• Additional webinars for the general prime supplier community

• Monthly Prime Supplier Program webinars
  - First Tuesday of each month, 10:00am PT
  - Contact Bob LeFave at R2LW@pge.com for invitation
Concluding Points

• Understand that PG&E is committed to supplier diversity – Prime supplier support is critical

• Increasing business with diverse firms is a business imperative – supplier diversity is inherent in our values and critical to PG&E becoming the leading utility in the U.S.

• Utilize the tools and resources available to help increase your company’s diversity contribution – leave no stone unturned

• We are interested in innovative solutions to achieving supplier diversity goals and objectives – Creativity is welcomed

• Consistent, accurate and timely reporting is critical

• Audits are a fact of life. Consider structuring your internal accounting and payment systems to support audit document requests. Use descriptive labels to link POs, invoices, checks

• When in doubt, ask us - we’re here to assist you
PG&E Prime Supplier Program

Q & A