



All. In.



Together, Building
a Better California

Supplier Diversity
2017 | **2018**
ANNUAL REPORT | ANNUAL PLAN

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking into Implementation of Public Utilities Code Sections 8281-8286 Relating to Women, Minority, Service-Disabled Veteran and Lesbian, Gay, Bisexual and Transgender Business Enterprises R. 91-02-0111

PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)

Annual Women, Minority, Service-Disabled Veteran and Lesbian, Gay, Bisexual and Transgender-Owned Business Enterprises Report for Calendar Year 2017

Pacific Gas and Electric Company
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March 1, 2018

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2017 ANNUAL REPORT

Letter from the President

PG&E's Supplier Diversity: Working Together to Build a Better California

PG&E has a straightforward, yet challenging, mission: to safely and reliably deliver affordable and clean energy to our customers and communities every single day, while building the energy infrastructure of the future.

To fulfill this mission, we rely on the important work performed by our 23,000-plus employees as well as our hundreds of diverse suppliers who reflect California's diversity.

Diverse suppliers have enhanced the quality of service we provide to our customers throughout Northern and Central California. In turn, through our longstanding support of supplier diversity, PG&E has fostered economic opportunities in our local communities.

Last year—the 37th year of our Supplier Diversity Program—PG&E spent more than \$2 billion with diverse suppliers for the sixth straight year. That accounted for more than 40 percent of the company's total procurement spend—the fifth consecutive year we've achieved this level.

Looking forward, our diverse suppliers will be key contributors as we work to achieve our company's vision, which is to meet the challenge of climate change while providing affordable energy to our customers.

As the energy landscape evolves, we will look to our diverse suppliers to embrace change, be more innovative and continue to improve while helping us become more efficient and effective in providing gas and electric services to our customers.

Likewise, we are committed to helping our diverse suppliers grow and develop in this environment. Our Supplier Development Program gives participating diverse companies mentorship, capacity-building resources, opportunity education and value-chain analysis. Our Technical Assistance Program provides capacity-building education and training to help a wide range of diverse businesses become more competitive.

We are proud of our efforts to date and proud to present this report. It's paramount that we continue to engage with diverse suppliers and hold ourselves accountable to deliver on our mission and vision, and ultimately to build a better California.

When it comes to supporting supplier diversity, we'll always be "all in."

Nick Stavropoulos
President and Chief Operating Officer



2017 Annual Report Results and Highlights

This is Pacific Gas and Electric Company’s (PG&E) annual report to the California Public Utilities Commission (CPUC) on its progress in procuring goods and services from women (WBE), minority (MBE), service-disabled veteran (DVBE), and lesbian, gay, bisexual and transgender (LGBTBE) business enterprises (WMDVLGBTBE).

In 2017, PG&E spent \$2.6 billion with WMDVLGBTBEs, or 42.25 percent of its total procurement. The company spent \$6.1 billion on products and services to deliver safe, reliable, affordable and clean energy to its customers.

For 12 consecutive years, PG&E has exceeded the CPUC’s General Order 156 goal of 21.5 percent of diverse spend. By sustaining its 40-plus percent performance and by strengthening the quality of its supplier diversity program initiatives and diverse supply base, PG&E reinforces its commitment to an inclusive supply chain and to the economic development of the California communities it serves.

Diverse Category Comparison 2016–2017

MBE



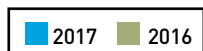
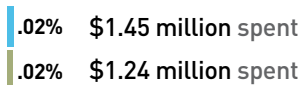
WBE



DVBE



LGBTBE

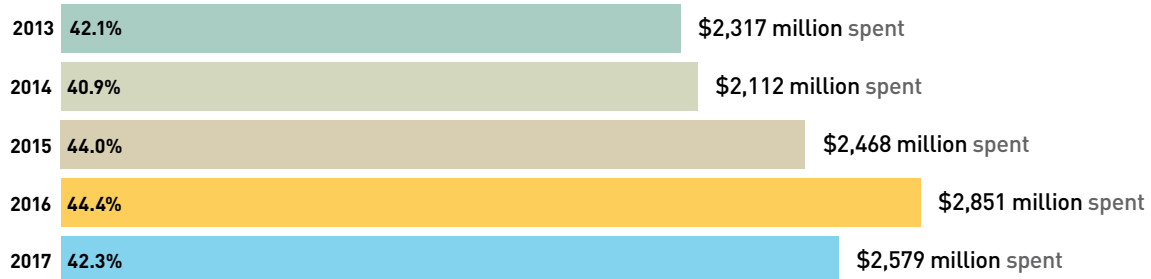


PG&E's Five-Year Performance Trend

PG&E is steadfast in incorporating supplier diversity into its procurement process. Over the last five years (2013-2017), the company's spending with diverse suppliers demonstrates PG&E's commitment to sustaining world-class diversity results. Total spend increased \$599.7 million or 10.9 percent over the last five years while diverse spend increased at a slightly faster rate, \$261.8 million or 11.3 percent.

- MBE spend increased \$48.9 million or 3.3 percent.
- WBE spend increased \$25.4 million or 3.7 percent.
- DVBE spend increased \$186.0 million or 148.3 percent.

PG&E Five-Year Performance—WMDVLGBTBE 2013–2017



The company's Supplier Diversity, Sourcing and Line of Business (LOB) teams will continue working cross-functionally to strengthen existing efforts and develop new strategic initiatives to ensure sustainable supplier diversity results.

Description of WMDVLGBTBE Program Activities during the Previous Calendar Year (Sec 9.1.1)

INTERNAL PROGRAMS AND ACTIVITIES

Supplier Diversity Program Resources and Team Structure

PG&E's mission is to safely and reliably deliver affordable and clean energy to our customers and communities every single day, while building the energy network of tomorrow. With the company's core mission in mind, PG&E's Supply Chain Responsibility Department additionally works to deliver a diverse, environmentally sustainable and ethical supply chain. The Director of Supply Chain Responsibility leads the team of supply chain responsibility professionals and reports to the Vice President of Supply Chain Management. The Supply Chain Responsibility team includes managers, expert and senior consultants.

PG&E's Supplier Diversity Program sustains world-class results, optimizes PG&E's supply chain, delivers innovative technical assistance and develops initiatives that support the competitive success of diverse businesses. The Supply Chain Responsibility team also partners with the Sourcing Organization, LOB Officers, appointed Supplier Diversity LOB Champions and other key internal stakeholders to develop and implement strategies and programs to strengthen WMDVLGBTBE participation in PG&E's business.

In 2017, the Supply Chain Responsibility team directed the following activities to support its supplier diversity goals:

- Established officer- and director-level supplier diversity goals for each LOB
- Led cross-functional teams to achieve supplier diversity goals
- Tracked and reported monthly supplier diversity spend results
- Advanced and implemented WMDVLGBTBE business development strategies
- Collaborated with internal departments, community-based and diverse organizations
- Shared upcoming contract opportunities with the WMDVLGBTBE community
- Responded to WMDVLGBTBE prospective supplier inquiries
- Managed technical assistance and supplier development programs
- Offered training and resources to suppliers to promote safe, affordable, environmentally sustainable, diverse and ethical supply chain management
- Coordinated and participated in supplier diversity outreach events
- Ensured compliance with General Order 156

Employee Education

In 2017, PG&E used multiple channels and tools to continue educating and engaging its employees about the Supplier Diversity Program's mission, goals and initiatives.

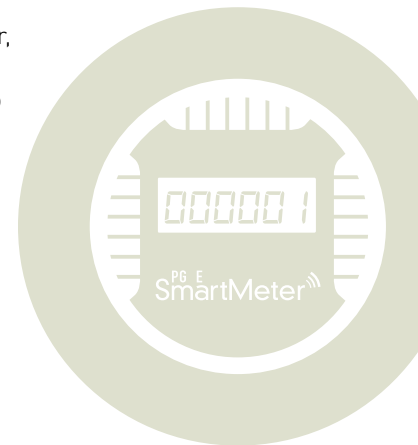
Training

PG&E's Supply Chain Responsibility team members conducted supplier diversity training throughout the year to offer counsel and assistance to employees. The team recruited and trained newly-appointed Supplier Diversity LOB Champions on their key role as drivers of supplier diversity planning and results within their LOB. Champions and key partners across the company were trained on how to identify specific opportunities through value chain and spend data analysis. Training sessions included education on how to drive accountability, uncover potential diverse opportunities, how to support the success of WMDVLGBTBE prospective suppliers in upcoming projects, how to work with prime suppliers to optimize diverse participation and accurately report subcontracting. Outreach Ambassadors received updated training on program performance, upcoming bid opportunities and technical assistance resources available to the diverse business community. Employees also received training on how to include supplier diversity into the request for proposal (RFP) process. This year, in alignment with initiatives to lower costs, special training was developed and presented on how WMDVLGBTBEs contribute to the delivery of affordable gas and electric services.

Supply Chain Responsibility Outreach Ambassador Program

Supply Chain Responsibility continued to recruit and train volunteer Outreach Ambassadors to support supplier diversity activities. Through the efforts of more than 100 ambassadors throughout the company, PG&E met hundreds of prospective WMDVLGBTBEs across its service territory. Ambassadors participated in business matchmaking sessions, presented or participated on panel discussions and engaged with a wide range of businesses at diverse business conferences, trade shows and workshops including the CPUC Small Business Expos.

The Supply Chain Responsibility team also continued to partner with its Customer Care business outreach team to educate the diverse business community. PG&E's Business Energy Solutions START Team provides resources and tools to small business customers that include: account set-up resources, energy management tools, energy efficient programs and current rebates and financing options for energy efficiency. In 2017, the two teams shared outreach calendars and often presented at business outreach events together, including a PG&E-hosted small business workshop in Stockton and the California Asian Pacific Chamber of Commerce's Empower Program workshop series in Bakersfield, Fresno and Stockton.



Partnered Outreach with Employee Resource Groups

PG&E's Employee Resource Groups (ERGs) play an active role in promoting diversity and community service within the company and represent approximately 15 percent of the employee population. The ERGs include Access Network, Asian, Black, Latino, Legacy, NuEnergy, Pride Network, Samahan Employee, Women's Network and Veterans. Each ERG provides employees with opportunities to get involved with the community and participate in outreach activities.

In 2017, PG&E's Supply Chain Responsibility team partnered with a number of ERGs to organize educational workshops for WMDVLGBTBEs.

- As part of Black History Month and in partnership with its Black ERG, PG&E hosted a San Francisco workshop for black business owners. PG&E's Vice President of IT Operations welcomed attendees before they received valuable training on safety and cybersecurity.
- The Women's Network ERG participated in and promoted a cybersecurity workshop during Women's History Month. The Vice President of Business Technology provided welcoming remarks.
- The Asian ERG and the Senior Vice President of Human Resources participated in a workshop during Asian Pacific American Heritage Month that included presentations on safety and cybersecurity.
- PG&E held its second annual "Out for Business" event in collaboration with the Pride Network ERG for LGBT Pride Month. The Director of Corporate Services Sourcing discussed future sourcing opportunities with the businesses in attendance.
- During Hispanic Heritage Month, the Latino ERG supported a workshop on supply chain environmental sustainability, and the Senior Vice President of Gas Operations provided welcoming remarks.

These workshops provide training to prospective suppliers on various factors that affect a WMDVLGBTBE's competitive success. The workshops and events also serve as an opportunity to engage ERG members and key leaders on the company's supplier diversity program and to connect them with WMDVLGBTBEs.

External and Internal Websites

PG&E's Supply Chain Responsibility team continued to update external and internal websites by publishing a range of content regarding information on the Supplier Diversity Program, including an outreach calendar of upcoming events, diverse and small business certification resources,



technical assistance program resources, prime supplier program resources, the latest General Order 156 Supplier Diversity Annual Report and a comprehensive set of frequently asked questions. The website also links prospective suppliers to helpful information regarding PG&E's Supplier Code of Conduct, Contractor Safety Program, Supplier Qualification Manual and upcoming bid opportunities. In 2017, PG&E published contract opportunities ranging in value from \$200,000 to over \$170 million.

PG&E's internal website continues to be a centralized resource of supplier diversity and supply chain environmental sustainability information for employees. PG&E's internal website shares a wide range of company and product news, industry features and officer messages to its employees. During the year, the Bulletin, or top news section of PG&E's home page (PG&E@Work), featured prominent supplier diversity success stories. These online news briefs provide educational information about supplier diversity accomplishments, new endeavors, outreach events, recognition and training. Supply Chain Responsibility's internal webpage also provides contact information for the team as well as other key forms, documents and resources.

Supply Chain Responsibility's quarterly newsletter, "Where Sustainability and Diversity Meet," continues to be distributed internally and to community-based organization partners. It is also published on Supply Chain Responsibility's public website. Newsletters feature information on supply chain responsibility best practices, diverse supplier success stories, employee recognitions, recent activities and more.

Internal Meetings

Supplier diversity continues to be a strategic initiative discussed at PG&E meetings in 2017. PG&E highlights supplier diversity goals and key initiatives in its LOB department meetings and Supplier Diversity LOB Champion meetings. Through PG&E's LOB Champion Program, the Supply Chain Responsibility team, in partnership with Sourcing and Line of Business Champions, develops and implements cross-functional strategies that continue to help PG&E successfully achieve its diversity targets.

Executive-level meetings were held between both supply chain leaders and leaders of various LOBs to discuss supplier diversity results and plans to address gaps, including a results review meeting held by PG&E's President and Chief Operating Officer with his senior leadership team. PG&E's leadership continues encouraging employees to support company efforts to work with a broad range of suppliers.

Special presentations were made at LOB leadership team meetings on how WMDVLGBTBEs help PG&E meet its goals to deliver safe, reliable, affordable and clean energy.

Employee Recognition

Throughout the year, the Supply Chain Responsibility team recognized its LOB Champions, Sourcing team members and other key personnel for their noteworthy contributions to building PG&E's supplier diversity success. Recognition includes certificates of appreciation and acknowledgment of team member best practices during LOB Champion meetings.

The Supply Chain Responsibility team also hosted the 2017 Supply Chain Responsibility Awards, where PG&E officers presented special supplier diversity and environmental sustainability awards to employees with exceptional 2016 performance. PG&E's President and Chief Operations Officer recognized one individual with the "President's Award" for best exemplifying role model leadership in both supplier diversity and environmental sustainability. Other individuals and teams received awards for implementing best practices while achieving excellent supply chain responsibility results. The event's keynote speaker, Janice Bryant-Howroyd, CEO of The Act 1 Group, one of the largest global, female and African American owned workforce solutions organizations in the United States, shared her journey of growing from her childhood in a segregated community to global corporate leadership and the importance of personal integrity and giving back.

Coverage of Results

PG&E uses multiple channels to communicate its supplier diversity results to internal and external stakeholders. After filing the company's 2016 Supplier Diversity Annual Report and 2017 Plan, the report was posted on PG&E's Supply Chain Responsibility website. Over the past few years, including 2017, numerous local and national news outlets published articles regarding PG&E's noteworthy WMDVLGBTBE spend and the best practices employed to achieve such results.

The company's PG&E@Work internal homepage featured a front-page story on the company's more than \$2 billion spend with diverse suppliers in 2017. PG&E also published a press release on the company's induction to the Billion Dollar Roundtable for spending more than one billion direct dollars annually with certified diverse suppliers. Additionally, Currents, the company's online publication for news and perspectives, published stories throughout the year regarding supplier diversity.

PG&E's leadership team holds LOB organizations accountable for supplier diversity performance. Results are tracked in key business metrics and shared with senior management on a monthly basis. LOBs performing below target are requested to provide a variance explanation that includes actions to close the gap.

At Supplier Diversity LOB Champion meetings, various LOB champions provide updates on performance as well as share key accomplishments and best practices. LOB Champions discussed progress against performance goals at the Supplier Diversity LOB Champion Meeting Kick-off, which was also attended by the Director of Supply Chain Responsibility and the Vice President of Supply Chain. LOB cross-functional teams—which include Supply Chain Responsibility, Sourcing and LOB members—meet regularly to discuss goal achievement strategies.

Supplier Diversity results are available company-wide through the company's supplier diversity reporting systems. The Supply Chain Responsibility team also responds to numerous ongoing ad hoc requests for data and analytics. PG&E recognizes the importance of management review of metrics in driving performance and continues to leverage reports to review processes that support goal achievement.

Prime Supplier Program

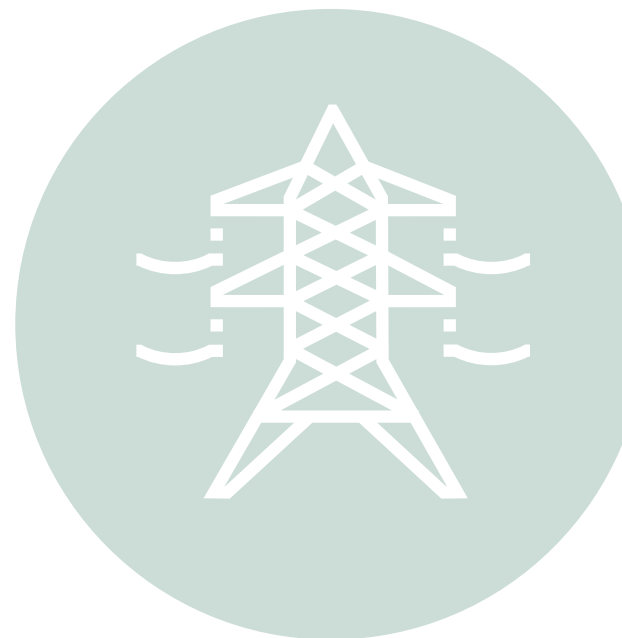
In 2017, PG&E's supplier diversity subcontracting performance increased, with its prime suppliers reporting more than \$697.2 million in spending with WMDVLGBTBEs, representing a 2.7 percent increase over 2016.

Throughout 2017, PG&E invited prime suppliers to examine their operational value chains for new or expanded diverse subcontracting opportunities. The Supply Chain Responsibility team continues to work with Sourcing and LOB partners to encourage the performance of key prime suppliers by asking them to forecast and proactively manage supplier diversity subcontracting performance.

PG&E continues to work with its suppliers to sustain strong supplier diversity performance year-over-year. PG&E's Prime Supplier Program encourages prime suppliers to establish and execute their own supplier diversity programs, develop supplier diversity plans, set annual performance goals, describe internal best practices to increase WMDVLGBTBE participation and accurately report to PG&E the monthly results of their subcontracting efforts with WMDVLGBTBEs.

Monthly prime supplier webinars and in-person trainings provide background to understand the history of the Supplier Diversity Program, as well as additional details to develop a comprehensive plan, report correctly and consider steps and systems required to comply with an audit of reported results.

At the end of 2017 and for the seventh year in a row, PG&E hired a third-party firm to perform an annual subcontractor reporting and payments audit of its Prime Supplier Program to ensure accurate WMDVLGBTBE reporting from prime suppliers. Audit findings are included in the 2017 reported results.



Prime Supplier Academy

In 2017, the Prime Supplier Academy celebrated its third year of success in delivering valuable supply chain responsibility training to PG&E suppliers. The Prime Supplier Academy provides resources and tools that support prime suppliers to increase engagement in and ownership of their own supplier diversity, environmental sustainability and ethical code of conduct initiatives. In 2017, more than 200 prime suppliers attended three in-person Prime Supplier Academy workshops on supplier diversity. Topics included: Inclusion Resources: Finding and Vetting Diverse Suppliers; Supplier Development Programs; and Strategic Communications and Outreach: Increase the Value of your Supplier Diversity Program. Monthly prime supplier webinars also provide information on how to develop a comprehensive supplier diversity plan and report diverse subcontracting correctly.

In addition to these supplier diversity trainings, PG&E’s Prime Supplier Academy included four Supplier Code of Conduct webinars that educated suppliers on PG&E’s conduct and conflict of interest standards. The webinars highlighted key compliance topics, such as health and safety, environmental leadership, supplier diversity, labor issues and human rights, ethical business conduct, conflict of interest, engagement with external parties, general management and how to raise concerns.

PG&E also conducts webinars for its prime suppliers on how to assess and prioritize environmentally preferable practices.

Technical Assistance and Capacity Building

PG&E’s Technical Assistance Program (TAP) continues to provide a broad range of educational and capacity-building initiatives to WMDVLGBTBEs of all sizes, many in collaboration with community-based organizations. PG&E’s TAP is based on the structure defined in the CPUC’s Order Instituting Rulemaking 09-07-027 Three-Tier Technical Assistance Plan for WMDVLGBTBEs.

Tier 1: Smaller WMDVLGBTBEs	Tier 2: Midsize WMDVLGBTBEs	Tier 3: Advanced Technology/Emerging Market WMDVLGBTBEs
1–3 years’ experience, less than \$1M revenue	3+ years’ experience, revenue more than \$1M	5+ years’ experience, demonstrated readiness to grow
<ul style="list-style-type: none"> • Diverse Suppliers are Cyber-Secure • Diverse Suppliers are Safe • Diverse Suppliers Go Green • Diverse Suppliers Go Global • Access to Capital/Credit Training • SBA/MBDA Partnership Workshops 	<ul style="list-style-type: none"> • UCLA MDE Program • University of Washington MBE Program • UC Berkeley Financial Acumen for Leaders Course • ISO 9001/14001 Certification Training • Diverse Suppliers are Cyber-Secure • Diverse Suppliers are Safe • Diverse Suppliers Go Green • Diverse Suppliers Go Global • SBA/MBDA Partnership Workshops • Reducing Costs of Operation 	<ul style="list-style-type: none"> • ISO 9001/14001 Certification Training • UCLA MDE Program • University of Washington MBE Program • Reducing Costs of Operation • Future-Proofing Your Business

PG&E's Signature Initiatives

PG&E understands that an important part of supporting WMDVLGBTBEs is offering the tools and technical assistance needed to succeed in today's changing marketplace. The following signature TAP initiatives were established to assist in these efforts.

Diverse Suppliers are Safe

PG&E first launched Diverse Suppliers are Safe initiative in 2012 to educate WMDVLGBTBEs on the importance of safety in everyday business practices. In 2017, PG&E conducted four Diverse Suppliers are Safe workshops. These trainings provide participants with information and key elements needed to develop a robust safety program, including a self-assessment and list of safety metrics to track. In 2017, PG&E enlisted the help of a third party safety expert to expand the existing program with four additional trainings. Participants utilize tools to understand, build and revise their safety program and plans. Workshops also include a presentation on PG&E's Contractor Safety Program, ISNetworkworld safety and Gold Shovel requirements.

Diverse Suppliers are Cyber-Secure

In 2014, PG&E launched one of the first cybersecurity initiatives in the country specifically created for the diverse business community. This signature initiative raises cybersecurity awareness, explains risks associated with web-based connectivity, details some approaches small businesses can take to cost-effectively assess vulnerability and suggests available resources to help diverse businesses reduce risk. In 2017, PG&E conducted three cybersecurity workshops, one of which featured a presentation from the Federal Bureau of Investigation.

Diverse Suppliers Go Green

This signature initiative, launched in 2010, provides information to small and diverse businesses on how to develop and implement their own environmental sustainability initiatives. The training includes education on establishing policies and practices that improve the environmental footprint and profile of each business. Participants learn how to track and set improvement goals for environmental impacts such as energy usage, waste and water usage. The workshops also explore how business strategies that include environmental sustainability can reduce costs and improve business operations. In 2017, PG&E conducted three Diverse Suppliers Go Green workshops.

In addition to these sustainability workshops, PG&E used a third party expert in 2017 to provide WMDVLGBTBEs with a detailed sustainability education and planning tool. This online tool helps suppliers assess their maturity in sustainability, identify sustainability projects relevant to their operations, create plans to implement those projects and report the results. PG&E distributed two scholarships to WMDVLGBTBEs this year.

Business Tune-Ups for Diverse Businesses

PG&E developed a new TAP initiative in 2017 to help WMDVLGBTBEs become more competitive through a process of exploring different strategies to identify operational efficiencies, increase productivity and reduce costs. PG&E partnered with a WBE with operational excellence expertise to develop a series of half-day workshops. PG&E conducted its first workshop in November which focused on identifying ways to reduce the costs of operations. Additional topics planned for 2018 include process improvement, risk management, root cause analysis, corrective action and business continuity.

Future-Proofing Your Business

This year, PG&E launched the pilot of a new TAP initiative designed to address some of the powerful disruptive forces driving rapid change in business. Participants reviewed some of the forces impacting their businesses, including e-commerce, big data, globalization, smart grid, advanced technology, artificial intelligence and robotics. During a day-long session, the diverse suppliers shared how such forces have already impacted their businesses, their views of future impacts and innovative strategies they are employing to adapt to and leverage the changing business ecosystem.

UCLA Management Development for Entrepreneurs (MDE) Program

The MDE Program is an intensive graduate-level certification program offered to business owners and managers to help develop their management skills and strengthen their ability to build effective organizations. As a part of the program, participants complete an individualized business improvement plan to implement in their companies. In 2017, PG&E sponsored five WMDVLGBTBEs to attend the UCLA MDE Program.

University of Washington Minority Business Executive Program

PG&E continues to offer scholarships to WMDVLGBTBEs to attend University of Washington Foster School of Business' Minority Business Executive Program. This National Minority Supplier Development Council-affiliated program assists diverse business leaders to utilize financial tools to make more cost-effective decisions, market more effectively and develop long-term growth strategies. In 2017, PG&E provided four WMDVLGBTBEs with scholarships to attend this program.

International Organization for Standardization (ISO) Certification Training Scholarships

PG&E continues to sponsor educational training for WMDVLGBTBEs to understand the value of managing supply chain risk and improving quality via ISO certification. Scholarships support one-on-one training that assists WMDVLGBTBEs to successfully implement ISO standards into their management systems. PG&E provided one WMDVLGBTBE with a scholarship in 2017.

Small Business Administration (SBA) and Minority Business Development Agency (MBDA) Collaboration

PG&E is a longtime partner of the SBA and MBDA to provide capacity-building training to the small and diverse business communities. In 2017, PG&E sponsored six workshops with the SBA throughout PG&E's service territory. PG&E presents on how to do business with utilities, moderates supplier panels and invites its prime suppliers to network with WMDVLGBTBEs. The SBA uses its small business expertise to educate attendees on other related business development training topics. The California Department of General Services and MBDA also supports these events with capacity-building presentations of their own.

Workshop topics included:

- Benefits of the 8(a) Program
- Benefits of the Hub Zone Certification
- The Importance of Certifications
- Access to Capital
- SBA Loan Programs
- How to Apply for a Loan
- Understanding Financial Statements
- Key Financial Ratios
- Guarantor Risk
- Strategies for Strengthening Risk Profiles
- Understanding Credit Profiles

Financial Education and Support

As part of PG&E's commitment to the White House Supplier Pay Initiative, the Accelerated Pay Program was established in 2015 to provide technical and financial assistance to small and diverse businesses with cash flow challenges. The program includes access to accelerated payments, scholarships to a UC Berkeley financial management course and one-on-one coaching sessions with a professional advisor. The goal of PG&E's Accelerated Pay Program is to support financial health and education for small and diverse businesses.

Supplier Development Program

PG&E supports the development of its diverse suppliers through formal and informal mentorship, opportunity identification and value chain analysis. In 2017, PG&E continued to focus on supporting the competitive development of key WMDVLGBTBEs through its formal Supplier Development Program. Twenty WMDVLGBTBEs have graduated since the formal program's launch in 2010.

In 2017, ten WMDVLGBTBEs (four WBEs, three Hispanic American MBEs, one African American MBE, one Asian Pacific American MBE and one DVBE) participated in PG&E's formal Supplier Development Program. Program accomplishments can be attributed to the active participation of PG&E senior executive mentors, other PG&E business partners and diverse owners committed to developing their businesses.

WMDVLGBTBE participants in the Supplier Development Program benefited from:

- Executive mentorship
- Cross-functional supplier development team support
- Quality certification training
- Educational scholarships to management development programs
- Detailed business analysis (i.e. strengths, weaknesses, opportunities, threats analysis)
- Customized business development plans

EXTERNAL PROGRAM ACTIVITIES

LGBTBE Outreach

PG&E recognized many years ago the value of cultivating a community of diverse suppliers that reflects California's diversity, increases economic opportunity in its local communities and enhances the quality of service the company provides to its customers. In 2012, PG&E expanded its Supplier Diversity Program and corporate supplier diversity policy to include LGBTBEs.

Over the last five years, PG&E has fully integrated LGBTBE inclusion into its reporting systems and sourcing processes. These activities include all internal and prime supplier training, technical assistance and diverse supplier development programs. While there have been many successes integrating this important category, there continue to be challenges related to the limited number and types of LGBTBEs that have capacity to meet PG&E's specific industry needs.

PG&E established and implemented several strategies to address these challenges. Internally, the Supply Chain Responsibility team worked to introduce one new LGBTBE, and in some cases multiple LGBTBEs, to each of PG&E's business areas. Supply Chain Responsibility team members scheduled introductory meetings between Supplier Diversity LOB Champions, decision makers and qualified LGBTBEs to share capabilities and discuss opportunities. The intent of these efforts is to align LGBTBEs to be prepared as future needs for their services arise at PG&E.

Externally, PG&E continues to find opportunities to educate the LGBTBE community about doing business with utilities. PG&E did this by expanding partnerships with local LGBTBE chambers, including the Golden Gate Business Association (GGBA), the Rainbow Chamber of Commerce of Silicon Valley (RCCSV) and the Rainbow Chamber of Commerce of Sacramento (RCCS). PG&E is also a corporate member of the National Gay and Lesbian Chamber of Commerce (NGLCC) and actively participates on NGLCC's Procurement Council. NGLCC applauded PG&E's leadership and support of the LGBTBE community by recognizing the utility as NGLCC's Corporation of the Year at its November 2016 awards gala.



PG&E sponsored and attended a number of events focused on identifying and educating LGBTBEs as part of these partnerships. Some of the events included:

- The GGBA Power Luncheon, which celebrates LGBTBE leadership in the Bay Area and featured several leading LGBTBEs
- The NGLCC International Business and Leadership Conference, which provides innovative LGBTBE inclusion programming, a trade show, targeted matchmaking, networking and benchmarking opportunities
- The NGLCC National Dinner, which celebrates outstanding achievements in diversity and leadership in the LGBT and allied business community
- Business outreach mixers and networking meetings held by the NGLCC, GGBA, RCCSV and RCCS
- A targeted matchmaking event between NGLCC-certified LGBTBEs and members of the Billion Dollar Roundtable

During LGBT Pride Month, PG&E held its second annual “Out for Business” LGBTBE Workshop in partnership with GGBA, RCCSV and RCCS. The event featured a presentation from a successful LGBTBE on how to take businesses from surviving to thriving. In addition to this training, the workshop also connected 34 LGBTBEs to PG&E Sourcing and LOB decision makers and to PG&E prime suppliers. In total, more than 80 connections were made.

PG&E remains committed to growing its efforts, activities and spend with LGBTBEs.

DVBE Outreach

PG&E continues to support internal and external activities to promote DVBE inclusion, engage with the DVBE community, provide training and connect qualified DVBEs to contracting opportunities. The Supply Chain Responsibility team works closely with the California Disabled Veteran Business (DVB) Alliance and the Elite Service-Disabled Veteran-Owned Business (SDVOB) Network, and its local affiliates, to educate DVBEs.

PG&E conducted a number of workshops and attended multiple events in support of DVBEs in 2017:

- California DVB Alliance Keeping the Promise Conference: PG&E and a number of its prime suppliers supported one-on-one business matchmaking sessions with prospective DVBEs at the conference. PG&E also managed an exhibit booth and invited its prime suppliers to schedule specific hours at the booth to meet prospective DVBEs.
- California DVB Alliance Salute to Veterans Day Breakfast and Corporate Advisory Board Meeting: The veterans’ breakfast brought together businesses, the public and private sector to celebrate the men and women who served in America’s armed forces. The board meeting introduced the new board members and their mission. Additionally, PG&E met with prospective DVBEs.
- Northern California Elite SDVOB Network Annual Conference: PG&E hosted an environmental sustainability workshop that covered information on establishing policies and practices that improve the environmental profile of a business. Participants received tools and resources to track and set improvement goals for environmental impacts such as energy, waste and water usage. PG&E participated in a best practices panel and networking session. PG&E also invited five prime suppliers to attend and connect with prospective DVBE suppliers.

- Elite SDVOB Network 2017 National Conference: PG&E participated in a best practices panel discussion on helping DVBEs stand out in their marketing efforts. Panel topics included how to create successful line cards, how to prepare for business matchmaking, and effective ways to market to and engage with prime suppliers. PG&E staff hosted a booth at the trade show and enlisted a number of its prime suppliers to participate in business matchmaking.
- PG&E's Annual "Boots to Business" Workshop: PG&E hosted this workshop in partnership with the SBA and the California DVB Alliance. "Boots to Business" is a SBA program that introduces transitioning military service members to the fundamentals of small business ownership and available SBA tools and resources. The California DVB Alliance's Executive Director provided welcoming remarks. A representative from PG&E's contractor safety program shared the importance of critical safety requirements like ISNetwork® and Gold Shovel certification. Additionally, participants learned what it takes to become a PG&E supplier or subcontractor. Attendees also received information regarding the benefits of certifications like 8(a) and HubZone designations in California. The workshop concluded with a networking session between PG&E prime suppliers and DVBEs.

DVBEs also attended in-person Prime Supplier Academy trainings to both learn how to successfully implement supply chain responsibility initiatives of their own as well as to network with other PG&E prime suppliers.

Loan Fund

PG&E continues to support access to capital for diverse suppliers. As in years past, PG&E continued as an investor in the Business Consortium Fund (BCF). The BCF is a minority business development company created by the National Minority Supplier Development Council to provide contract financing to certified MBEs through a network of local participating banks.

External Communications

In 2017, PG&E's communication strategy utilized various channels to share best practices with supplier diversity advocates and to educate the diverse business community on the company's resources that support supplier diversity success. PG&E print ads appeared in several diverse publications and event program brochures throughout the year. In addition to linking readers to resources available at the company's website, the advertisements shared PG&E's more than 35 year commitment to supplier diversity by highlighting its \$2.85 billion spent in 2016 with diverse suppliers.

PG&E published advertisements and articles in the following diverse publications.

- *Affinity Magazine*
- *Bay Area Reporter*
- *Diversity Plus*
- *MBE Magazine*
- *MBN-USA*
- *Professional Woman's Magazine*
- *US Veterans Magazine*
- *WE-USA*

Awards and Recognition

PG&E's supplier diversity program continued to be recognized for its industry-leading excellence. PG&E received the following awards and recognitions in 2017.

Organization	Recognition
Billion Dollar Roundtable	Inducted into the BDR for procuring more than \$1.0 billion annually from certified minority and women-owned businesses on a first tier basis
Women's Business Enterprise National Council	America's Top Companies for Women-Owned Businesses
Institute for Supply Management	Charles J. McDonald Supplier Diversity Advocate Award
U.S. Hispanic Chamber of Commerce	Million Dollar Club: \$500 million-\$1 billion category
California Hispanic Chamber of Commerce	Corporate Advocate of the Year Award
Western Regional Minority Supplier Development Council	Procurement & Purchasing Leader of the Year
National Business Inclusion Consortium	Best of the Best Corporations for Inclusion
Omnikal (formerly Diversity Business)	America's Top 50 Inclusion Corporations
Diversity Inc	Top Five Regional Utilities for Diversity
Women's Enterprise USA	WE 100 Corporations of the Year
Women's Enterprise USA	Top 100 Leaders in Supplier Diversity
Professional Women's Magazine	Best of the Best: Top Supplier Diversity Program
Minority Business News USA	Corporate 101: Most Admired Companies for Supplier Diversity
Minority Business News USA	2017 Corporate Buyers of the Year

Outreach

In 2017, PG&E participated in many local, state and national supplier diversity outreach events to meet with qualified prospective WMDVLGBTBEs. The Supply Chain Responsibility team and its Outreach Ambassadors benchmarked and shared best practices with other corporations, connected prime suppliers to WMDVLGBTBEs and educated prospective suppliers on what it takes to compete for business.

PG&E sponsored and/or participated in the following activities:

- American Association of Blacks in Energy—2017 AABE National Conference
- American Indian Chamber of Commerce—14th Annual Expo
- American Indian Chamber of Commerce—Annual Heritage Month Luncheon and Scholarship Awards
- Astra Women’s Business Alliance—2017 S.T.E.A.M Summit
- Astra Women’s Business Alliance—Best Practices Supplier Diversity Summit
- Astra Women’s Business Alliance—Procurement Summit and Holiday Luncheon
- Astra Women’s Business Alliance, Northern California—WBE Economic Development Summit
- California Asian Pacific Chamber of Commerce—API Leadership Celebration
- California Asian Pacific Chamber of Commerce—Asian and Pacific Islanders Legislative Caucus Dinner
- California Asian Pacific Chamber of Commerce—Business Development Program Sacramento
- California Asian Pacific Chamber of Commerce—Empower Program Bakersfield
- California Asian Pacific Chamber of Commerce—Empower Program Fresno
- California Asian Pacific Chamber of Commerce—Empower Program Stockton
- California Black Chamber of Commerce—Ron Brown Business and Economic Summit
- California DVB Alliance—Keeping the Promise DVBE Conference
- California DVB Alliance—Salute to Veterans Day Breakfast/Corporate Advisory Board Meeting
- California Efficiency + Demand Management Council—Customer Care Energy Efficiency Vendor Training
- California Hispanic Chamber of Commerce—2017 Annual Convention
- California Public Utilities Commission—Small and Diverse Business Expo, Los Angeles
- California Public Utilities Commission—Small and Diverse Business Expo, Redding
- California Small Business Day
- CERES Conference 2017
- DistribuTECH—2017 Conference and Exhibition
- Edison Electric Institute—2017 Business Diversity Conference

- Electric Utility Industry Sustainable Supply Chain Alliance—Annual Sourcing Conference
- Elite SDVOB Network—14th Annual National Convention
- Elite SDVOB Network, Northern California Chapter—2nd Annual Convention San Francisco
- Fresno Chamber of Commerce Foundation—Small Business University
- Golden Gate Business Association—Power Lunch III
- Greenlining Institute—2017 Economic Summit
- IBM Cognitive Computing Deep Dive Diverse Business Participation
- National Asian American Coalition—Economic Development Conference
- National Association of Women Business Owners, California—Propel Your Business Conference
- National Gay and Lesbian Chamber of Commerce—2017 International Business and Leadership Conference
- National Gay and Lesbian Chamber of Commerce—LGBTBE Business Matchmaker with Billion Dollar Roundtable
- National Minority Supplier Development Council—2017 Annual Conference
- National Minority Supplier Development Council—2017 Leadership Awards
- National Utilities Diversity Council—4th Annual Brooklyn Brainstorm Conference
- Office of Economic and Workforce Development and the San Francisco Chamber of Commerce—San Francisco Biz Connect Business to Business Holiday Marketplace
- PG&E Asian Pacific American Heritage Month Celebration: Diverse Suppliers are Safe, Diverse Suppliers are Cyber-Secure
- PG&E Black History Month Celebration: Diverse Suppliers are Safe
- PG&E Business Tune-Up Workshop: Reducing Costs of Operation
- PG&E Customer Care Energy Efficiency Pre-Bid Forum
- PG&E Diverse Suppliers Go Green (in collaboration with the Elite SDVOB Network, Northern California Chapter)
- PG&E DVBE Boots to Business Workshop (in partnership with SBA and California DVB Alliance)
- PG&E Effective Marketing to Public Utility Companies (in partnership with California Water Association)
- PG&E Future Proofing Your Business Workshop Pilot
- PG&E Hispanic Heritage Month Celebration: Diverse Suppliers Go Green
- PG&E LGBT Pride Month Celebration: Out for Business (in collaboration with NGLCC, GGBA, RCCSV and RCCS)
- PG&E Small Business Consultation and Feedback Forums, Summer and Winter

- PG&E Small Business Workshop (in partnership with SBA), Fresno
- PG&E Small Business Workshop (in partnership with SBA), San Francisco
- PG&E Small Business Workshop (in partnership with SBA), Stockton
- PG&E Tools and Resources for Successfully Doing Business
- PG&E Women's History Month Celebration: Diverse Suppliers are Cyber-Secure
- POWER-GEN International
- Rainbow Chamber of Commerce, Silicon Valley—Connect: 2017
- Sacramento Rainbow Chamber of Commerce—2017 Annual Gala
- San Francisco Public Utilities Commission—4th Annual Women in Construction Expo
- Small Business Administration—2017 Small Business Week Workshop
- Sustainable Purchasing Leadership Council—2017 Summit
- U.S. Department of Transportation and California Asian Pacific Chamber of Commerce—2017 Disadvantaged Business Enterprise Conference: I am Small Business
- U.S. Hispanic Chamber of Commerce—National Convention
- U.S. Pan Asian American Chamber of Commerce—CelebrAsian Procurement Conference
- WEConnect International—1st Annual Global Supplier Diversity and Inclusion Symposium and Gala
- Western Regional Minority Supplier Development Council—All Money is Green Event/MBE General Assembly Meeting
- Western Regional Minority Supplier Development Council—Annual Meeting and Holiday Luncheon
- Western Regional Minority Supplier Development Council—Awards and Fundraiser Gala
- Western Regional Minority Supplier Development Council—Build the Future Business and Construction Expo
- Women's Business Enterprise National Council—National Conference
- Women's Business Enterprise National Council—Summit and Salute Conference

PG&E's Supplier Diversity team actively participated in the following organizations:

- American Indian Chamber of Commerce: Advisory Board
- California Asian Pacific Chamber of Commerce: Board Member
- California Disabled Veterans Business Alliance: Corporate Advisory Board
- California Utilities Diversity Council: Corporate Member, Executive Committee Co-Vice Chair
- Electric Utility Industry Sustainable Supply Chain Alliance: Executive Committee Past Chair
- Institute for Supply Management: Supplier Diversity Board Member
- National Gay and Lesbian Chamber of Commerce: Corporate Council Member, Procurement Council Member
- National Minority Supplier Development Council: Board of Directors, Strategic Advisory Council, Utility Industry Group
- National Utility Diversity Council: Board Executive Committee
- Sustainable Purchasing Leadership Council: Board Executive Committee
- U.S. Business Leadership Network: Procurement Council Member
- Western Regional Minority Supplier Development Council: Board Member
- WEConnect International: Board Treasurer

PG&E also supports other local organizations through its Community Affairs and Government Affairs departments.



Summary of Purchases (Sec. 9.1.2)

WMDVLGBTBE Annual Results by Ethnicity

	Direct \$	Sub \$	Total \$	%	
MEN	Asian Pacific American	171,635,530	52,047,239	223,682,769	3.66%
	African American	224,911,387	45,268,741	270,180,129	4.43%
	Hispanic American	281,672,446	194,298,810	475,971,256	7.80%
	Native American	51,624,446	10,031,664	61,656,110	1.01%
	Total Minority Men	729,843,810	301,646,454	1,031,490,263	16.90%
WOMEN	Asian Pacific American	228,514,722	21,639,713	250,154,435	4.10%
	African American	60,705,042	1,170,042	61,875,084	1.01%
	Hispanic American	148,645,839	23,982,594	172,628,433	2.83%
	Native American	17,952,865	20,267,053	38,219,918	0.63%
	Total Minority Women	455,818,467	67,059,402	522,877,869	8.57%
Total Minority Business Enterprise (MBE)	1,185,662,277	368,705,856	1,554,368,133	25.47%	
Women Business Enterprise (WBE)	493,836,946	217,697,389	711,534,335	11.66%	
Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	651,746	802,867	1,454,613	0.02%	
Disabled Veteran Business Enterprise (DVBE)	\$201,458,116	110,020,631	311,478,747	5.10%	
Other 8(a)*	0	0	0	0.00%	
Total WMDVLGBTBE	1,881,609,085	697,226,743	2,578,835,827	42.25%	

Net Procurement**	6,103,446,588
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NOTE:

* Firms classified as 8(a) by the Small Business Administration includes non-WMDVLGBTBE

** Net procurement includes purchase order, non-purchase order and credit card dollars

Direct: Direct procurement

Sub: Subcontractor procurement

?: Percentage of net procurement

Totals may not add due to rounding.

Summary of Purchases (Sec. 9.1.2)

WMDVLGBTBE **Direct Procurement** Product and Service Categories

	Products		Services		Total		
	DIRECT \$	%	DIRECT \$	%	DIRECT \$	%	
MEN	Asian Pacific American	25,462,467	2.51%	146,173,064	2.87%	171,635,530	2.81%
	African American	75,313,862	7.42%	149,597,526	2.94%	224,911,387	3.68%
	Hispanic American	75,870,425	7.47%	205,802,021	4.04%	281,672,446	4.61%
	Native American	18,013,671	1.77%	33,610,775	0.66%	51,624,446	0.85%
	Total Minority Men	194,660,424	19.17%	535,183,386	10.52%	729,843,810	11.96%
WOMEN	Asian Pacific American	185,487,643	18.26%	43,027,079	0.85%	228,514,722	3.74%
	African American	0	0.00%	60,705,042	1.19%	60,705,042	0.99%
	Hispanic American	40,254,357	3.96%	108,391,482	2.13%	148,645,839	2.44%
	Native American	9,864,525	0.97%	8,088,340	0.16%	17,952,865	0.29%
	Total Minority Women	235,606,525	23.20%	220,211,942	4.33%	455,818,467	7.47%
Total Minority Business Enterprise (MBE)	430,266,949	42.36%	755,395,328	14.85%	1,185,662,277	19.43%	
Women Business Enterprise (WBE)	97,364,693	9.59%	396,472,253	7.79%	493,836,946	8.09%	
Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	0	0.00%	651,746	0.01%	651,746	0.01%	
Disabled Veteran Business Enterprise (DVBE)	25,805,383	2.54%	175,652,733	3.45%	201,458,116	3.30%	
Other 8(a)*	0	0.00%	0	0.00%	0	0.00%	
Total WMDVLGBTBE	553,437,025	54.49%	1,328,172,059	26.10%	1,881,609,085	30.83%	

Total Product Procurement	1,015,629,448
Total Service Procurement	5,087,817,139
Net Procurement**	6,103,446,588
Total Number of WMDVLGBTBEs that Received Direct Spend	491

NOTE:

*Firms classified as 8(a) by the Small Business Administration includes non-WMDVLGBTBE

**Net procurement includes purchase order, non-purchase order and credit card dollars

Direct: Direct procurement

Sub: Subcontractor procurement

%: Percentage of products, services or net procurement

Totals may not add due to rounding.

Summary of Purchases (Sec. 9.1.2)

WMDVLGBTBE Subcontractor Procurement by Product and Service Categories

	Products		Services		Total	
	SUB \$	%	SUB \$	%	SUB \$	%
MEN	Asian Pacific American	N/A	N/A	N/A	52,047,239	0.85%
	African American	N/A	N/A	N/A	45,268,741	0.74%
	Hispanic American	N/A	N/A	N/A	194,298,810	3.18%
	Native American	N/A	N/A	N/A	10,031,664	0.16%
	Total Minority Men	N/A	N/A	N/A	N/A	301,646,454
WOMEN	Asian Pacific American	N/A	N/A	N/A	21,639,713	0.35%
	African American	N/A	N/A	N/A	1,170,042	0.02%
	Hispanic American	N/A	N/A	N/A	23,982,594	0.39%
	Native American	N/A	N/A	N/A	20,267,053	0.33%
	Total Minority Women	N/A	N/A	N/A	N/A	67,059,402
Total Minority Business Enterprise (MBE)	N/A	N/A	N/A	N/A	368,705,856	6.04%
Women Business Enterprise (WBE)	N/A	N/A	N/A	N/A	217,697,389	3.57%
Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	N/A	N/A	N/A	N/A	802,867	0.01%
Disabled Veteran Business Enterprise (DVBE)	N/A	N/A	N/A	N/A	110,020,631	1.80%
Other 8(a)*	N/A	N/A	N/A	N/A	0	0.00%
Total WMDVLGBTBE	N/A	N/A	N/A	N/A	697,226,743	11.42%

Total Product Procurement	1,015,629,448
Total Service Procurement	5,087,817,139
Net Procurement**	6,103,446,588

NOTE:

* Firms classified as 8(a) by the Small Business Administration includes non-WMDVLGBTBE

**Net procurement includes purchase order, non-purchase order and credit card dollars

Direct: Direct procurement

Sub: Subcontractor procurement

%: Percentage of net procurement

Totals may not add due to rounding.

Summary of Purchases (Sec. 9.1.2)

WMDVLGBTBE Procurement Standard Industrial Classification (SIC) Code Legend

	Major Group Description	Description of Items
07	Agricultural Services	Ornamental Shrub and Tree Services, Ornamental Floriculture
15	General Business Contractors	Industrial Buildings and Warehouses, Residential Buildings, other than Single-Family
17	Special Trade Contractors	Carpentry Work, Concrete, Electrical, Excavation
24	Lumber and Wood Products	Wood Poles
25	Furniture and Fixtures	Office Furniture, Metal Household Furniture
26	Paper and Allied Products	Envelopes, Coated Paper, Paper Mills
27	Printing and Publishing	Bookbinding and Related Work, Typesetting, Commercial Printing
28	Chemicals and Allied Products	Chemical Preparation, Industrial Chemicals, Paints, Varnishes
29	Petroleum and Coal Products	Lubricating Oils and Greases
30	Rubber and Misc. Plastics Products	Plastic Products, Rubber and Plastic Hoses
32	Stone, Clay and Glass Products	Concrete Products, Ready-Mixed Concrete, Cement
33	Primary Metal Industries	Primary Metal Products, Steel Pipes
34	Fabricated Metal Products	Heating Equipment, Fabricated Structural Metals, Miscellaneous Fabricated Wire Products
35	Industrial Machinery and Equipment	Mechanical Power Transmission Equipment, Steam, Gas and Hydraulic Turbines and Turbine Generator Set Units
36	Electronic and Other Electric Equipment	Switchgear and Switchboard Apparatus, Power, Distribution and Speciality Transformers
37	Transportation Equipment	Truck and Bus Bodies, Aircraft Engines and Engine Parts
38	Instruments and Related Products	Instruments For Measuring and Testing of Electricity and Electrical Signals
39	Miscellaneous Manufacturing Industries	Signs and Advertising Specialties, Marking Devices
42	Trucking and Warehousing	Local Trucking
45	Transportation by Air	Air Transportation
46	except Natural Gas	Pipelines

	Major Group Description	Description of Items
47	Transportation Services	Arrangement of Transportation of Freight and Cargo
48	Communications	Telephone Communications, Communications Services
49	Electric, Gas and Sanitary Services	Refuse Systems, Electric Services (Hydroelectric Power Generation)
50	Wholesale Trade-Durable Goods	Electrical Apparatus and Equipment, Wiring Supplies and Construction Materials, Computers
51	Wholesale Trade-Nondurable Goods	Petroleum and Petroleum Products Wholesalers, Stationery and Office Supplies
52	Building Materials and Garden Supplies	Hardware Stores, Lumber and Other Building Materials
55	Automotive Dealers and Service Stations	Motor Vehicle Dealers
56	Apparel and Accessory Stores	Miscellaneous Apparel and Accessory Stores
58	Eating and Drinking Places	Eating and Drinking Places
63	Insurance Carriers	Fire, Marine and Casualty Insurance
65	Real Estate	Real Estate Agents and Managers
72	Personal Services	Hotels and Motels
73	Business Services	Help Supply Services, Computer Programming Services, Advertising Agencies
75	Auto Repair, Services and Parking	Top, Body and Upholstery Repair Shops and Paint Shops, Automotive Repair Shops
76	Miscellaneous Repair Services	Electrical and Electronic Repair Shops
78	Motion Pictures	Motion Picture and Video Tape Production
80	Health Services	Offices and Clinics of Doctors of Medicine
81	Legal Services	Law Firms
87	Engineering and Management Services	Engineering Services, Accounting, Auditing and Bookkeeping Services, Management Consulting Services

Supplier Diversity Procurement by Standard Industrial Classification (SIC) Code—Detail (9.1.2)

		Asian Pacific American		African American		Hispanic American		Native American		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Disabled Veteran Business Enterprise (DVBE)	Other 8(a)	Total WMDVLGBTBE	Total Procurement	
		MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN								
07	Agricultural Services	\$	\$0	\$4,296,520	\$0	\$0	\$63,078,348	\$62,389	\$0	\$0	\$67,437,257	\$37,320,096	\$0	\$0	\$0	\$104,757,353	\$405,011,873
		%	0.00%	1.06%	0.00%	0.00%	15.57%	0.02%	0.00%	0.00%	16.65%	9.21%	0.00%	0.00%	0.00%	25.87%	
15	General Business Contractors	\$	\$754,630	\$98,505	\$484,251	\$0	\$44,646,636	\$16,796,068	\$5,326,561	\$2,104,287	\$70,210,938	\$122,972,961	\$0	\$36,736,395	\$0	\$229,920,294	\$1,058,280,565
		%	0.07%	0.01%	0.05%	0.00%	4.22%	1.59%	0.50%	0.20%	6.63%	11.62%	0.00%	3.47%	0.00%	21.73%	
17	Special Trade Contractors	\$	\$0	\$0	\$513,054	\$0	\$40,070,106	\$6,968,329	\$28,182,098	\$3,658,374	\$79,391,961	\$54,511,787	\$0	\$27,652,198	\$0	\$161,555,946	\$440,812,849
		%	0.00%	0.00%	0.12%	0.00%	9.09%	1.58%	6.39%	0.83%	18.01%	12.37%	0.00%	6.27%	0.00%	36.65%	
24	Lumber and Wood Products	\$	\$509,888	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$509,888	\$1,248,967	\$0	\$0	\$0	\$1,758,854	\$5,092,679
		%	10.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.01%	24.52%	0.00%	0.00%	0.00%	34.54%	
25	Furniture and Fixtures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$44,476	\$0	\$0	\$0	\$44,476	\$686,759
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.48%	0.00%	0.00%	0.00%	6.48%	
26	Paper and Allied Products	\$	\$0	\$0	\$0	\$0	\$0	\$245,389	\$0	\$0	\$245,389	\$0	\$0	\$0	\$0	\$245,389	\$384,213
		%	0.00%	0.00%	0.00%	0.00%	0.00%	63.87%	0.00%	0.00%	63.87%	0.00%	0.00%	0.00%	0.00%	63.87%	
27	Printing and Publishing	\$	\$536,138	\$0	\$0	\$0	\$0	\$149,675	\$0	\$0	\$685,814	\$1,550,225	\$0	\$0	\$0	\$2,236,038	\$11,557,880
		%	4.64%	0.00%	0.00%	0.00%	0.00%	1.30%	0.00%	0.00%	5.93%	13.41%	0.00%	0.00%	0.00%	19.35%	
28	Chemicals and Allied Products	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,473,418	\$0	\$0	\$0	\$1,473,418	\$10,351,217
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	14.23%	0.00%	0.00%	0.00%	14.23%	
29	Petroleum and Coal Products	\$	\$0	\$0	\$0	\$0	\$41,292	\$0	\$0	\$0	\$41,292	\$0	\$0	\$0	\$0	\$41,292	\$599,074
		%	0.00%	0.00%	0.00%	0.00%	6.89%	0.00%	0.00%	0.00%	6.89%	0.00%	0.00%	0.00%	0.00%	6.89%	
30	Rubber and Misc. Plastics Products	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,430,219
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
32	Stone, Clay and Glass Products	\$	\$0	\$0	\$0	\$0	\$0	\$225,029	\$0	\$0	\$225,029	\$0	\$0	\$0	\$0	\$225,029	\$10,765,007
		%	0.00%	0.00%	0.00%	0.00%	0.00%	2.09%	0.00%	0.00%	2.09%	0.00%	0.00%	0.00%	0.00%	2.09%	
33	Primary Metal Industries	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,928	\$0	\$0	\$0	\$50,928	\$681,128
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.48%	0.00%	0.00%	0.00%	7.48%	
34	Fabricated Metal Products	\$	\$0	\$161,932	\$0	\$0	\$4,904,191	\$0	\$0	\$0	\$5,066,122	\$49,790	\$0	\$0	\$0	\$5,115,912	\$49,025,310
		%	0.00%	0.33%	0.00%	0.00%	10.00%	0.00%	0.00%	0.00%	10.33%	0.10%	0.00%	0.00%	0.00%	10.44%	
35	Industrial Machinery and Equipment	\$	\$7,915,303	\$339,663	\$63,367,196	\$0	\$8,299,015	\$171,630	\$17,516	\$0	\$80,110,323	\$7,903,350	\$0	\$480,634	\$0	\$88,494,308	\$191,060,365
		%	4.14%	0.18%	33.17%	0.00%	4.34%	0.09%	0.01%	0.00%	41.93%	4.14%	0.00%	0.25%	0.00%	46.32%	
36	Electronic and Other Electric Equipment	\$	\$3,295,337	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,295,337	\$16,058,148	\$0	\$0	\$0	\$19,353,485	\$80,273,305
		%	4.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.11%	20.00%	0.00%	0.00%	0.00%	24.11%	
37	Transportation Equipment	\$	\$0	\$0	\$0	\$0	\$0	\$17,367,101	\$0	\$0	\$17,367,101	\$0	\$0	\$25,316,046	\$0	\$42,683,147	\$43,330,332
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.08%	0.00%	40.08%	0.00%	0.00%	58.43%	0.00%	98.51%	
38	Instruments and Related Products	\$	\$1,133,416	\$0	\$7,009,863	\$0	\$0	\$76,216	\$0	\$0	\$8,219,495	\$305,421	\$0	\$2,919,567	\$0	\$11,444,483	\$56,971,623
		%	1.99%	0.00%	12.30%	0.00%	0.00%	0.13%	0.00%	0.00%	14.43%	0.54%	0.00%	5.12%	0.00%	20.09%	
39	Miscellaneous Manufacturing Industries	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,751,809	\$0	\$0	\$0	\$1,751,809	\$2,928,137
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	59.83%	0.00%	0.00%	0.00%	59.83%	
42	Trucking and Warehousing	\$	\$9,038	\$0	\$0	\$2,425,419	\$0	\$358,402	\$0	\$2,094,372	\$4,887,230	\$2,222,583	\$0	\$0	\$0	\$7,109,813	\$9,163,186
		%	0.10%	0.00%	0.00%	26.47%	0.00%	3.91%	0.00%	22.86%	53.34%	24.26%	0.00%	0.00%	0.00%	77.59%	
45	Transportation by Air	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,255,101	\$0	\$0	\$0	\$6,255,101	\$20,507,732
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	30.50%	0.00%	0.00%	0.00%	30.50%	
46	Pipelines, Except Natural Gas	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

Supplier Diversity Procurement by SIC Code—Detail (9.1.2) continued

		Asian Pacific American		African American		Hispanic American		Native American		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Disabled Veteran Business Enterprise (DVBE)	Other 8(a)	Total WMDVLGBTBE	Total Procurement	
		MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN								
47	Transportation Services	\$	\$836	\$147,321,331	\$2,191,441	\$417,939	\$2,216,268	\$1,839,678	\$16,281	\$0	\$154,003,775	\$2,118,060	\$0	\$591,710	\$0	\$156,713,545	\$147,711,021
		%	0.00%	99.74%	1.48%	0.28%	1.50%	1.25%	0.01%	0.00%	104.26%	1.43%	0.00%	0.40%	0.00%	106.09%	
48	Communications	\$	\$0	\$0	\$0	\$0	\$479,559	\$0	\$0	\$0	\$479,559	\$267,218	\$0	\$0	\$0	\$746,777	\$12,507,523
		%	0.00%	0.00%	0.00%	0.00%	3.83%	0.00%	0.00%	0.00%	3.83%	2.14%	0.00%	0.00%	0.00%	5.97%	
49	Electric, Gas and Sanitary Services	\$	\$15,392	\$0	\$15,321	\$0	\$123,741	\$40,447,462	\$38,455	\$0	\$40,640,371	\$26,871,986	\$0	\$859,876	\$0	\$68,372,234	\$119,879,380
		%	0.01%	0.00%	0.01%	0.00%	0.10%	33.74%	0.03%	0.00%	33.90%	22.42%	0.00%	0.72%	0.00%	57.03%	
50	Wholesale Trade-Durable Goods	\$	\$31,172,822	\$35,813,555	\$0	\$0	\$70,957,208	\$81,053,190	\$93,179	\$9,874,960	\$228,964,914	\$58,178,794	\$0	\$1,343,158	\$0	\$288,486,867	\$440,742,080
		%	7.07%	8.13%	0.00%	0.00%	16.10%	18.39%	0.02%	2.24%	51.95%	13.20%	0.00%	0.30%	0.00%	65.45%	
51	Wholesale Trade-Nondurable Goods	\$	\$661,101	\$0	\$0	\$0	\$518,429	\$8,027	\$0	\$0	\$1,187,557	\$8,881,857	\$0	\$0	\$0	\$10,069,415	\$15,176,178
		%	4.36%	0.00%	0.00%	0.00%	3.42%	0.05%	0.00%	0.00%	7.83%	58.52%	0.00%	0.00%	0.00%	66.35%	
52	Building Materials and Garden Supplies	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,995,357	\$0	\$0	\$0	\$3,995,357	\$7,794,664
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	51.26%	0.00%	0.00%	0.00%	51.26%	
55	Automotive Dealers and Service Stations	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$154,741
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
56	Apparel and Accessory Stores	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$160,882	\$0	\$0	\$0	\$160,882	\$2,471,524
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.51%	0.00%	0.00%	0.00%	6.51%	
58	Eating and Drinking Places	\$	\$133	\$0	\$21,391,255	\$0	\$0	\$0	\$0	\$0	\$21,391,388	\$28,947	\$0	\$0	\$0	\$21,420,335	\$150,617,559
		%	0.00%	0.00%	14.20%	0.00%	0.00%	0.00%	0.00%	0.00%	14.20%	0.02%	0.00%	0.00%	0.00%	14.22%	
63	Insurance Carriers	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$794,373
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
65	Real Estate	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,350,869	\$0	\$0	\$0	\$10,350,869	\$48,018,392
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	21.56%	0.00%	0.00%	0.00%	21.56%	
72	Personal Services	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,580,395
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
73	Business Services	\$	\$50,758,969	\$44,583,648	\$73,541,715	\$58,891,788	\$151,316,323	\$21,751,723	\$7,743,811	\$13,860,948	\$422,448,924	\$268,554,701	\$1,049,186	\$123,751,521	\$0	\$815,804,332	\$1,117,160,732
		%	4.54%	3.99%	6.58%	5.27%	13.54%	1.95%	0.69%	1.24%	37.81%	24.04%	0.09%	11.08%	0.00%	73.02%	
75	Auto Repair, Services and Parking	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,180,597
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
76	Miscellaneous Repair Services	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,986	\$0	\$0	\$0	\$4,986	\$14,274,022
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%	0.03%	
78	Motion Pictures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,115
		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
80	Health Services	\$	\$0	\$1,877,218	\$0	\$0	\$0	\$0	\$0	\$0	\$1,877,218	\$0	\$0	\$0	\$0	\$1,877,218	\$2,201,000
		%	0.00%	85.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	85.29%	0.00%	0.00%	0.00%	0.00%	85.29%	
81	Legal Services	\$	\$1,648,659	\$2,950,389	\$52,299	\$0	\$2,340,711	\$1,397,242	\$0	\$0	\$8,389,298	\$10,375,747	\$0	\$123,250	\$0	\$18,888,295	\$102,751,000
		%	1.60%	2.87%	0.05%	0.00%	2.28%	1.36%	0.00%	0.00%	8.16%	10.10%	0.00%	0.12%	0.00%	18.38%	
87	Engineering and Management Services	\$	\$125,271,107	\$12,711,674	\$101,613,734	\$139,938	\$86,979,430	\$1,077,984	\$2,871,107	\$6,626,977	\$337,291,952	\$68,025,873	\$405,427	\$91,704,389	\$0	\$497,427,641	\$1,448,492,839
		%	8.65%	0.88%	7.02%	0.01%	6.00%	0.07%	0.20%	0.46%	23.29%	4.70%	0.03%	6.33%	0.00%	34.34%	
Total		\$	\$223,682,769	\$250,154,435	\$270,180,129	\$61,875,084	\$475,971,256	\$172,628,433	\$61,656,110	\$38,219,918	\$1,554,368,133	\$711,534,335	\$1,454,613	\$311,478,747	\$0	\$2,578,835,827	\$6,103,446,588
		%	3.66%	4.10%	4.43%	1.01%	7.80%	2.83%	1.01%	0.63%	25.47%	11.66%	0.02%	5.10%	0.00%	42.25%	

Totals may not add due to rounding.

WMDVLGBTBE Program Expenses (Sec 9.1.3)

Expense Category	2017 Actuals
Wages	\$1,552,878
Other Employee Expenses	\$80,710
Program Expenses	\$897,540
Reporting Expenses	\$0
Training	\$8,595
Consultants	\$0
Other	\$0
Total	\$2,539,722

Totals may not add due to rounding.

Wages: Salary and payroll-related costs of employees working on WMDVLGBTBE matters

Other Employee Expenses: Travel and other non-wage costs

Program Expenses: Material, staff augmentation, CPUC Clearinghouse, technical assistance and outreach, audit and other costs directly related to programs

Reporting Expenses: IT system, computer, other expenses related to preparing reports for the CPUC

Training: Costs related to employee training

Description of Progress in Meeting or Exceeding Set Goals (Sec 9.1.4)

	2017 Results	2017 Goals
Minority Men	16.90%	12.00%
Minority Women	8.57%	3.00%
Minority Business Enterprise (MBE)	25.47%	15.00%
Women Business Enterprise (WBE)	11.66%	5.00%
Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	0.02%	N/A
Disabled Veteran Business (DVBE)	5.10%	1.50%
Other 8(a)	0.0%	N/A
Total WMDVLGBTBE	42.25%	21.50%

Totals may not add due to rounding.

PG&E spent \$2.58 billion with WMDVLGBTBEs in 2017. This represents 42.25 percent of the company's total procurement.

For the 12th year, PG&E exceeded the CPUC goal of 21.5 percent spend with WMDVLGBTBEs.

Summary of Prime Contractor Utilization of WMDVLGBTBE Subcontractors (Sec 9.1.5)

	Minority Men	Minority Women	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Disabled Veterans Business Enterprise (DVBE)	Other 8(a)*	Total WMDVLGBTBE
Direct \$	\$729,843,810	\$455,818,467	\$1,185,662,277	\$493,836,946	\$651,746	\$201,458,116	\$0	\$1,881,609,085
Subcontracting \$	\$301,646,454	\$67,059,402	\$368,705,856	\$217,697,389	\$802,867	\$110,020,631	\$0	\$697,226,743
Total \$	\$1,031,490,263	\$522,877,869	\$1,554,368,133	\$711,534,335	\$1,454,613	\$311,478,747	\$0	\$2,578,835,827
Direct %	11.96%	7.47%	19.43%	8.09%	0.01%	3.30%	0.00%	30.83%
Subcontracting %	4.94%	1.10%	6.04%	3.57%	0.01%	1.80%	0.00%	11.42%
Total %	16.90%	8.57%	25.47%	11.66%	0.02%	5.10%	0.00%	42.25%

Net Procurement** \$	\$6,103,446,588
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Note:

*Firms classified as 8(a) by the Small Business Administration includes non-WMDVLGBTBE

**Net procurement includes purchase order, non-purchase order and credit card dollars

%: Percentage of net procurement

Direct: Direct procurement

Sub: Subcontractor procurement

Totals may not add due to rounding.

See section 9.1.1 Internal Program Activities for details regarding PG&E's Prime Supplier Program and a description of prime contractor progress in increasing the participation of WMDVLGBTBE subcontractors.

List of WMDVLGBTBE Complaints Received and Current Status (Sec 9.1.6)

General Order 156 Ruling on August 24, 2006 ended the requirement to summarize complaints.

Description of Efforts to Recruit WMDVLGBTBE Suppliers in Low Utilization Areas (Sec 9.1.7)

FINANCE AND RISK

PG&E's Finance and Risk organization was steadfast in finding channels to expand its diverse supplier base and increase spending with diverse finance professionals. By making supplier diversity a core value and encouraging creative thinking, PG&E was able to identify groundbreaking and innovative opportunities in financial services.

Banking and Money Management

- PG&E scheduled numerous meetings and calls with WMDVLGBTBE banks to learn more about their capabilities and to assess new opportunities for them. Since 2015, PG&E has executed an annual review/questionnaire for WMDVLGBTBE banks and implemented a scorecard/tracker to aid in determining the health of WMDVLGBTBE banks and to assist in making hiring decisions. The scorecard monitored the financial health and changing capabilities of firms and helped to track both new and existing relationships.
- As the first California utility and the second utility in the nation to use minority-owned investment banks as joint book runners for a taxable bond offering in 2010, PG&E continued to work directly with WMDVLGBTBE banks in 2017.
- As part of PG&E's formal Supplier Development Program, Finance supports diverse firms with officer mentorship, cross-functional team guidance and development opportunities. Two finance WMDVLGBTBEs graduated from PG&E's formal mentoring program in 2015 and 2016. PG&E continued to include these firms on recent senior notes offerings, and they have earned substantial fees within the past few years.
- Since 2004, PG&E has used WMDVLGBTBE investment banks as underwriters on each of its senior note offerings.
- From 2010 through 2016, PG&E has used WMDVLGBTBE investment banks as a joint-bookrunner (lead bank) on at least one senior notes offering each year.
- In 2017 PG&E paid \$1.4 million in underwriting fees to WMDVLGBTBE banks, a 120 percent increase since 2007.
- Over the past five years, PG&E used 18 different WMDVLGBTBEs, some on multiple occasions, to serve as underwriters. WMDVLGBTBEs have earned \$11.8 million in financing fees since 2010.
- In 2017 PG&E placed more than \$4.6 billion of commercial paper with a WMDVLGBTBE bank. This equated to almost 20 percent of the program executed through a WMDVLGBTBE dealer in 2017.

Investment Benefits Finance (Pension and Trust Fund Management)

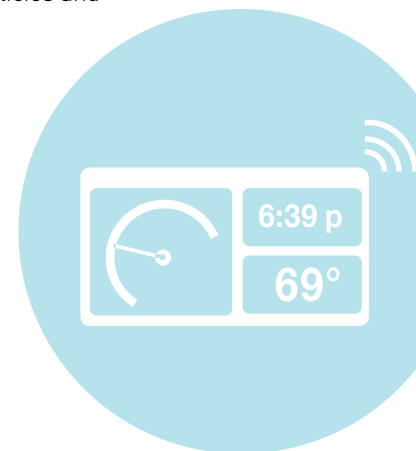
- In 2017, PG&E continued to partner with six WMDVLGBTBEs managing nine equity, fixed income and real estate securities accounts with PG&E's Employee Benefit and Nuclear Decommissioning Trusts. PG&E's diverse-managed trust investments rose to \$3.2 billion in 2017, an increase of more than \$300 million.
- PG&E has a long history of supporting diverse investment managers and encouraging all managers to utilize diverse brokers.

Tax, Accounting and Reporting

Since 2014, PG&E has partnered with a CPUC-certified MBE on a significant multiyear tax project that delivers tax savings. As other opportunities arise, the Tax department makes efforts to ensure WMDVLGBTBEs are considered.

Risk and Audit

- PG&E continues to work with a WMDVLGBTBE to support its Enterprise Risk Management and Insurance area.
- Through PG&E's encouragement, an insurance broker developed a new WMDVLGBTBE subcontracting relationship to support PG&E's Insurance Department in marketing its insurance renewals or administrative insurance work. PG&E plans to maintain this relationship until the contract is up for renewal in 2019.
- The Market and Credit Risk Management (M&CRM) team worked closely with Energy Procurement to enable more diverse spend on the commodity side of the business. Specifically, M&CRM developed a new credit policy for diverse business transactions with respect to energy commodities (gas and power) and received approval from the Risk Policy Committee and Utility Risk Management Committee. This approval set the path for M&CRM to assist Energy Procurement in developing special contractual provisions to accommodate transactions with diverse businesses in gas and now power as well.
- M&CRM continued to work with a WBE consulting company to perform critical work on policies and standards in risk management.



LEGAL

In 2017, the Law Department continued its support of diversity within the legal profession by spending \$14 million with diverse suppliers and providing work opportunities for diverse professionals. PG&E worked with 38 diverse law firms in 2017, with several taking significant roles in major legal matters. The Law Department also was proud to celebrate the 11-year anniversary of its award winning first year law student Summer Pipeline Program.

In addition to its WMDVLGBTBE spend, law firms representing more than 80 percent of the Law Department's fee payments to non-diverse law firms (representing approximately \$60 million), reported that 46 percent of those fees were for professional services performed by diverse lawyers and paralegals.

The Law Department also continued to support law students who demonstrate a commitment to diversity and their community. Four first-year law students from Vanderbilt, UC Davis, UC Hastings and University of San Francisco law schools participated in the Law Department's 2017 Pipeline Program. The student interns were provided the opportunity to gain legal experience in the utility industry and to network with attorneys and other law student interns working in the Bay Area. The Law Department's interns received meaningful work assignments, were exposed to a variety of legal proceedings, visited PG&E's facilities which added meaning to their legal assignments, and had the opportunity to interact with PG&E's business leaders.

Financial support was also provided by the Law Department to the California Bar Foundation Diversity Scholarship to fund a scholarship to a student who has significant financial need and who has been admitted to a top California law school. The department also supported the Equal Justice Works Fellowship for a recent law school graduate working with a community based non-profit organization.

Finally, the Law Department supported WMDVLGBTBE legal associations at networking and diversity events, including meetings, lunches and receptions. PG&E attorneys met with numerous firms at the California Minority Counsel Program with the goal of providing WMDVLGBTBE firms and attorneys greater access to in-house counsel. The Law Department also sponsored and attended a variety of legal organization annual events including the Lawyers Committee for Civil Rights luncheon and the Filipino Bar Association of Northern California dinner. The Department also participated in the Leadership Council on Legal Diversity, which focuses on the professional development of diverse attorneys.



MANAGEMENT CONSULTING SERVICES

PG&E continues to work in the professional services space—which includes management consulting, staff augmentation and other related consulting services—to encourage additional WMDVLGBTBE participation. A majority of PG&E’s management consulting services spend goes through a select set of preferred suppliers. PG&E collaborated with some of these prime suppliers on opportunities to expand WMDVLGBTBE subcontracting. As a result, these prime suppliers set diverse subcontracting goals and established subcontracting agreements with a number of WMDVLGBTBEs. PG&E monitors the performance of these firms and encourages them to include WMDVLGBTBEs as subcontractors.

Retention of All Documents/Data (Sec 9.1.8)

PG&E has retained all documents and data it relies on in preparing its WMDVLGBTBE annual report for the longer of either three years or in conformance with the utility’s individual document retention policies, and shall provide these documents and data to the CPUC upon request.

Additional WMDVLGBTBE Activity (Sec. 9.1.9)

ELECTRIC PROGRAM INVESTMENT CHARGE (EPIC) PROGRAM

The EPIC Program is a statewide program that enables PG&E, Southern California Edison, San Diego Gas and Electric, and the California Energy Commission to pursue new and novel emerging energy solutions to meet California’s energy goals and help drive innovation in the industry. In 2017, PG&E continued to execute its EPIC 1 and EPIC 2 triennial plan portfolios. These projects focused on renewables and distributed energy resources integration, grid modernization and optimization, customer-focused products and services enablement, and strategies and technologies for the evolving grid that align with California’s energy policies.

PG&E’s EPIC projects follow established program governance procedures and supplier contracting processes for externally sourced technology demonstrations. PG&E evaluates qualified suppliers on multiple factors, including but not limited to: quality, safety, value and supply chain responsibility. Through that process, PG&E continues to competitively award EPIC Program work to WMDVLGBTBEs in technical assistance and other consulting services.

In 2017, PG&E submitted its application for projects to be included in the EPIC Program’s third triennial cycle from 2018 to 2020. When approved, these new technology demonstration projects will create additional bid opportunities for WMDVLGBTBEs. PG&E will continue to engage diverse business community stakeholders by conducting educational workshops for WMDVLGBTBEs in 2018. The workshops will provide an overview of the EPIC Program portfolio and information on how diverse suppliers can participate in upcoming EPIC-related bid opportunities.

2018 ANNUAL PLAN



WMDVLGBTBE Annual Short-, Mid- and Long-Term Goals (Sec. 10.1.1)

PG&E’s supplier diversity goals are set annually through a cross-functional process involving Supplier Diversity, Sourcing and the LOBs. PG&E uses historical information and projected spending to assess company goals. While supplier diversity goals are set at the LOB level, PG&E does not set specific goals by product and service categories. As a long-term strategy, PG&E is focused on technical assistance and supplier development strategies to support the success of WMDVLGBTBEs in all key business areas.

PG&E’s short-, mid- and long-term WMDVLGBTBE* goals mirror the recommended goals in General Order 156.

WMDVLGBTBE* ANNUAL SHORT-, MID- AND LONG-TERM GOALS

Short-Term 2017				Mid-Term 2019				Long-Term 2021			
MBE	WBE	DVBE	LGBTBE	MBE	WBE	DVBE	LGBTBE	MBE	WBE	DVBE	LGBTBE
15%	5%	1.5%	N/A	15%	5%	1.5%	TBD	15%	5%	1.5%	TBD

*Pursuant to General Order 156, “starting in 2015 and during the first three years of implementing LGBTBE inclusion, the utilities shall be excused from setting numerically-based goals and targets for LGBTBEs and instead focus efforts on foundational and outreach activities.”

Description of Efforts to Recruit WMDVLGBTBE Planned Program Activities for the Next Calendar Year (Sec. 10.1.2)

WMDVLGBTBE inclusion is integrated into the way PG&E does business, and has been something the company has focused on since launching a formal supplier diversity initiative more than 36 years ago. PG&E plans to sustain its efforts by continuing to strengthen the WMDVLGBTBE contributions in both traditional and emerging areas so they are fully integrated contributors in the supply chain.

PG&E’s underlying vision for its program efforts incorporate the following key values:

- **Safety:** Champion effective safety practices and educate all suppliers, including WMDVLGBTBEs, on those requirements
- **Reliability:** Sustain best in class supplier diversity results through successful execution of strategic program initiative
- **Affordability:** Support diverse solutions that optimize the supply chain through efficiencies and cost savings
- **Clean:** Include incumbent WMDVLGBTBEs in the supply chain sustainability performance initiative

In alignment with this vision, PG&E will continue to develop ongoing strategic program activities in the following areas for 2017.

- **Goal Development and Alignment:** Cross-functionally develop goals and drive alignment and accountability across each LOB
- **Supplier Development:** Identify opportunities for and support the development of WMDVLGBTBEs to grow and be competitive in the supply chain
- **Prime Supplier Education:** Encourage increased prime supplier support of PG&E's supply chain responsibility initiatives through the Prime Supplier Academy
- **Subcontracting Performance:** Educate prime suppliers on the requirements for accurate reporting and encourage achievable subcontracting goals
- **LGBTBE Inclusion:** Educate LGBTBEs on the value of certification and identify opportunities for inclusion
- **Outreach:** Support activities and organizations that align with PG&E's supplier diversity goals
- **Communications and Training:** Continue to incorporate strategies to communicate and educate both internal and external stakeholders about PG&E's Supplier Diversity Program
- **Supplier Recognition:** Recognize the excellent performance of WMDVLGBTBEs and prime suppliers throughout the year
- **Employee Recognition:** Recognize all employees that drive high levels of supplier diversity results and support supplier diversity initiatives throughout the year

PG&E will also collaborate with the Joint Utilities, CPUC, National Utilities Diversity Council and community-based organizations focused on small and diverse businesses. PG&E will continue to advance several strategic initiatives to continue enhancing its Multi-Tiered Technical Assistance and Capacity Building Program.

- **Financial Education and Support:** Deliver workshops and provide educational scholarships on growth strategy, business performance and financial management; offer accelerated payment options to select small businesses in need
- **PG&E Signature Initiatives:** Offer "Diverse Suppliers Are Cyber-Secure," "Diverse Suppliers Are Safe," "Diverse Suppliers Go Green," "Diverse Suppliers Go Global," "Future-Proofing Your Business" and "Business Tune-Up" workshops to educate WMDVLGBTBEs on areas of competitive business advantage
- **Emerging Technology:** Support executive training initiatives that encourage mature WMDVLGBTBEs to consider competing for opportunities in emerging technology; encourage WMDVLGBTBEs to join PG&E in attending industry conferences and trade shows that have a focus on emerging technology
- **ISO 9001 and ISO 14001 Certification Training:** Provide quality and environmental systems certification scholarships to help WMDVLGBTBEs build the necessary business practices for successful scalable growth
- **Small Business Administration Partnership Training:** Partner with SBA, MBDA, SCORE and Small Business Development Centers across California to provide business management workshop trainings

- Trade Missions to Industry Trade Shows: Engage WMDVLGBTBEs to attend industry trade shows to gain exposure to new trends and technologies
- Educational Institution Scholarships: Offer WMDVLGBTBE scholarships to graduate-level management development certificate programs that support supplier development and build capacity
 - UCLA Management Development for Entrepreneurs Program
 - University of Washington Minority Business Executive Program
 - UC Berkeley Financial Management Course
 - Tuck Minority Business Program at Dartmouth

Finally, PG&E will continue to implement internal and external strategies to increase exposure to and utilization of LGBTBEs. These multi-year LGBTBE inclusion strategies include the following activities:

- Collaborate with community-based organizations to educate the LGBTBE community on opportunities in the utility industry and promote the full inclusion of LGBTBEs
- Share contract opportunity announcements with the LGBTBE business community
- Work with NGLCC-certified LGBTBEs to become CPUC-certified
- Make LGBTBE inclusion strategies a standing agenda item at Supplier Diversity LOB Champion and sourcing meetings
- Identify relevant and qualified LGBTBEs certified by the NGLCC and CPUC Supplier Clearinghouse to introduce to LOB Champions
- Connect prime suppliers to LGBTBEs for subcontracting opportunities
- Participate in LGBTBE outreach events throughout the year to educate current and prospective suppliers on the value of CPUC certification
- Maintain and expand relationships with local LGBTBE chambers, including the Golden Gate Business Association and Rainbow Chambers of Commerce of Silicon Valley and Sacramento
- Continue to work with the NGLCC Procurement Committee to identify best practices and benchmark with national LGBTBE programs
- Co-lead an NGLCC task force on increasing LGBTBE opportunities through supply chain analysis



Plans for Recruiting WMDVLGBTBE Suppliers in Low Utilization Areas (Sec 10.1.3)

LEGAL

The Law Department's 2018 supplier diversity plan includes:

- Continued partnership with PG&E's Supply Chain Responsibility and Sourcing organizations to identify additional opportunities for diverse suppliers
- Continued promotion of the utilization of diverse professionals at majority-owned firms
- Partnering with non-diverse firms to work with WMDVLGBTBEs
- Participation and engagement with a variety of legal associations promoting diversity and equal access to the law and legal profession
- Participation in WMDVLGBTBE networking and CPUC events with other investor-owned utilities

FINANCE AND RISK

Finance and Risk WMDVLGBTBE plans for 2018 include the following activities:

- Continue to execute a multi-year strategy to increase diverse spend
- Provide opportunities for qualified WMDVLGBTBE investment banks to participate meaningfully in financings, as well as develop financial expertise and industry knowledge in the utility sector
- Continue looking for other opportunities to do business with WMDVLGBTBE investment banks, such as money market investments or as commercial paper dealers and pension managers
- Mentor and conduct marketing activities with WMDVLGBTBE investment banks
- Continue best practices on use of WMDVLGBTBEs in pension management
- Continue to identify opportunities to expand use of WMDVLGBTBEs in audit and tax work
- Sponsor and actively participate in organizations that support WMDVLGBTBEs and diverse finance students
- Continue service agreement with Corporate Tax Incentive and examine if additional work makes business sense
- Continue evaluating projects for opportunities to employ WMDVLGBTBEs and encourage prime suppliers to employ WMDVLGBTBE subcontractors
- Continue to support Supply Chain organization to explore additional opportunities to further expand business with WMDVLGBTBEs
- Continue efforts to build a WMDVLGBTBE candidate pool

MANAGEMENT CONSULTING SERVICES

PG&E will continue to foster the development and inclusion of WMDVLGBTBEs in management consulting services by focusing on two areas of opportunity.

- Increase small, diverse management consulting services firms' understanding of the best practices used by highly successful management consulting services firms to foster business growth and effectively work with their customers
- Increase large multinational management consulting firms' understanding of how subcontracting with small, diverse management consulting firms can help them grow their business and deliver cost-effective and more innovative services to customers

Plans for Recruiting WMDVLGBTBE Suppliers Where Unavailable (Sec 10.1.4)

General Order 156 Ruling on November 14, 2003, ended the excluded category.

Plans for Encouraging Prime Contractors to Subcontract to WMDVLGBTBE Suppliers (Sec 10.1.5)

PG&E will continue to encourage prime suppliers to subcontract with WMDVLGBTBEs across all product and service categories and lines of business.

PG&E will assist its prime suppliers to identify and develop qualified WMDVLGBTBE subcontractors and improve their supplier diversity subcontracting through participation in external and internal matchmaking activities, outreach activities, WMDVLGBTBE mentoring and educational programs, such as the PG&E Prime Supplier Academy, UCLA MDE Program and University of Washington MBE Program. Prime suppliers will also continue to be encouraged to select diverse subcontractors for targeted mentoring.

PG&E will again conduct an annual audit of its diverse subcontracting spend to assess the accuracy of reported diverse subcontractor payments. Supply Chain Responsibility will conduct monthly prime supplier webinars and in-person trainings to outline subcontracting requirements, how to report subcontractor spend accurately and how best to prepare for a potential subcontractor audit.

Through internal training and education, metrics tracking and working with internal LOB Champions and senior Sourcing stakeholders, PG&E will continue its efforts to make supplier diversity a key consideration in strategic sourcing requests for proposal across all service and product categories.

Plans for Complying with WMDVLGBTBE Program Guidelines (Sec. 10.1.6)

PG&E will continue to comply with the Supplier Diversity program guidelines established by the CPUC as required by Public Utilities Section 8283 (C).



Power Procurement Report

Participation Results by Fuel Category (Sec. 9.1.11A)

See Annual Energy Product Results by Ethnicity and WMDVLGBTBE Certification table on page 46.

Market Conditions and Outreach (Sec. 9.1.11B)

PG&E's objectives relating to electric and gas procurement include assembling a portfolio of reliable and operationally flexible resources, supporting the development of environmentally preferred resources and managing customer costs. PG&E's objectives are applied to all market participants, irrespective of entity classification.

The characteristics of the electric market are unique compared to the natural gas market. Electric markets are characterized by long-life assets. These assets, each of which could cost hundreds of millions of dollars, are generally constructed, owned and operated by large corporations or financial institutions. As such, it is an exceedingly difficult market for small and medium size WMDVLGBTBEs to enter and succeed within.

Additionally on the electric side, the vast majority of payments are through RPS, CHP, QF and conventional tolling contracts which are associated with long-life assets, with the remaining amount clearing through the California Independent System Operator (CAISO) market (which is not regulated by the CPUC). With the advent of the CAISO MRTU (Market Redesign and Technology Upgrade) market design, electric energy is commoditized through a centralized market. Day-ahead energy transactions have predominantly moved away from direct bilateral transactions to energy commodity exchanges. The Dodd-Frank act has further complicated the electric commodity markets by imposing additional transaction and reporting rules. These regulatory challenges give all market participants, including WMDVLGBTBEs, pause when contemplating entry into the electric commodity markets. The regulatory challenges are compounded by the strong balance sheet required to manage risk associated with volatile markets.

¹RPS: Renewable Portfolio Standard
CHP: Combined Heat and Power
QF: Qualifying Facility



In wholesale power markets, PG&E encourages the participation of WMDVLGBTBEs to participate in renewables and Resource Adequacy (RA) products, both on a direct and subcontracting basis but in reality, diverse businesses have much greater likelihood for success as subcontractors. Any firm must overcome considerable barriers to enter into a power contract including gaining access to capital and establishing credit, technical knowledge and gaining operational experience. The difficulty associated with obtaining these prerequisites is the reason few firms are engaged in developing power plants or trading power products. Firms that do enter the market face a changing industry where investor-owned utilities with strong credit, like PG&E, are losing load to new, local competitors. In California, these competitors are typically Community Choice Aggregators (CCAs). Customers' transition from utilities to CCAs has resulted in PG&E's total electric load decreasing, leaving PG&E with limited need for new long-term contracted resources and a decrease across all historic sectors of procurement.

To facilitate any possible opportunities to transact RA and other potential power product transactions, PG&E engages in discussions with WMDVLGBTBEs for electric master enabling agreements. PG&E has worked extensively with several WMDVLGBTBEs to structure arrangements to facilitate and mitigate credit posting concerns, including the Fund Transfer Agent Agreement (FTAA) and Tripartite forms. While FTAA helped diverse businesses that lack credit transact with PG&E and other utilities for many years, PG&E is not confident it will be available in the future. In 2016 the last bank offering FTAA eliminated this service. A replacement bank was eventually identified, but the replacement bank is smaller and may not be able to accommodate the credit required for multiple firms transacting with utilities.

To further promote WMDVLGBTBE participation in PG&E Energy Procurement Request for Offers (RFOs), PG&E's supplier diversity goals and objectives are highlighted during webinars discussing Energy Procurement RFOs.

The schedule for 2018 Energy Procurement RFOs can be found online at pge.com/rfo.

While GO 156 intends to create opportunities for WMDVLGBTBEs, these organizations and their IOU counterparties are faced with tightening margins in the wholesale power markets. As with any participant wishing to participate in wholesale power activities, meeting industry standard credit and collateral requirements is challenging. In the coming year, PG&E will continue to work with WMDVLGBTBEs in hope of transacting with these businesses consistent with the Least Cost, Best Fit procurement standard. For the natural gas commodity asset ownership is not required, and the vast majority of commodity clears through the market or exchanges, so the opportunities have historically been greater for WMDVLGBTBEs than in electricity commodity. Transactions executed on an indexed price basis—which is how much of the gas commodity market transacts—require less credit and collateral requirements than do fixed price transactions. Historically, WMDVLGBTBEs have participated in this market successfully, but PG&E is seeing significant challenges as market conditions are changing. The situation regarding FTAA is and will continue impacting the volume by which WMDVLGBTBEs will be able to participate in this market. PG&E expects to see considerable decline in natural gas transactions in the coming years as a direct result of this credit limitation. WMDVLGBTBEs fighting for market share today against large, investor owned businesses with strong credit and economies of scale are at real risk of being forced out of the shrinking market.



Annual Energy Product Results by Ethnicity and WMDVLGBTBE Certification

(All dollar figures in \$MM)

Product ¹		Results by Ethnicity and Gender													Results by WMDVLGBTBE Certification						Total WMDVLGBTBE Procurement Spend ³	Total Procurement Spend			
		Unit	Asian Pacific American			African American			Hispanic American			Native American			Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Disabled Veteran Business Enterprise (DVBE)	Other 8(a) ⁵	Subcontracting Total					
			Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total									Total	Total	Total
POWER PURCHASED	Renewable Power Products Direct	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$1.8	\$1.8	\$2,257.8		
		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%		
		\$ ²	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$0.6	\$0.6	\$413.4	
	Non-Renewable Power Products Direct	PHYSICAL	% ²	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%
			\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$0.3	\$0.3	\$1,037.2
			%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FUELS FOR GENERATION	Diesel Direct	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$0.4	\$0.4	\$-	\$-	\$-	\$0.4	\$-	\$-	\$-	\$-	\$-	\$-	\$0.4	\$0.4	\$0.4	
		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100%	100%	0.0%	0.0%	0.0%	100%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100%	
	Natural Gas Direct	PHYSICAL	\$	\$-	\$0.7	\$0.7	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$0.7	\$-	\$-	\$-	\$1.7	\$-	\$-	\$2.4	\$246.5	
%			0.0%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	1.0%			
POST 2011	Sub Total of Columns ²	\$	\$-	\$0.7	\$0.7	\$-	\$-	\$-	\$-	\$0.4	\$0.4	\$-	\$-	\$-	\$1.1	\$-	\$-	\$-	\$1.7	\$-	\$0.7	\$3.5	\$840.6		
	Sub Total % of Total Procurement Spend	%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.2%	0.0%	0.1%	Overall WMDVLGBTBE %:	0.4%		
ALL	Sub Total of Columns ⁴	\$	\$-	\$0.7	\$0.7	\$-	\$-	\$-	\$-	\$0.4	\$0.4	\$-	\$-	\$-	\$1.1	\$-	\$-	\$-	\$1.7	\$-	\$2.0	\$4.8	\$3,541.8		
	Sub Total % of Total Procurement Spend	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	Overall WMDVLGBTBE %:	0.1%		

Totals may not add due to rounding.

Notes:

- ¹Excludes purchases from the CAISO, other IOUs, utilities, federal entities, state entities, municipalities and cooperatives
- ²Includes only long-term power procurement commitments after June 6, 2011, or as a result of RFOs after June 6, 2011
- ³Total WMDVLGBTBE spend does not include pre-commercial online date subcontracting values
- ⁴Includes all power procurement commitments
- ⁵Firms classified as 8(a) by the Small Business Administration include non-WMDVLGBTBE



Fuel Procurement for Non-Generation

INTRODUCTION

PG&E purchases natural gas to serve its core (residential and small commercial) bundled gas customers. During 2017, PG&E purchased gas supplies to serve core customers from Canada, the U.S. Rocky Mountain supply area and the U.S. Southwest. Core Gas Supply spent over \$53 million in natural gas purchases with diverse suppliers, representing over 7 percent of total purchases.

Participation Results by Fuel Category (Sec. 9.1.11A)

See Appendix A for a summary table of results.

Market Conditions, Outreach, and Exclusions (Sec. 9.1.11B)

MARKET CONDITIONS

Market Challenges

According to the U.S. Energy Information Administration, U.S. natural gas production increased in 2017 to about 73.5 billion cubic feet per day (BCF/d), 0.7 BCF/d higher than 2016. With that increase, natural gas prices remained low relative to historical levels. The low gas prices diminished profit margins for all suppliers, reducing opportunities for both WMDVLGBTBE and non-WMDVLGBTBE suppliers.

PG&E core gas demand remained relatively stable year-over-year, thereby providing ample opportunity for gas suppliers to sell to PG&E.

Competitive Challenges

In 2017, WMDVLGBTBE suppliers, most of whom are marketers, did not consistently provide gas supplies at competitive prices with non-WMDVLGBTBE suppliers. Natural gas marketers have historically added value by applying their expertise to find buyers and to creatively fulfill end-user needs while fostering a liquid, transparent market. In addition to providing supplies, and in order to capture additional revenue streams in a low price market, the role of many successful marketers has evolved and expanded to include intermediate steps in the supply chain such as arranging pipeline transportation and storage, providing nomination and balancing services and providing any other services required to facilitate natural gas sales. Marketers who have been able to expand in this way seem to be able to offer supplies at more competitive prices than those who have not. At this time, it seems that only a few WMDVLGBTBEs have expanded their businesses beyond the traditional marketer role, likely due to a lack of capital or physical assets.

Institutional Barriers

All industry participants face significant financial and credit risks. Most WMDVLGBTBEs are challenged to manage exposure to such risks because they lack capital to meet counterparty collateral requirements. Additionally, they generally do not hold physical assets, such as natural gas storage, to help establish credit or limit exposure to performance risks. Finally, WMDVLGBTBEs are generally not able to participate in electronic or online trading platforms due to their collateral requirements. Online trading platforms account for a significant percentage of transactions in today's fast-moving natural gas markets.



Additionally, WMDVLGBTBEs are still trying to recover from a tumultuous 2016 when a prominent Funds Transfer Agent (FTA) phased out its FTA Agreements. Funds Transfer Agents, such as banks, offer a secure payment mechanism for gas suppliers and remain an important fiduciary participant in natural gas transactions involving WMDVLGBTBE gas marketers. Many source suppliers are not willing to enter into new arrangements with WMDVLGBTBE gas marketers absent an FTA Agreement. Unless new Funds Transfer Agents enter the industry, some WMDVLGBTBE gas marketers may choose to exit the business if source suppliers are not willing to utilize an alternate third-party payment structure, or if WMDVLGBTBEs cannot obtain sufficient credit. While a couple of new Funds Transfer Agents have recently entered the industry, transitioning to these new agents will take time. This situation has impeded WMDVLGBTBE transactions in 2017 and may continue to do so in the near future. As an alternative to an FTA, some of the WMDVLGBTBEs are now utilizing third-party payment mechanisms (where payment is made directly to the source supplier) but are still having difficulty because their pricing is less competitive compared to other market participants. These issues are compounded by the challenges of conducting international business, particularly in Canada where PG&E sources roughly one-third of its gas supplies in Canadian dollars. WMDVLGBTBEs may not be able or willing to accept foreign exchange risk. However, PG&E continues to encourage U.S. and Canadian source suppliers to develop relationships with WMDVLGBTBEs.

OUTREACH

Communications and Assistance

PG&E maintains information on its public website² to assist WMDVLGBTBEs in providing natural gas supplies. This web page includes an overview of PG&E Core Gas Supply and also provides information on PG&E's Supplier Diversity Program—including eligibility criteria for California's WMDVLGBTBE certification program and a description of resources available to assist such suppliers in selling products and services to PG&E, including Core Gas Supply.

In 2017, PG&E continued to fully engage with diverse suppliers to answer questions about fuel procurement and provided guidance on WMDVLGBTBE certification, credit and contracting matters. In addition, Core Gas Supply facilitated enhanced banking and payment options such as an FTA agreement with two new banking participants and structured contract payment provisions to fit the individual needs of many WMDVLGBTBEs and their source suppliers.

Personal Contacts

Core Gas Supply maintains a solicitation list of WMDVLGBTBEs who have expressed interest in selling gas to PG&E. This list is used to track certification status and help ensure WMDVLGBTBEs are contacted on a regular basis about sales opportunities. Core Gas Supply staff also encourages natural gas producers to work with WMDVLGBTBEs in marketing gas and related services to PG&E.

Expanded Opportunities

During 2017, PG&E's Core Gas Supply analysts continued to coach WMDVLGBTBEs (via phone or email) on opportunities to provide not only marketing services but also broker services. Broker services enable WMDVLGBTBEs to match major producers and suppliers with Core Gas Supply's gas buyers, thereby expanding opportunities beyond direct sales of gas to PG&E. Through a broker arrangement, WMDVLGBTBEs add value by locating a producer or supplier willing and able to meet PG&E's terms. The broker arranges the initial contact and may facilitate the negotiation and assist with the administration. By acting as a broker, WMDVLGBTBEs are able to avoid many credit and operational risks while establishing themselves in the natural gas business. PG&E views broker services as a transitory opportunity for WMDVLGBTBEs to build their commercial experience so they become equipped to pursue more financially rewarding business opportunities for them.

EXCLUSIONS

The CPUC General Order 156 ruling on November 14, 2003 ended the Excluded Categories, including non-generation fuel types. Notably, PG&E procures only natural gas under its Fuel Procurement for Non-Generation.

²https://www.pge.com/en_US/for-our-business-partners/energy-supply/core-gas-supply/core-gas-supply.page



APPENDIX A. PG&E'S CORE GAS SUPPLY, ANNUAL ENERGY PRODUCT RESULTS BY ETHNICITY AND WMDVLGBTBE CERTIFICATION

(All dollar figures in \$MM)

Results by Ethnicity and Gender														Results by WMDVLGBTBE Certification							
Product ¹	Unit	Asian Pacific American			African American			Hispanic American			Native American			Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Disabled Veteran Business Enterprise (DVBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Other 8(a) ²	Total WMDVLGBTBE Procurement Spend	Total Procurement Spend	
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total								
NATURAL GAS	SHORT TERM	\$	\$-	\$10.9	\$10.9	\$2.7	\$-	\$2.7	\$-	\$-	\$-	\$-	\$-	\$-	\$13.6	\$-	\$9.9	\$-	\$-	\$23.5	\$309.7
		%	0.0%	1.4%	1.4%	0.3%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%	0.0%	1.3%	0.0%	0.0%	3.1%	
	LONG TERM	\$	\$-	\$15.8	\$15.8	\$-	\$-	\$-	\$3.6	\$-	\$3.6	\$-	\$-	\$-	\$19.4	\$7.3	\$3.6	\$-	\$-	\$30.3	\$452.3
		%	0.0%	2.1%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.5%	0.0%	0.0%	0.0%	2.5%	1.0%	0.5%	0.0%	0.0%	4.0%	
	TOTAL NATURAL GAS	\$	\$-	\$26.7	\$26.7	\$2.7	\$-	\$2.7	\$3.6	\$-	\$3.6	\$-	\$-	\$-	\$33.0	\$7.3	\$13.6	\$-	\$-	\$53.8	\$762.0
		%	0.0%	3.5%	3.5%	0.3%	0.0%	0.3%	0.5%	0.0%	0.5%	0.0%	0.0%	0.0%	4.3%	1.0%	1.8%	0.0%	0.0%	7.1%	
LPG	SHORT TERM	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
		%																			
	LONG TERM	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
		%																			
	TOTAL LPG	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Overall Total \$		\$-	\$26.7	\$26.7	\$2.7	\$-	\$2.7	\$3.6	\$-	\$3.6	\$-	\$-	\$-	\$33.0	\$7.3	\$13.6	\$-	\$-	\$53.8	\$762.0	
Overall Total %		0.0%	3.5%	3.5%	0.3%	0.0%	0.3%	0.5%	0.0%	0.5%	0.0%	0.0%	0.0%	4.3%	1.0%	1.8%	0.0%	0.0%	Overall WMDVLGBTBE %	7.1%	

Totals may not add due to rounding.

Note:

Short Term The term of the deal is no longer than one calendar month

Long Term The term of the deal is greater than one calendar month and no longer than one calendar year

¹Excludes purchases from the CAISO, other IOUs, utilities, federal entities, state entities, municipalities and cooperatives

²Includes non-WMDVLGBTBE firms classified as 8(a) by the Small Business Administration

