

Supplier Diversity 2013 Annual Report – 2014 Annual Plan

Achieving New Heights with Diverse Suppliers in 2013





**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Into Implementation of Public Utilities Code
Sections 8281-8286 Relating to Woman, Minority and Service-Disabled
Veteran Business Enterprises
R. 91-02-0111

PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)

**ANNUAL WOMAN, MINORITY, AND SERVICE-DISABLED
VETERAN-OWNED BUSINESS ENTERPRISES REPORT FOR
CALENDAR YEAR 2013**

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Letter from the President

PG&E SUPPLIER DIVERSITY COMMITMENT

At Pacific Gas and Electric Company (PG&E), we have the great privilege of serving 15 million people in one of the country's most diverse regions. To support our core mission of delivering safe, reliable and affordable gas and electric service to our customers, we rely on the expertise of suppliers that both reflect that diversity and harness it.

For more than 30 years, PG&E has been committed to creating a robust Supplier Diversity program, and we've set company records every year for the past 11 years. In 2013, we reached new heights spending more than \$2.3 billion with woman-, minority-, and service-disabled veteran-owned businesses. That's 42.1 percent of our supplier spending, exceeding our 38.5 percent diverse business enterprise spending goal.

As I look back on our Supplier Diversity program's evolution, I am so proud of our progress. Our efforts have given new opportunities to thousands of businesses, allowing them to grow and hire, strengthening California's economy. It also has led to innovative solutions to the challenges we face as a company, enabling us to better serve our customers. For PG&E, supplier diversity is not only about reflecting the diversity of our customers to better serve them. It's also about increasing economic vitality in our communities and the quality of our supply chain so that we can continue improving the safety, reliability and affordability of our service.

We are pleased to report on our efforts from the past year, and we look forward to continued progress in the year ahead.

Chris Johns
President
Pacific Gas and Electric Company

Results Summary 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 diverse business enterprises (DBEs).

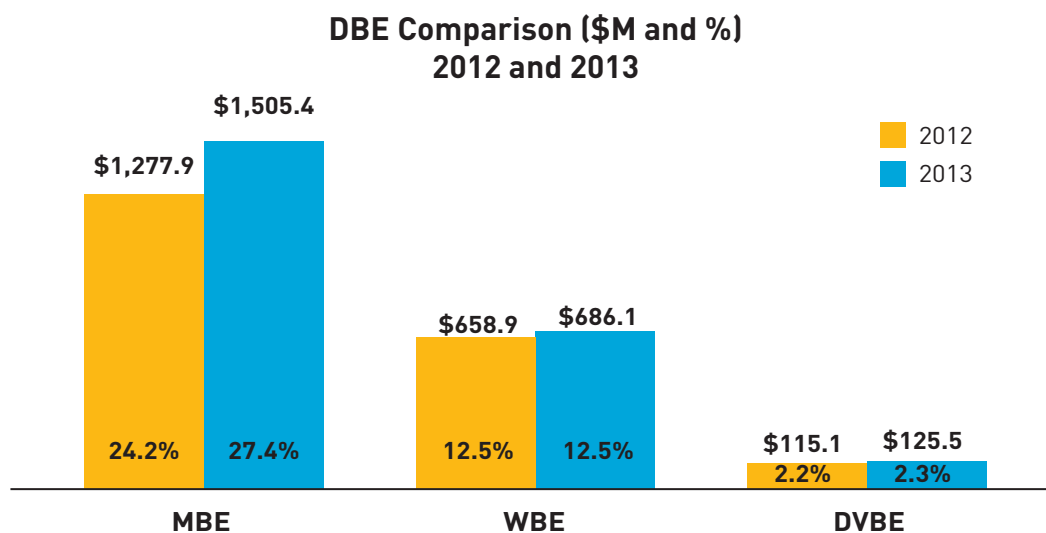
In 2013, PG&E reached new heights in supplier diversity, spending more than \$2.3 billion, or 42.1 percent of its procurement base, with DBEs. The company spent an overall \$5.5 billion on products and services to ensure safe, reliable and affordable service to its customers. This represented a total procurement base increase of \$219.3 million or 4.2 percent when compared to the previous year. In comparison, and as a result of the intense focus on supplier diversity throughout PG&E, DBE spend increased by more than \$265.2 million or 12.9 percent, significantly surpassing the procurement base's rate of increase.

For eight consecutive years, PG&E has exceeded the CPUC minority, woman and disabled veteran goal of 21.5 percent. PG&E's continued supplier diversity growth reinforces the company's commitment to DBEs and the economic development of the communities it serves.

PG&E's Success in 2013

Through a focus on strategic sourcing, competitive bidding and supplier development, PG&E's breakthrough results in 2013 increased in every major category:

- Total diverse spend reached an all-time high of \$2.3 billion, increasing \$265.2 million or 12.9 percent.
- Total minority business enterprise (MBE) spend reached an all-time high of \$1.5 billion or 27.4 percent.
- Total woman business enterprise (WBE) spend reached an all-time high of \$686.1 million or 12.5 percent.
- Combining minority women and WBE categories, PG&E spent more than \$1.1 billion, or 20.0 percent of its total spend, with woman-owned businesses.
- Service-disabled veteran business enterprise (DVBE) spend reached an all-time high of \$125.5 million or 2.3 percent.



PG&E dedication to finding qualified DBEs helped the company significantly improve its utilization of DBEs in every category year over year:

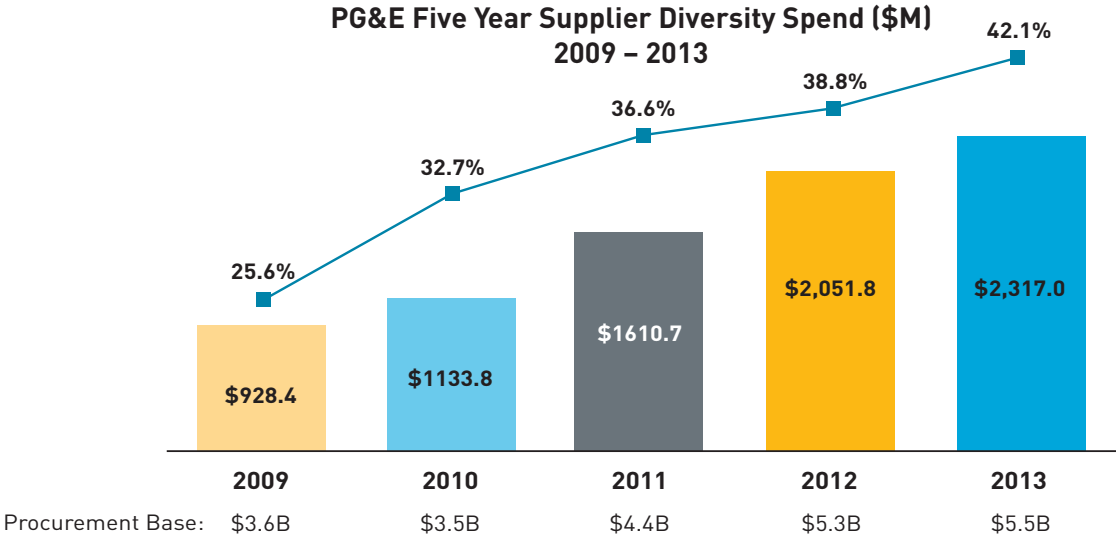
- Asian Pacific American spend reached a high of \$335.6 million. This represented a year-over-year increase of \$45.7 million or 15.8 percent.
- African American spend reached a high of \$433.2 million. This represented a year-over-year increase of \$77.4 million or 21.8 percent.

- Hispanic American spend reached a high of \$554.0 million. This represented a year-over-year increase of \$93.3 million or 20.3 percent.
- Native American spend reached a high of \$182.7 million. This represented a year-over-year increase of \$11.1 million or 6.5 percent.
- Minority men spend reached a high of \$1.1 billion. This represented a year-over-year increase of \$209.6 million or 23.8 percent.
- Minority women spend reached a high of \$415.6 million. This represented a year-over-year increase of \$17.9 million or 4.5 percent.
- The WBE spending high of \$686.1 million represented a year-over-year increase of \$27.3 million of 4.1 percent.
- The DVBE spending high of \$125.5 million represented a year-over-year increase of \$10.4 million or 9.1 percent.

PG&E’s Five-Year Continuous Improvement Trend

PG&E is steadfast in incorporating supplier diversity into its procurement process. The company’s diverse spend over the last five years demonstrates the progress it has made in all three diverse spend categories. Total spend increased \$1.9 billion or 51.6 percent over the last five years while DBE spend increased at a significantly faster rate, \$1.3 billion or 171.9 percent.

- MBE spend increased \$955.1 million or 173.5 percent.
- WBE spend increased \$356.4 million or 108.1 percent.
- DVBE spend increased \$77.1 million or 159.5 percent.



Each of the ethnic categories increased significantly over the past five years as well:

- Asian Pacific American spend increased \$154.7 million or 85.6 percent.
- African American spend increased \$297.5 million or 219.3 percent.
- Hispanic American spend increased \$348.4 million or 169.5 percent.
- Native American spend increased \$164.0 million or 879.7 percent.
- Minority men spend increased \$683.2 million or 168.0 percent.
- Minority women spend increased \$271.9 million or 189.2 percent.

As PG&E strives for continuous improvement, the company’s Supplier Diversity, Sourcing and the Line of Business teams, will continue to work cross-functionally to develop new strategic initiatives to ensure sustainable supplier diversity results.

Sec. 9.1.1 Description of Internal and External Program Activities

A description of DBE activities engaged in during the previous calendar year.

1. INTERNAL PROGRAM ACTIVITIES

A. Supplier Diversity Program Resources and Team Structure

The PG&E Supplier Diversity Program supports the company in its mission to include minority, woman and service-disabled veteran business enterprises, or diverse business enterprises (DBEs) in the supply chain. Beginning in 2012, PG&E also added lesbian, gay, bisexual and transgender (LGBT) business enterprises, certified by the National Gay and Lesbian Chamber of Commerce, to its well-established Supplier Diversity Program. The program is led by the Director of Supplier Diversity and Sustainability and is supported by a team of supplier diversity managers as well as expert and senior consultants. The Director of Supplier Diversity and Sustainability reports to the Vice President of Supply Chain.

To achieve PG&E's DBE spending goals, the Supplier Diversity team partnered with the Sourcing organization, Line of Business (LOB) officers and their appointed Supplier Diversity LOB Champion to develop and implement strategies and programs to strengthen DBE participation in PG&E's business. The Supplier Diversity team's responsibilities included:

- establishing officer- and director-level supplier diversity goals for each LOB
- tracking and reporting supplier diversity spend results
- leading cross-functional teams to achieve supplier diversity goals
- developing and implementing DBE business development strategies with internal stakeholders
- responding to DBE prospective supplier inquiries
- managing internal and external stakeholder issues
- developing supplier diversity communications and training plans
- improving processes and project management
- coordinating supplier diversity outreach events
- engaging with community-based supplier diversity organizations
- managing technical assistance and supplier development
- ensuring compliance to General Order (G.O.) 156

B. Employee Education

PG&E continued to rely on the widespread involvement and support of its employees to achieve its supplier diversity goals. The training and education offered to employees throughout the year were critical components in fortifying the existing Supplier Diversity program. In 2013, PG&E's Supplier Diversity team used an array of processes and tools to educate employees about the program's mission, goals and newest endeavors. These included:

1. Training

Supplier Diversity team members conducted formal and informal trainings during the year, offering counsel and assistance to employees throughout the company. The Supplier Diversity team trained newly-appointed Supplier Diversity LOB Champions on the importance of their role as key drivers of supplier diversity efforts and results achievement within their line of business. In addition to instructing employees on how to drive accountability, uncover potential diversity opportunities and support the competitive success of DBEs, the Supplier Diversity team offered in-depth employee training to identify specific opportunities for DBEs through value chain and spend data analysis. Several training sessions were focused on supporting upcoming major projects, while other sessions covered how to find DBEs in a range of product and service spend areas and how to work with direct suppliers to optimize DBE subcontracting.

Equally important, the Supplier Diversity team trained employees on supplier diversity contract language and supplier diversity participation evaluations in Requests for Proposal. The team also provided information about online diversity databases, diversity trade shows and matchmaking events, as well as DBE certification/verification and other important resources and tools. Company-wide awareness of existing resources increased, which augmented PG&E capabilities to incorporate more DBEs in its contracts and spending initiatives.

2. Internal and External Websites

In 2013, PG&E's Supplier Diversity team continued to disseminate up-to-date and pertinent information on PG&E's Supplier Diversity Program through its internal and external websites. The websites serve as beneficial resources for employees, highlighting the newest program initiatives, contract opportunities, upcoming outreach events, new team members and more.

PG&E's external website provides valuable information on its well-established Supplier Diversity Program and steps to doing business with PG&E. DBEs can find information about PG&E's minimum contractor requirements, Technical Assistance Program, Prime Supplier Program, CPUC diverse business certification, a list of PG&E supplier diversity representatives and a comprehensive set of answers to frequently asked questions. A section of the website is devoted to its Sustainable Supply Chain Program, and includes a new set of environmental performance management standards that all top suppliers to PG&E are expected to meet. This website, in addition to its Diverse Suppliers Go Green (DSGG) program website, provides DBEs with the resources and tools to be competitive in advancing sustainable business practices. In 2013, PG&E also enhanced its prospective supplier portal by streamlining the intake of new registrants.

The Supplier Diversity Calendar of Events continues to be a valuable component of the external website. Updated monthly, the annual calendar lists supplier diversity outreach events, technical assistance trainings and other opportunities to meet with PG&E representatives throughout the year.

PG&E's internal website, available to more than 20,000 employees, provides details about PG&E's supplier diversity initiatives and processes. This information helps employees understand that supplier diversity is a competitive advantage for the company and not a regulatory mandate. The website provides information on how to find DBEs and how to contact the Supplier Diversity team. It also provides the company's supplier diversity history, definitions, as well as information on the certifying agencies that PG&E recognizes.

The internal website also provides information about G.O. 156, PG&E spending goals and Supplier Diversity Annual Reports and Plans for the last five years. The Supplier Diversity newsletter, *Powered by Diversity*, is also available to employees on the website.

3. Key Meetings and Conferences

Supplier diversity was a strategic initiative discussed at key PG&E meetings and conferences in 2013. For example, supplier diversity goals and key initiatives were highlighted at meetings like PG&E's Annual Supplier Conference, various LOB team meetings and bi-monthly Supplier Diversity LOB Champion meetings. Highlighting the criticality of supplier diversity to the company, PG&E's Senior Vice President of Safety and Shared Services, also presented supplier diversity program updates to the Public Policy Committee of PG&E Corporation's Board of Directors. A summary of Supplier Diversity Program results and priorities were included in the board's report.

Executive-level meetings were held between supply chain leadership and the leadership of various LOBs to discuss supplier diversity results and gap-closing plans. Throughout 2013, PG&E's leadership reiterated the call for all employees to support company efforts to achieve its supplier diversity spending goals through innovative inclusion strategies. Supplier Diversity, Sourcing and LOB team members held meetings on a regular basis to ensure DBEs were included in the company's top spending projects. At external events, the topic of supplier diversity became a perennial talking point in officer-level speeches and panel discussions.

4. Employee Communications

PG&E's enterprise-wide internal website remains one of the primary supplier diversity communication vehicles for employees. The website shares a wide range of company and product news, industry features and officer messages. During the year, The Bulletin, or top news section of the home page, featured prominent supplier diversity success stories. These online news briefs, which were also emailed weekly to the full employee distribution list, provided educational information about supplier diversity accomplishments, new endeavors, outreach events, recognition and training. For example, shortly after presenting program updates at the CPUC's annual Supplier Diversity En Banc, PG&E's President devoted one of his featured employee messages to supplier diversity.

The Supplier Diversity internal website keeps employees informed about useful supplier diversity developments. These types of employee communications reinforce the relevance of supplier diversity to the company's vision and values. Additionally, the Supplier Diversity Program's quarterly newsletter, *Powered by Diversity*, is a key vehicle for communicating supplier diversity information to all employees. The *Powered by Diversity* newsletter is published on a quarterly basis and garnered positive feedback from its readers.

C. Employee Recognition

In 2013, PG&E spent more than \$2.3 billion, or 42.1 percent of its procurement base with DBEs. Both dollars and percent achieved are all-time highs. Throughout the year, the Supplier Diversity 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 included certificates of appreciation, awards presented during various company meetings and acknowledgment of their contributions during LOB Champion meetings.

Special supplier diversity awards were presented by PG&E officers to employees with exceptional 2012 supplier diversity performance at the 2013 Supplier Diversity Achievement Awards. PG&E's President, Chris Johns, recognized one individual with the "President's Award" for best exemplifying role-model leadership in supplier diversity. Other individuals and teams being recognized for implementing best practices in the course of producing excellent supplier diversity results were presented their awards by one of the many PG&E officers attending the event. The honorable California Assembly Member and Chair of the Assembly Committee on Utilities and Commerce, Steven Bradford, applauded PG&E and the highlighted individuals and teams for their commitment to supplier diversity during his keynote address.

D. Coverage of Results

PG&E utilized multiple channels to communicate its record-breaking supplier diversity results to internal and external stakeholders in 2013. After filing the company's Supplier Diversity 2012 Annual Report and 2013 Plan, PG&E distributed the report internally to Supplier Diversity LOB Champions, officers and other employees. The report was also distributed externally to the company's community partner organizations, other California utilities and suppliers.

An article on the company's *PG&E@Work Today* internal website shared the news with employees, announcing the company's \$2 billion spend with DBEs as a new record. As with previous years, PG&E also published year-end results in its *Powered by Diversity* newsletter produced by the Supplier Diversity team.

In celebration of being the first California utility to achieve the breakthrough milestone of \$2 billion in DBE spending, PG&E unfurled a 30-foot banner in the outdoor atrium of the company's San Francisco headquarters which celebrated all PG&E employees who contributed to this remarkable accomplishment. This banner flew for over three months to honor the disciplined work and innovation behind achieving \$2 billion in DBE spend.

PG&E's annual Corporate Responsibility and Sustainability Report, which describes company-wide initiatives that made PG&E a leading corporate citizen, included a section on the company's Supplier Diversity Program and its powerful contribution to economic vitality. Available on the external website, the report highlighted PG&E's

supplier diversity performance and reinforced that a broad and diverse supplier base helps PG&E provide safe, reliable and affordable gas and electric service to its customers while also supporting economic development, job creation and diversity in its communities.

Supplier diversity results and an update on current progress were again presented in a report at the annual PG&E Board of Directors' Public Policy Committee Meeting. The Public Policy Committee regularly reviews policies and practices for the company's key initiatives, including supplier diversity.

In addition to coverage of year-end supplier diversity results, PG&E continued to communicate supplier diversity performance throughout the year. Supplier diversity results were tracked in key business metrics and shared with senior management on a monthly basis. PG&E's President held his direct reports accountable for supplier diversity performance. Officers performing below goal were requested to provide a variance explanation that included actions to close the gap.

At bi-monthly Supplier Diversity LOB Champion meetings, the champion from each LOB provided an update on monthly performance and shared key accomplishments, strategies, risks and assumptions. These cross-functional meetings, led by the Director of Supplier Diversity and Sustainability, included the Senior Vice President of Safety and Shared Services, Vice President of Supply Chain and representatives from Supplier Diversity, Sourcing and the LOBs. The meetings provided valuable teaming opportunities to share best practices, celebrate accomplishments and discuss gap closure strategies.

Supplier Diversity results were available company-wide through the company's supplier diversity reporting systems. The Supplier Diversity team also responded to numerous ad hoc requests for data and analytics on an ongoing basis. 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.

E. DVBE Program

In 2013, PG&E achieved 2.3 percent spend with DVBEs. This category's spend increased as a percentage of overall spend (from 1.8 percent in 2011, 2.2 percent in 2012 to 2.3 percent in 2013) and in actual dollars spent (from \$80.2 million in 2011, \$115.1 million in 2012 to \$125.5 million in 2013). This represents the fourth consecutive year that PG&E has exceeded the CPUC DVBE goal of 1.5 percent. PG&E achieved these results by maintaining a steadfast focus on DVBE participation.

The importance of reaching the DVBE goal was a frequent topic at the company's monthly Supplier Diversity LOB Champion meetings. In addition, documented processes were put into place to address specific challenges and opportunities concerning the utilization of DVBEs. Detailed DVBE profiles were created and shared with the Sourcing organization and LOBs in efforts to match supplier capabilities with PG&E opportunities. A DVBE-focused matchmaking event held mid-year provided the opportunity for over 50 DVBEs to meet with 13 prime supplier representatives and three PG&E Sourcing representatives. Additionally, DVBEs were invited to participate in other spend category matchmaking events throughout the year.

F. Subcontracting – Prime Supplier Participation Program

In 2013, PG&E's supplier diversity subcontracting performance increased, with its prime suppliers reporting more than \$675.5 million in spending with DBEs, representing a 10.6 percent increase over 2012. For many years, the Supplier Diversity Prime Supplier Program has been helping PG&E suppliers increase the utilization of DBEs in the supply chain through subcontracting and the inclusion of DBEs as business solution partners.

PG&E asks its prime suppliers with over \$500,000 annual business with the company to submit a supplier diversity plan, set a supplier diversity performance goal and report on subcontracting to DBEs. Prime suppliers were asked to report subcontracting monthly, detailing their progress toward these goals. In order to support prime suppliers through this process, PG&E conducted monthly prime supplier training sessions. These training

sessions expanded in 2013 to include an overview of the Prime Supplier Program's major components, including: history, metrics, the creation and maintenance of a robust supplier diversity plan and how to report into the PG&E Prime Supplier Subcontracting Reporting system. PG&E's Prime Supplier Program Guide, a comprehensive resource for suppliers updated in 2013, was highlighted during the training and made available to all suppliers for download.

In 2013, the Supplier Diversity and Sourcing teams continued to work with prime suppliers to develop and increase the utilization of DBEs. PG&E asked these suppliers to support the company's DBE goals in their work by examining their operations for every opportunity for DBEs to participate. Some strategic suppliers developed plans that established DBEs as business solution partners. Additionally, Supplier Diversity and Sourcing actively managed the performance of key prime suppliers by tracking monthly reported subcontracting and scheduling executive meetings with under-performing prime suppliers to ensure they were on course to meet their year-end subcontracting goals. This focused initiative also included a request for prime suppliers to forecast and proactively manage their DBE subcontracting performance.

At the end of 2013 and for the fourth year in a row, PG&E hired a third party firm to perform its annual voluntary audit of its Prime Supplier Program to ensure accurate reporting from prime suppliers. Audit findings were reflected in the 2013 reported results.

G. DBE Supplier Verification

The Supplier Diversity team continued to conduct certification workshops for DBEs as part of its curriculum on how to do business with PG&E. At each workshop, the team explained G.O. 156 and the advantages of being certified by the CPUC Clearinghouse. PG&E's Supplier Diversity team also made certification presentations to help employees become more knowledgeable on the subject and be better able to work with DBEs to facilitate their certification.

In monthly webinar trainings and on an as-needed basis, PG&E educated prime suppliers about the need to have DBE subcontractors certified through the CPUC Clearinghouse. This certification training was done to ensure that prime suppliers understood the certification rules and processes that would apply to their reporting of supplier diversity subcontracting results.

H. Internal Publications

In 2013, internal publications highlighted supplier diversity contributions and accomplishments. PG&E's Supplier Diversity newsletter, *Powered by Diversity*, featured new information on DBEs, best practices and success stories including:

- Five DBEs Selected for Supplier Development Program: DBEs to be mentored by PG&E Senior Executives
- Diverse Firm in Charge of New PG&E Pipe Yard: Hosts Ribbon Cutting Ceremony
- Promoting "Diverse Suppliers Are Safe:" Diverse Suppliers Benefit from a Signature PG&E Initiative
- Contact to Contract — How to Do Business with PG&E: Patience and Persistence for Small Business Leads to Contract
- Finding Qualified DVBEs is a Priority for PG&E: Matchmaker for Service-Disabled Veteran-Owned Businesses
- Supplier Diversity and Sustainability: ISO 14001 Certification Scholarships Available for DBEs
- "Boots to Business" Workshop Launched: PG&E Partners with the SBA to Aid Veteran Entrepreneurs
- LGBT Firms Now Part of Supplier Diversity Program

PG&E@Work Bulletin, PG&E's internal online publication, featured a front page story on the company's record-breaking \$2 billion spend with diverse suppliers in 2012. In *A Conversation with Chris*, PG&E President's online blog, Chris Johns discussed the value of a diverse supply chain after speaking before the CPUC about the company's work to increase spending with diverse suppliers. Currently, the company's online publication for news

and perspectives from PG&E, also published over a dozen stories throughout the year regarding supplier diversity, including an article highlighting PG&E's employment of four DBE investment banks to manage one of the company's largest bond transactions in recent years and an article announcing the new DBE-managed Stockton pipe yard that will boost the local economy.

I. Supplier Diversity Continuous Improvement

The Supplier Diversity team continued to focus on ways to refine and improve processes within the program. The team utilized Lean Six Sigma tools and methodology to implement many process and program improvements. Highlights included:

- **Expanding the Supplier Diversity Program**

PG&E added LGBT firms into its Supplier Diversity Program in 2012 and partnered with the Golden Gate Business Association, America's first LGBT chamber of commerce, to host the first supplier diversity utility business development workshop for LGBT business owners in 2013. PG&E has attended and sponsored booths at the National Gay and Lesbian Chamber of Commerce's national conference since 2012.

- **Enhancing elements of the Prime Supplier Program**

The company added processes to more closely track the diverse subcontracting performance of its prime suppliers and manage under-performance. Prime suppliers received expanded training regularly on how to report accurately and develop strong supplier diversity programs of their own.

- **Teaming with key internal stakeholders**

Bi-monthly Supplier Diversity LOB Champion meetings were held to share best practices, strategies and results. Attendees included Supplier Diversity, Sourcing and LOB team members. Meetings were led by PG&E's Senior Vice President of Safety and Shared Services, along with the Vice President of Supply Chain and the Director of Supplier Diversity and Sustainability. These cross-functional teams also met during the first month of the year with PG&E officers to set supplier diversity goals and develop achievement strategies for the year.

- **Marching to Victory with the DVBE Special Forces Team**

A cross-functional team comprised of Supplier Diversity and Sourcing team members increased its focus on DVBE opportunities and improved its process for tracking DVBE goal attainment.

- **Growing the Formal Multi-Tier Technical Assistance Program**

This program tailored offerings to the size and experience of a DBE through a three-tiered approach to providing technical assistance. PG&E increased its technical assistance offerings by partnering with a number of community-based organizations to support the needs of diverse businesses.

J. Supplier Diversity Breakthroughs/Success Stories

To support PG&E's core mission of delivering safe, reliable and affordable gas and electricity, the company relied on the expertise of DBEs in every sector of its business. PG&E continued to work across all LOBs and product and service categories to develop opportunities for DBEs to participate in its supply chain. Employees championed supplier diversity goal achievement and opportunity creation at every level from the President to employees in the field. The following are some of those successes:

Gas Operations: Targeted Growth in Diverse Spend

The Gas Operations team had a very successful year in supplier diversity, achieving a record-breaking 35.3 percent in 2013. This accomplishment did not occur by happenstance; it was made possible through laser-focused efforts to identify opportunities for and prepare DBEs to compete.

The team identified a deep bench of DBEs capable of meeting the many minimum requirements necessary to successfully support this area of spend, including impeccable safety records, high quality products and services, competitive pricing and extensive experience performing similar work for utilities. More than 40 new DBEs were introduced and/or re-introduced to the Gas Operations line of business. These efforts resulted in a significant increase in the direct utilization of diverse suppliers in Gas Operations.

The Gas Operations team also encouraged its prime suppliers to work with qualified DBEs through diverse business matchmakers and other one-on-one introductions. More than 90 DBEs were referred to prime suppliers during the course of the year and many introductions solidified into new diverse subcontracting relationships.

More than 10 additional Hispanic American MBEs and five DVBEs were selected to support Gas Operations projects in 2013. In addition to significantly impacting 2013 supplier diversity results, a number of these DBEs were awarded long-term contracts for ongoing construction-related projects that will continue to contribute to PG&E's supplier diversity performance for years to come.

As a result of these efforts, Gas Operations increased their DBE spend by more than \$77 million or 19.8 percent compared to the previous year.

Electric Operations: DBE Partnership for a Safer Working Environment

PG&E has taken a number of steps to ensure that employees and contractors are returning home safely each day. These include investing in new safety training, encouraging dialogue to identify opportunities to improve and strengthening operational processes to reduce potential hazards and employee injuries.

In 2013, PG&E worked with an Asian American woman-owned supplier to deploy ergonomically-advantageous battery-powered tools that will significantly reduce cumulative trauma injuries. Over 9,000 tools were purchased through the diverse company, at a savings over conventional pricing. During deployment, the DBE managed delivery and logistics and also provided training on tool operation, care and maintenance. In addition, the diverse firm managed warranty repair and maintained a rotatable stock to keep tools readily available while tools were being repaired. This tool program is expected to appreciably reduce cumulative trauma ergonomic injuries for PG&E employees.

Environmental Stewardship: Utilizing a DBE to Recycle Transformer Oil

PG&E generates up to one million gallons of used transformer oil annually, and there are very few recyclers appropriately permitted to accept this material. In 2011, PG&E met a woman-owned firm who assisted in a few small fluid recycling projects. In 2013, PG&E included this woman-owned business in a Request for Proposal for transformer oil recycling. Competing against national and regional companies in a competitive bid process, this DBE won the business by submitting a well-thought out and competitively priced bid. The new contract will increase PG&E investment recovery revenues by an estimated 70 percent. By utilizing a California-based transfer point for the majority of the used oil, the DBE will also reduce costs associated with over-the-road truck miles and reduce carbon dioxide emissions when compared with PG&E's previous transmission fluid recycling practice. Finally, the diverse firm provided additional value by including disposal for mixtures of silicon-based, mineral and FR3 vegetable oil-based transformer fluids at no added cost.

Transportation: DBE Successfully Supports Large Fleet Purchase

In 2013, PG&E continued its multi-year fleet replacement of an aging and fuel inefficient fleet. An African American-owned leasing firm was instrumental in helping PG&E achieve the largest vehicle and equipment purchase plan in PG&E history, on-time and within budget. Selected due to their competitive rates, flexible lease structures, customized invoicing capabilities and professional service, the DBE streamlined the purchase process and provided equipment supervision throughout the manufacturing process. The diverse firm was also deeply involved with reviewing PG&E's specifications and handling the time-sensitive registration and licensing process. While the large capital purchase is now complete, the DBE continues to help PG&E associated quality and warranty processes.

Electric Operations: Growing a DBE from Subcontractor to Direct Supplier

In 2013, a woman-owned project management and project controls analyst consulting firm for PG&E's Substations and Transmission Line group, made the jump from subcontractor to prime contractor with support from the Electric Operations Transmission Contract Management team. This move doubled their annual spend with PG&E, reduced costs and increased the reported overall service quality. The contractor worked in partnership with PG&E to unitize pricing for their services and bid a lower price point than the competition, resulting in significant savings to PG&E.

K. Technical Assistance and Capacity Building

Joint Utility Multi-Tier Technical Assistance Program

PG&E continues to support a broad range of DBE technical assistance and capacity building initiatives in collaboration with many different community organizations. Adhering to the Joint Utility's Multi-Tiered Technical Assistance and Capacity Building Program adopted by the Commission in 2011, PG&E's formal Technical Assistance Program (TAP) offers training to a broad base of DBEs in the communities that it serves and in California as a whole. The program divides the provision of technical assistance into three tiers:

Tier	Description	Solution
Tier 1 Smaller DBEs	1-3 years experience, less than \$1M revenue	Supplements small business development offerings provided by existing organizations such as SBA, SBDCs and Community Colleges
Tier 2 Mid-Size DBEs	3+ years experience, revenue more than \$1M	Provides business management skills training through programs such as UCLA Management Development for Entrepreneurs Program
Tier 3 Advanced Technology and Emerging Market DBEs	5+ years experience, demonstrated readiness to grow	Prepares DBEs to expand into emerging technologies with the utilities through the University of California Advanced Technology Management Institute

Tier One is designed so that the utilities support and leverage the numerous existing programs for start-up, micro and small business training and incubation. Tier Two is designed to support the mid-stage, mid-size DBEs that are ready to work on their growth strategy and strengthen their infrastructure. Tier Three targets already strong and successful DBEs that can succeed in the utilities' emerging technology supply chains.

PG&E Hosts Edison Electric Institute's 30th Annual Supplier Diversity Conference (supports Tier 1, 2, 3 TAP)

PG&E was proud to host the Edison Electric Institute's (EEI) 30th Annual Supplier Conference in Santa Clara on May 28-31, 2013. As the host, PG&E was visible throughout the three days, beginning with facilitating a volunteer event preceding the conference. PG&E organized a community service event at KIPP San Jose Collegiate where utility professionals, business owners and corporations shared their ideas and experiences with 30 high school juniors.

PG&E's Director of Supplier Diversity and Sustainability discussed the company's Supplier Diversity Program during the conference kick-off breakfast at a session titled, "A View from the Top." In addition to several PG&E volunteers assisting with registration and speaking to DBEs at the matchmaking event, company leaders participated on panels and educated the many DBEs in attendance. PG&E's Vice President of Supply Chain shared his knowledge during an engaging critical issues panel covering such topics as emergency response, utility trends and lessons learned from Hurricane Sandy. PG&E's Director of Generation Sourcing served as a judge at the "The Shark Tank" utility segment to listen to presentations and review capabilities of a select number of DBEs. Lastly, PG&E's Director of IT Security was a panelist on the Cyber and Physical Security panel.

The conference concluded with PG&E's Executive Vice President of Electric Operations providing remarks to an audience of suppliers, sourcing leaders and other executives at the company-hosted EEI Dinner and Awards Ceremony. PG&E appreciated the chance to help EEI celebrate its theme "Empowering, Educating and Including Diverse Suppliers for 30 Years" as well as support the continued growth and development of DBEs.

PG&E Supplier Conference (supports Tier 1, 2, 3 TAP)

In conjunction with PG&E's 2013 Annual Supplier Conference, the Supplier Diversity team held its third Gas and Electric Operations Matchmaking Event for Pre-Construction Business. Over a dozen prime suppliers and 40 DBEs attended the event. One-on-one meetings were optimized by scheduling matchmaking appointments based on business need in advance of the event. DBEs expressed their gratitude to PG&E for facilitating in-person meetings with prime suppliers they had tried to make a connection with for some time.

Diverse Business Workshops (supports Tier 1, 2 TAP)

PG&E continued to grow its partnerships in 2013 with expert organizations to develop Diverse Business workshops and training programs related to Leadership Excellence, Business Management, Access to Capital, Business Growth Strategies, Microenterprise Business Development, Doing Business with the Utilities, etc.

- **Small Business Administration Workshop Partnerships**

In 2013, PG&E joined forces and partnered with the U.S. Small Business Administration (SBA) to organize a series of successful capacity-building workshops and training seminars throughout Northern and Central California. SBA is the only federal agency solely dedicated to providing loans, loan guarantees, contracts, counseling sessions and other forms of assistance to small businesses.

In April 2013, PG&E sponsored the "Second Annual Diverse and Small Business Contracting with Public Entities Forum," a half-day workshop in Sacramento attended by over 75 local firms. The robust agenda included a presentation on how to do business with PG&E. Additionally, the Service Corps of Retired Executives (SCORE) presented a workshop on "How to Become a Well-Run Business" and the Small Business Development Center (SBDC) presented a workshop on "Money Matters – Reading Business Financials." The SBA presented a workshop on "Broadening Your Business Base." PG&E Supplier Diversity and Customer Energy Solutions representatives supported a booth to address questions regarding its contract opportunities and energy efficiency programs. SCORE and SBDC also shared resources for business training, mentoring and business development at their respective booths. SCORE is dedicated to entrepreneur education and the formation, growth and success of small businesses nationwide. The Sacramento SBDC provides technical assistance to support small business development, growth and performance.

In May 2013, during SBA's Small Business Week in San Francisco in which PG&E was a sponsor, Supplier Diversity team members served on a doing business with public utilities panel. In addition, the Supplier Diversity team partnered with Astra Women's Business Alliance to co-host a certification workshop.

In November 2013, PG&E took a big step toward supporting veteran entrepreneurs by hosting, in partnership with the SBA, the first "Boots to Business" workshop. "Boots to Business" is a new SBA program that uses a multi-phased approach to introduce transitioning military service members to the fundamentals of small business ownership and to the SBA tools and resources available to them. An estimated 100 veteran and service-disabled veteran-owned businesses attended the workshop at PG&E's main offices in San Francisco. The Chief of Staff to PG&E's President, a former U.S. Army captain, delivered the welcoming remarks. In addition to learning about how to become a PG&E supplier, presenters educated attendees on the value of DVBE and veteran-owned business certification as well as where to access investment capital from secondary markets such as angel investors and venture capitalists. The "Boots to Business" workshop was highly successful, and PG&E Supplier Diversity is planning two "Boots to Business" workshops in 2014.

- **Foundations in Leadership Excellence Workshop**

PG&E continued its partnership with a third party trainer to conduct a leadership workshop for the DBE community. In 2013, PG&E worked with the Northern California Minority Supplier Development Council to provide training to the local minority business community about how business leaders can engage teams and achieve greater results.

- **Access to Capital and Business Growth Conference**

PG&E was once again a cornerstone sponsor of the annual Bay Area Capital Connections Conference VI presented by the Alliance for Community Development (Alliance). Since 2006, the Bay Area Capital Connections Conference series has supported diverse Bay Area entrepreneurs and leveraged their talent to build economic growth and a more inclusive economy. The event, targeted toward diverse business owners and entrepreneurs, was held on October 3 in Oakland. The conference's packed agenda included topics on market opportunities in an economy with a diverse majority, access to capital, and a live entrepreneur pitch event to real investors. PG&E's Senior Vice President of Safety and Shared Services kicked off the day of learning, inspiration, opportunity and networking with opening remarks.

- **Small Business Development Training Scholarships**

PG&E supported a number of community-based organizations that provided robust business development and growth training programs to local, small, and diverse entrepreneurs and businesses. For example, PG&E offered several DBEs scholarships, with one DBE accepted into the program, for the Inner City Advisor's Business Growth Strategy Series featuring "The 8 Factors Business Framework" developed and taught by Stanford University professor, Michael C. Bush. The training series provided entrepreneurs and small business owners with the tools to successfully launch, gain control and scale their businesses.

PG&E Signature TAP Initiatives (supports Tier 1, 2, 3 TAP)

In 2013, PG&E enhanced its newest signature initiative on the competitive advantage of developing a robust safety program:

- **Diverse Suppliers Are Safe**

At PG&E, safety is a core value and the company has taken many steps to align its processes and policies to support its safety commitment. PG&E strives to continuously improve its safety performance by reviewing practices, policies and procedures, and identifying opportunities to reduce employee and contractor accidents.

PG&E kicked off an enhanced Diverse Suppliers Are Safe program in 2013 with a workshop on July 18, conducted in partnership with the Department of Commerce's San Jose Minority Business Development Agency Center and attended by over 100 diverse businesses. The training was expanded into a half-day capacity-building workshop that included a hands-on session that provided the necessary tools for diverse suppliers to develop stronger safety plans. Additionally, two of PG&E's prime suppliers presented safety best practices and spoke about the importance of safety records in their bidding process with PG&E and other corporations. All participants also received information about the key elements needed to develop a robust safety program, including a current safety assessment, how to create a safety program, tracking of safety scorecards and other safety metrics. PG&E conducted four additional supplier safety workshops throughout California in 2013.

Launched in 2012, PG&E developed this signature initiative in collaboration with its Safety organization to share the competitive business advantages of addressing the multiple facets of safety within the work environment as well as during any request for proposal process.

PG&E continued to offer workshops of its other existing signature initiative programs in collaboration with community-based organizations:

- **Diverse Suppliers Go Green** is an initiative that includes online resources and group-based workshops aimed at helping DBEs develop and implement their own environmental business strategy.
- **Diverse Suppliers Go Global** is an initiative that educates and shares resources on how to evaluate and participate in the global marketplace.

UCLA Management Development for Entrepreneurs (MDE) Program (supports Tier 2 TAP)

In 2013, PG&E sponsored five DBEs – two MBEs, two DVBEs and one WBE – for the UCLA MDE Program at the Tech Mart Center in Santa Clara and at the UCLA campus in Southern California. The MDE Program is an intensive certificate program that is offered to owners and managers of entrepreneurial businesses to develop management skills and strengthen their ability to build effective organizations. The entrepreneurs devoted four to ten days to attend courses taught by the Anderson School of Business’ award winning faculty including Senior Associate Dean and Professor, Dr. Al Osborne. Dr. Osborne founded the MDE Program to bring UCLA expertise to the DBE community. The courses were specifically designed for entrepreneurs in such areas as management theory and practice, marketing, finance, operations and quality management.

International Organization for Standardization (ISO) Certification Training (supports Tier 2, 3 TAP)

PG&E and a woman-owned business jointly developed a program to provide DBEs with dual ISO 9001 Business Quality Standard and ISO 14001 Environmental Standard certification training via webinar at an over 70% cost reduction. The program offered a free introductory webinar to educate DBEs on the value of ISO quality certification and the competitive advantage it provides. In 2013, PG&E sponsored one of its DVBE suppliers to complete their ISO 9001 and ISO 14001 certification through this program. An additional four DBEs received the introductory webinar and are considering certification.

Trade Missions to Industry Tradeshows (supports Tier 2, 3 TAP)

In 2013, PG&E continued its technical assistance initiative to further integrate supplier diversity into industry tradeshows. Aligning with the company’s efforts to refocus on its core business, the Supplier Diversity team leveraged its Sourcing team and prime suppliers to attend the following conferences:

Date	Conference	Location	Description
January 29, 2013	DistribuTECH: 2013 Conference and Exhibition	San Diego, CA	Electric Operations, Demand Side Management
May 21, 2013	American Gas Association: Annual Operations Conference	Orlando, FL	Gas Operations
May 28, 2013	Edison Electric Institute: 2013 Annual Supplier Diversity Conference	Santa Clara, CA	Electric Operations
July 23, 2013	HydroVision: 2013 International Conference	Denver, CO	Hydro Power

PG&E implemented a variety of strategies to promote education and marketing for DBEs at these conferences. These strategies included:

- Offering technical assistance scholarships to DBEs to attend trade shows
- One-on-one shadowing with PG&E’s Category Lead
- Prime supplier networking introductions for potential DBE subcontractors

University of California Advanced Technology Management Institute (supports Tier 3 TAP)

The Advanced Technology Management Institute (ATMI) completed its first program in 2013 with seven DBEs. The program was launched in 2011 by PG&E and several other California utilities as an executive training initiative for mature DBEs to position their businesses and compete for utility opportunities in emerging technology. The initiative is managed by the University of California at Los Angeles' Anderson School of Business, with collaboration from the University of California at Berkeley and University of California at Davis.

The program, which included a combination of mentoring, utility knowledge-sharing, and peer networking, resulted in the attending DBEs transforming their strategies and/or restructuring, rebranding or repackaging their service offerings to address potential emerging technology opportunities at the utilities. Some DBEs identified new service or product innovations, and all became engaged with a broader audience at their existing utility sponsor or established relationships at a broader set of utilities.

PG&E looks forward to building on these successes as ATMI prepares to deliver its second program.

L. Supplier Development

Throughout the years, PG&E has actively supported the development of its DBEs through mentorship, opportunity identification and value chain analysis. PG&E continued to build the capacity of its DBEs through its robust Technical Assistance Program and the efforts of its Supplier Diversity, Sourcing and LOB team members. Additionally, PG&E's formal Supplier Development Program, launched in 2010, has helped 20 current DBEs identify new business growth opportunities as well as the success factors necessary to achieve that growth. A new group of five DBE suppliers was selected in 2013 to participate in the formal program – two MBEs, two WBEs and one DVBE. The program's objective continued to focus on supporting the success of valued supplier partners within PG&E's supply chain. Program accomplishments can be attributed to the active participation of PG&E senior executive mentors and DBE owners committed to developing their businesses. 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 (ie: Strengths, Weaknesses, Opportunities, Threats analysis)
- Customized business development plans

Supplier Development Success Stories:

Legal Department Develops DVBE Law Firm

In 2011, PG&E's Supplier Diversity team introduced a DVBE law firm to several PG&E Law Department attorneys. Due to the DVBE's litigation experience, the diverse firm began receiving commercial litigation work. Their 2012 induction into PG&E's formal Supplier Development Program benefited the DVBE in a number of ways. PG&E supported the expansion of the firm's client base by sponsoring their participation in a number of supplier diversity conferences within the utility industry as well as inviting them to participate in business matchmaking events with PG&E's prime suppliers. A senior partner with the firm also received a scholarship to attend UCLA's MDE Program and was selected to present his Business Improvement Plan during the program graduation ceremony. Finally, the DVBE's mentorship by PG&E's Vice President and Managing Director of the Law Department created a valuable relationship that helped the DVBE achieve a 185 percent increase in business from 2012 to 2013.

Native American Company Recognized at PG&E's Eighth Annual Supplier Awards Conference

PG&E recognizes that suppliers are critical to achieving the company's goal to provide safe, reliable and affordable gas and electric service. The Eighth Annual Supplier Awards Conference – an event that celebrates and recognizes the collaboration between PG&E and its suppliers – was held on October 28 and 29 in San Ramon. Over 50

suppliers were nominated for their outstanding supplier performance across a number of areas including supplier diversity, safety, environmental leadership and service. The awards ceremony included more than 200 supplier executives and 70 PG&E representatives, including Tony Earley, PG&E Corporation's Chairman, CEO and President.

A Native American woman-owned business won PG&E's Small Business Supplier of the Year because of their innovative, high quality services that reduced delivery lead times for critical and hard-to-get materials. This DBE provides a number of value-added services to PG&E and developed a DBE tracking program, which was critical in tracking and reporting spend with diverse subcontractors. This firm is a major supplier of tools for the energy industry and has been part of PG&E's formal Supplier Development Program since 2010.

2. EXTERNAL PROGRAM ACTIVITIES

A. California Utilities Diversity Council (CUDC) and Joint Utilities Committee (JU)

PG&E continued its active engagement with the CUDC, a broad-based collaboration of California utilities, diversity community stakeholders and CPUC representatives. The CUDC focuses on the shared mission to leverage California's rich diversity resources. PG&E's Director of Supplier Diversity and Sustainability participated as PG&E's Council member and served as co-chair of the CUDC Procurement Committee which worked to address challenges to DBEs in low utilization areas.

In June 2013, PG&E, along with six other major California utilities, co-sponsored the CUDC Procurement Committee's third annual Consulting Services Forum held at the CPUC auditorium in San Francisco. The Forum brought together senior executives from ten major multi-disciplinary consulting firms, six major California utilities and numerous DBE consulting firms. The purpose was to advance a collaborative approach to fully including DBEs in all consulting services including business strategy and operations, finance, auditing and technology. The Forum examined existing best practices and encouraged DBEs and consulting firms to explore new opportunities to partner and subcontract.

The Forum was very successful with over 200 participants. Post-event feedback from the DBE panelists as well as the DBEs that participated in the matchmaking event was very positive. Many of the DBEs commented that the consulting firm executives were tremendously helpful and offered valuable suggestions for follow-up. The DBE panelists were outstanding representatives of the quality companies available for the consulting primes and utility executives to consider for potential business.

Since the Forum, the CUDC Procurement Committee has seen an increase in the strategic approaches to including DBEs in utility consulting services spend, whether directly or through a business solution partnership or subcontracting. The Committee is continuing to track progress since the Forum and is planning to publicize the progress that has been made to better define best practices.

PG&E also participated in the CUDC's Third Annual Diverse Advertising and Media Outreach Forum. The Forum brought together corporate marketing decision makers, DBE agencies, media outlets and major advertising firms serving the California utilities. PG&E's Director of Marketing and Customer Communications served as a panelist to share the company's progress with DBEs in the advertising space and suggest actions to increase DBE inclusion.

In 2013, the JU met quarterly at various locations within the state. PG&E hosted one meeting at its San Francisco offices. Members shared best practices and discussed common regulatory initiatives.

The JU continued to work with the third party company contracted to manage the CPUC Clearinghouse to improve database efficiency and functionality. Under the guidance of the JU, much was accomplished at the CPUC Clearinghouse. The team reduced storage costs and improved access to historical files by spearheading an extensive project to scan and purge over 30 years of historical Clearinghouse paper files.

The JU also directed the third party database manager to evaluate two key processes:

- The first project evaluated all WMBE suppliers to differentiate the coding status of diverse businesses owned by (1) a woman and a minority, and (2) a minority woman. As a result, definitions and codes were established to distinguish between the two scenarios.
- The second project evaluated the efficiency and effectiveness of the fast track certification process implemented a few years ago. Recommended changes are being considered by the JU at this time.

Finally, the JU evaluated the Clearinghouse's site visit process. The team determined the Clearinghouse would continue to perform due diligence site visits on 10 percent of the DBE applicants and on all DBE applicants with revenue over \$10 million.

B. External Activities to Increase DVBE Utilization

In 2013, PG&E hosted a number of targeted events to engage the DVBE community, provide training and connect qualified DVBEs to contracting opportunities:

- On September 11, PG&E hosted a DVBE-focused one-on-one business matchmaking session in San Francisco. The goal of the matchmaker was to provide DVBE suppliers with opportunities to present their capabilities to PG&E and its top prime suppliers. Over 50 DVBEs attended and met with key decision-makers in PG&E's supply chain as well as 15 prime suppliers across various LOBs.
- On November 12, PG&E partnered with the U.S. Small Business Administration (SBA) to support Veteran entrepreneurs by hosting a "Boots to Business" workshop, the first of its kind. "Boots to Business" is a new SBA program that introduces transitioning military service members to the fundamentals of small business ownership and educates them on available SBA tools and resources. One hundred veteran and service-disabled veteran-owned businesses attended the workshop at PG&E's San Francisco headquarters. In addition to learning requirements to become a PG&E supplier, attendees received valuable information regarding California Department of General Services certifications and learned how to access investment capital from secondary markets such as angel investors and venture capitalists. The Chief of Staff to PG&E's President gave a very inspiring talk connecting her work as a military officer to her work in the private sector at PG&E. Due to the positive feedback from this first successful "Boots to Business" workshop, PG&E plans to conduct two more workshops in 2014.

PG&E also continued to work closely with the California Disabled Veteran Business (DVB) Alliance and the Elite Service-Disabled Veteran-Owned Business (SDVOB) Network to identify DVBEs for direct and subcontracting opportunities and to participate in important matchmaking and community outreach events.

PG&E was a corporate sponsor of the California DVB Alliance's 21st Annual Keeping the Promise Expo held in Garden Grove. Supplier Diversity and PG&E Sourcing representatives participated in a business matchmaking session at this event.

PG&E was a corporate sponsor of the 10th Annual Elite SDVOB Network National Convention of Service-Disabled Veteran-Owned Businesses in San Diego. PG&E participated in a panel discussion and in a business matchmaking session at this event.

In 2013, PG&E expanded its focus on technical assistance workshops and events within Northern California, by working closely with the Northern California Chapter of the SDVOB Network and the California DVB Alliance. PG&E presented on panels, shared contract opportunities and met with prospective DVBEs at a number of other events in 2013, including:

- **March 21, April 16 and May 21, 2013:** PG&E sponsored and participated in Elite SDVOB Network's Northern California Chapter Meetings. DVBE attendees participated in prime supplier workshops at each event.

- **March 21, April 17 and October 24, 2013:** PG&E sponsored and participated in California DVB Alliance workshops in Oakland, Fresno and Monterey. The workshops were attended by over 110 DVBs, PG&E prime suppliers and government agencies.

C. Advertising

In 2013, as part of its outreach to potential suppliers, PG&E ensured that advertisements were displayed prominently in the program brochures for those events it attended. PG&E's advertisement let prospective suppliers know that PG&E has a very robust supplier diversity program by proudly announcing the company's 2012 achievement of a record \$2.1 billion and 38.8 percent spent with diverse suppliers. The advertisement also highlighted PG&E's over 30-year dedication to advancing supplier diversity and helping DBEs increase their competitive position.

PG&E advertised in the following diverse publications and events:

- *Diversity / Careers in Engineering and IT* – February / March and June / July
- *MBE Magazine* – March / April, May / June, and September / October
- *Minority Business News USA* – Volumes 1, 2, and 4
- *Women's Enterprise USA* – Volumes 1, 2, and 3
- *Vetpreneur Magazine* – April
- Alliance for Community Development Bay Area Capital Connections Conference VI
- American Indian Chamber of Commerce of California EXPO 2013
- American Indian Chamber of Commerce of California 2013 Native American Heritage Month Luncheon
- Black Economic Council 8th Annual Urban Economic Conference
- California Black Chamber of Commerce Ron Brown Commerce Summit and Gala
- California DVB Alliance 21st Annual "Keeping the Promise" (KTP2013) Conference, Exposition and Matchmaking Event
- California Hispanic Chamber of Commerce 33rd Annual Convention
- Edison Electric Institute 29th Annual Supplier Diversity Conference
- Elite SDVOB Network 9th Annual National Convention
- National Minority Supplier Development Council (NMSDC) 2013 Annual Conference and Business Opportunity Fair
- Northern California Minority Supplier Development Council (NCMSDC) Business Opportunity Fair
- Women's Business Enterprise National Council (WBENC) National Conference and Business Fair

In addition, PG&E was featured in a number of external publications that recognized the company's commitment to supplier diversity, including:

- *Diversity/Careers in Engineering and IT* highlighted PG&E's Director of Supplier Diversity and Sustainability, and one of its MBE suppliers, in an article.
- *Supply Business Magazine* interviewed PG&E's Director of Sourcing, the winner of the 2012 Institute for Supply Management's Charles McDonald Award for supplier diversity leadership in supply management.
- *MBE Magazine* published an article on PG&E and the intersection of supplier diversity and sustainability.
- *DiversityPlus* featured an interview with PG&E's Director of Supplier Diversity and Sustainability on diverse suppliers and emerging technology.
- *MBN USA* published an article on PG&E's Supplier Diversity Program and one of its DBE suppliers.
- *The Chico Enterprise-Record* highlighted an article on how to contract with PG&E and interviewed a woman business owner regarding her experience working with PG&E.

- *The San Francisco Bay Times* and *Bay Area Reporter* both featured an article regarding PG&E's inclusion of LGBT firms in its Supplier Diversity Program.

D. Stakeholder Publications

PG&E brought supplier diversity brochures to each outreach event that the Supplier Diversity team attended throughout the year. The brochures included valuable information about the various elements of PG&E's Supplier Diversity Program, the steps to become a supplier to PG&E, how to become certified through the CPUC Clearinghouse, PG&E's Prime Supplier Program and sustainable supply chain resources. PG&E's annual Corporate Responsibility and Sustainability Report also included information about the connection between supplier diversity and economic vitality.

E. Loan Fund

PG&E supported access to capital for MBEs. As in years past, PG&E was an investor in the Business Consortium Fund (BCF) in 2013. 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. The BCF is funded through several sources including corporations, state governments and foundations.

F. Conferences, Meetings, Outreach and Tradeshows

In 2013, PG&E was an active participant in local, state and national supplier diversity outreach events to meet and promote DBEs, to introduce prime suppliers to the DBE communities, to learn and share best practices with other supplier diversity program managers. Throughout 2013, PG&E employees (including officers, directors, sourcing managers and supplier diversity professionals) engaged with the community. PG&E's prime suppliers were also invited to join the company at numerous supplier diversity outreach events. These representatives staffed event booths, attended workshops and matchmaking events, and engaged in information exchange and business discussions with DBEs, local community-based and national diversity organizations. PG&E participated in over 110 supplier diversity outreach events in 2013.

Supplier Diversity Outreach Ambassador Program

To strengthen PG&E's supplier diversity outreach activities, the Supplier Diversity team recruited and trained volunteer Outreach Ambassadors from throughout the company. In 2013, an additional 100 PG&E employees signed up to represent PG&E in the community by becoming Supplier Diversity Outreach Ambassadors, growing the volunteer list to more than 180 members. Outreach Ambassadors, many of whom are buyers within PG&E's Sourcing organization, shared information about doing business with PG&E while at events or conferences. Through the efforts of Outreach Ambassadors, PG&E was able to extend its outreach to thousands of prospective DBE suppliers that came to matchmaking sessions, visited PG&E booths or attended diverse business conferences and trade shows.

Community Advisory Council

PG&E's Supplier Diversity team continued to lead Community Advisory Council meetings made up of a cross-section of over 20 diverse community partners across PG&E's service territory. The Council was formed in 2012 to develop a thriving group of informed community leaders and beneficial two-way communication between PG&E and the diverse communities it serves. PG&E hosted two Community Advisory Council meetings in 2013, each with a robust agenda featuring presentations and discussions with key PG&E senior officers and subject matter experts. Topics included PG&E's local presence initiative, 2013 company priorities, supplier diversity program, talent management and inclusion, and much more.

Outreach Activities

Attending DBE conferences, meetings, outreach events and tradeshows is a clear indication of PG&E's commitment to support the communities it serves.

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

- Alliance for Community Development — Bay Area Capital Connections Forum
- Alliance for Community Development — PROPEL Program Entrepreneur’s Showcase
- Alliance for Community Development — PROPEL Small Business Growth Program (Graduates Celebration)
- Alliance for Community Development — Bay Area Capital Connections VI Conference
- American Gas Association — Annual Operations Conference
- American Indian Chamber of Commerce of California — Annual Native American Heritage Month Luncheon
- American Indian Chamber of Commerce of California — EXPO ‘13 Annual Conference
- ANEW America — Microbusiness Expo and Celebration
- ASIAN, Inc. — Minority Business-to-Business Matchmaking and 42nd Gala
- ASTRA Women’s Business Alliance — Annual Expo and Matchmaker
- ASTRA Women’s Business Alliance — Workshops, Awards, & Matchmaker
- Bay Area Business Roundtable — Business Matchmaker
- Business Matchmaking — San Mateo Business Matchmaking Event
- California Asian Pacific Chamber of Commerce — California Asian Business Summit and Gala
- California Asian Pacific Chamber of Commerce — State of Small Business 3rd Annual Luncheon
- California Asian Pacific Chamber of Commerce — Summer Dinner and Retreat
- California Black Chamber of Commerce — Legislative Reception and Policy Luncheon
- California Black Chamber of Commerce — 2013 Ron Brown Commerce Summit & Gala
- California Department of Transportation – Stockton Area’s Small Business Expo
- California DVB Alliance — DVBE Spring Workshop
- California DVB Alliance — DVBE Fall Workshop
- California DVB Alliance — Secrets of Doing Business with Utilities
- California DVB Alliance — 21st Annual Keeping the Promise Conference, Expo and Matchmaking Event
- California Hispanic Chamber of Commerce — First Annual CHCC Economic Summit
- California Hispanic Chamber of Commerce — CHCC 19th Annual Legislative Day
- California Hispanic Chamber of Commerce — 33rd Annual Convention: Advocacy, Empowerment & Education for California’s Emerging Businesses
- California GreenBiz — 2013 GreenBiz Forum
- California Joint Utilities Committee — Power Procurement DBE Subcontracting Matchmaking Event
- California Small Business Day in Sacramento
- California Utilities Diversity Council — Diverse Advertising and Media Outreach Forum
- California Utilities Diversity Council — Management Consulting Forum
- Center for Advanced Procurement and Supply Research — Global Research for Strategic Supply Management Meeting
- CERES Conference: Igniting Innovation, Scaling Sustainability
- Community Advisory Council — Spring Meeting
- Community Advisory Council — Fall Meeting
- CPUC — Small Business Expo and Matchmaking Event in Northern California
- CPUC — Small Business Expo and Matchmaking Event in Central California
- CPUC — Small Utility Workshop on Best Practices
- CPUC — 11th Annual Supplier Diversity En Banc
- DISTRIBUTECH — 2013 Conference and Exhibition

- DiversityBusiness.com — 13th Annual Multicultural Business Awards Ceremony and Conference
- Edison Electric Institute — 29th Annual Supplier Diversity Conference
- Electric Utility Industry Sustainable Supply Chain Alliance — 2013 Annual Convention
- Electric Utility Industry Sustainable Supply Chain Alliance Meetings
- Elite SDVOB Network — Northern California Chapter Spring Meeting
- Elite SDVOB Network — Northern California Chapter Summer Meeting
- Elite SDVOB Network — Northern California Chapter Fall Meeting
- Elite SDVOB Network — Elite Veteran Small Business Expo 2013
- Fresno Metro Black Chamber of Commerce — Central Valley Diversity Business Expo
- Greater Los Angeles African American Chamber of Commerce — 20th Anniversary Economic Awards Dinner
- The Greenlining Institute — 20th Annual Economic Summit
- Hispanics in Energy — First Policy Summit
- HydroVision — 2013 International Conference
- Inner City Advisors — All In 2013 Small Business Conference
- Institute for Supply Management — Winter Strategic Planning Meeting
- Institute for Supply Management — Annual International Supply Management Conference and Educational Exhibit
- Institute for Supply Management — Summer Strategic Planning Meeting
- Latin Business Association — 4th Annual Latino Business Awards
- Latin Business Association — 2013 LBA Global Business Conference
- Latin Business Association — Minority Women's Business Conference
- Latino Business Journal — 14th Annual Latino Leaders' Reception for Government and Corporate Leaders
- Latino Coalition — West Coast Economic Summit 2013
- Latino Leaders Magazine — 2012 Maestro Awards
- Minority Business Development Agency — Diverse Suppliers Are Safe Workshop
- National Asian American Coalition — 10th Annual Asian American Empowerment, Small Business Development and Homeownership Conference
- National Association of Women Business Owners — 2013 Conference and Summit
- National Bar Association — Energy Program
- National Council of Minorities in Energy — Annual Meeting
- National Gay and Lesbian Chamber of Commerce — 2013 National Business & Leadership Conference
- National Gay and Lesbian Chamber of Commerce — 2013 Procurement Conference and National Dinner Awards
- National Minority Supplier Development Council — 2013 Annual Conference and Business Opportunity Fair
- National Minority Supplier Development Council — 2013 Minority Business Leadership Awards Dinner
- National Minority Supplier Development Council — Program Manager Seminar
- Northern California Minority Supplier Development Council — 2013 Awards Gala
- Northern California Minority Supplier Development Council — 2013 Minority Business Expo and Opportunity Fair
- Northern California Minority Supplier Development Council — Annual Meeting & Holiday Luncheon
- Northern California Minority Supplier Development Council — Leadership Workshop
- Northern California Minority Supplier Diversity Council — Corporate Members Committee Meeting on Strategic Planning
- Northern Region Hispanic Chamber of Commerce — 1st Annual Northern Region Hispanic Chamber of Commerce Expo
- Oakland African American Chamber of Commerce — Contractors Breakfast

- Oklahoma Minority Supplier Development Council — 35th Annual Business Conference & Opportunity Fair
- PG&E — 2013 Gas and Electric Pre-Construction Business Matchmaker
- PG&E — Annual Supplier Awards Dinner and Supplier Conference
- PG&E — Boots to Business Veterans Business Workshop
- PG&E — Central Coast General Contracting Forum
- PG&E — Diablo Canyon Power Plant Outage Hiring Fair
- PG&E — Diverse Suppliers Are Safe Webinar Presentation
- PG&E — DVBE Networking and Matchmaking Event
- PG&E — General Construction Contracting Forum and Business Matchmaker
- PG&E — Greenlining Construction Forum
- PG&E — LGBT Workshop — How to Do Business with PG&E
- PG&E — SBE/DBE Forum for Hayward Businesses
- PG&E — Smart Grid: Fundamental Concepts and Latest Developments Workshop
- PG&E — Supplier Diversity Achievement Awards
- Sacramento Asian Pacific Chamber of Commerce — 20th Annual Installation and Awards Dinner
- Sacramento Asian Pacific Chamber of Commerce — API Legislative Caucus Dinner
- Sacramento Hispanic Chamber of Commerce — 41st Annual Business Awards
- Sacramento Hispanic Chamber of Commerce — Small Business Symposium
- San Francisco Small Business Week — Certification Workshop
- San Joaquin Hispanic Chamber of Commerce — 2013 Small & Diverse Business Procurement Expo
- Small Business Administration Partnership — Second Annual Diverse and Small Business Contracting with Public Entities Forum
- Small Business Administration Partnership — Boots to Business Veterans Business Workshop at Travis Air Force Base
- The Latino Business Chamber of Greater Los Angeles — 4th Annual Latino Business Awards Luncheon
- Trans Bay Transit Center Project — LGBT Outreach Event
- U.S. Hispanic Chamber of Commerce — 2013 Annual Conference
- U.S. Pan Asian American Chamber of Commerce — Procurement Connections & Holiday Networking Reception
- U.S. Pan Asian American Chamber of Commerce — CelebrAsian Business Opportunity Conference 2013
- U.S. Pan Asian American Chamber of Commerce — Asian American & Minority Procurement Connections
- WEConnect International — Members and Board of Directors Meetings
- Women’s Business Enterprise National Council — 2013 National Conference and Business Fair
- Women’s Business Enterprise National Council — Committee and Board of Directors Meetings
- Women’s Business Enterprise National Council — Summit & Salute Conference

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

- Alliance for Community Development of the San Francisco Bay Area: Board Member
- American Indian Chamber of Commerce: Advisory Board
- Asian Business Association Los Angeles: Advisory Board
- California Asian Chamber of Commerce: Advisory Board
- California Disabled Veteran Business Alliance: Corporate Advisory Board
- California Joint Utilities Committee: Board Member
- California Utilities Diversity Council: Corporate Member, Procurement Committee Co-Chair

- Edison Electric Institute: Supplier Diversity Advisory Board
- Electric Utility Industry Sustainable Supply Chain Alliance: Advisory Board
- Institute for Supply Management: Supplier Diversity Group Board Chair
- National Minority Supplier Development Council: Corporate Member, Advisory Board and Strategic Planning Committee
- Northern California Minority Supplier Development Council: Corporate Member
- WEConnect International: Advisory Board Co-Chair
- Women's Business Enterprise National Council: Corporate Member and Global Business Committee

PG&E's Community Affairs and Government Relations organizations participated in the following activities:

- Asian Americans For Community Involvement, Santa Clara, Sponsorships
- Asian Business Institute and Resource Center, Fresno, Board of Directors, Advisory Board, Sponsorship
- Asian Inc., San Francisco, Partnership, Sponsor Annual Event
- Black Chamber of Commerce, Sonoma, Annual membership
- Black Economic Council, Alameda, Sponsor Annual Dinner and Conference
- Black Expo, Stockton, Sponsor Annual Event
- California Veteran's Home of Barstow, co-sponsor walk/run disabled vets
- Center For Community Advocacy, Monterey and Santa Cruz Counties, Board of Directors, Sponsorships
- Centro Latino, San Francisco, Partnership, Sponsor Annual Event
- Chemehuevi Tribe's Elders Recognition Event
- Chinatown Community Development Center, San Francisco, Partnership, Sponsor Annual Event
- Chinese Consolidated Women's Association, San Francisco, Partnership, Sponsor Annual Event
- Clear- Visitation Valley Community Center (Inner City Youth), San Francisco, Partnership, Sponsor Annual Event
- Coalition For Rural Pueblos Economic Development, Fresno, Sponsor Green Job Program
- Community Enrichment Organization, Alameda, Sponsor Annual Community Activity
- Community Youth Center, San Francisco, Partnership, Sponsor Annual Event
- Cypress Mandela Training Institute, Alameda, Sponsor Workforce Development Program
- El Concilio De Fresno Inc.
- El Concilio de San Mateo, Sponsor Annual Events
- Equality California, San Francisco, Partnership, Sponsor Annual Event
- Filipino American Development Foundation (Bayanihan), San Francisco, Partnership, Sponsor Annual Event
- Fresno Area Hispanic Chamber of Commerce, Fresno, Advisory Board, Membership, Sponsorship
- Fresno Area Hispanic Foundation
- Fresno Center for New Americans
- Fresno County Women's Chamber of Commerce, Fresno, Sponsor Mother of The Year Awards
- Fresno Metro Black Chamber Foundation
- Fresno Regional Foundation
- Fresno West Coalition for Economic Development
- Girls 2000, San Francisco, Partnership, Sponsor Annual Event
- Girls, Inc., Alameda, Sponsorship, Board Member
- Gonzales Chamber of Commerce, Monterey, Sponsorship
- High Desert Hispanic Chamber of Commerce Foundation, Legislative Power event sponsorship for underserved students to learn about the state legislature

- Hinkley Area Wellness Initiative
- Hispanic Chamber of Commerce of Sonoma County, Annual membership
- Hispanic Chamber of Commerce, Kern, Membership
- Hispanic Chamber of Marin, Marin, Membership
- Hispanic Chamber of San Joaquin County, San Joaquin, Membership, Board of Directors
- Hispanic Chamber of Sonoma County, Sonoma, Membership, Sponsorship, Advisory Committee Member
- Hispanic Foundation, Santa Clara, Sponsorships
- Hualapai Tribe Cultural Center Event
- Instituto Laboral De La Raza, San Francisco, Partnership, Sponsor Annual Event
- Jewish Vocational Services, San Francisco, Partnership, Sponsor Annual Event
- Latino Council, (Marin), Annual membership
- Marin City Community Development Corporation, Annual partnership
- Merced Hispanic Chamber, Merced, Membership
- Mission Language & Vocational School, San Francisco, Partnership, Sponsor Annual Event
- NAACP of East Contra Costa County, Sponsor Annual Dinner
- NAACP of Merced County, Sponsorship of Annual Event
- NAACP of San Joaquin County, Sponsor of Annual Event
- National Center For Lesbian Rights, San Francisco, Partnership, Sponsor Annual Event
- North Bay Black Chamber, Membership, Sponsorship
- Oakland African American Chamber, Alameda, Sponsorship, Board Member
- Omega Boys Club, San Francisco, Partnership, Sponsor Annual Event
- Organization of Chinese Americans, Alameda, Sponsorship Annual Event
- Pacific Asian American Women Bay Area Coalition, San Francisco, Partnership, Sponsor Annual Event
- Pacific News Service
- Richmond Build, Contra Costa, Partnership, Sponsor Workforce Development
- Richmond Community Foundation, Contra Costa, Sponsorship, Board Member
- Sacramento Asian Chamber, Sacramento, Membership, Sponsorships, Board of Directors
- Sacramento Black Chamber, Sacramento, Membership, Sponsorships
- Sacramento Hispanic Chamber, Sacramento, Membership, Sponsorships, Board of Directors, PAC Board
- Salinas United Business Association, Monterey, Sponsorship of Annual El Grito Festival
- San Francisco Hispanic Chamber Foundation (Economic Empowerment Fund), San Francisco, Partnership, Sponsor Annual Event
- San Francisco LGBT Center (The Community Center Project of SF, Inc.), San Francisco, Partnership, Sponsor Annual Event
- San Francisco LGBT Historical Society, San Francisco, Partnership, Sponsor Annual Event
- San Joaquin County Women's Center, Sponsor Annual Event
- San Joaquin Valley Black Chamber of Commerce, Fresno, Membership, Sponsorship
- San Leandro African American Business Council, Alameda, Sponsorship Annual Event
- San Mateo Latino Leadership Council, San Mateo, Partnership, Sponsor Annual Event
- Self-Help for the Elderly, San Francisco, Partnership, Sponsor Annual Event
- Silicon Valley Hispanic Chamber, Santa Clara, Sponsorship
- South San Joaquin County Hispanic Chamber, San Joaquin, Membership
- Solano Black Chamber, Solano, Memberships

- Solano Hispanic Chamber, Solano, Membership, Sponsorship
- Spanish Speaking Unity Council, Alameda, Sponsorship Annual Event
- Sunset District Autumn Festival (Bay Culture, Inc.), San Francisco, Partnership, Sponsor Annual Event
- Sunset District Community Development, San Francisco, Partnership, Sponsor Annual Event
- Tenderloin Neighborhood Development Center, San Francisco, Partnership, Sponsor Annual Event
- Tulare Hispanic Chamber of Commerce, Tulare, Membership
- Vietnamese Community Center, San Francisco, Partnership, Sponsor Annual Event
- West Bay Filipino Multi-Service Center, San Francisco, Partnership, Sponsor Annual Event
- Workforce Development Training and Job Readiness Program

G. Presentations and Training

An important part of PG&E's Supplier Diversity Program is to share supplier diversity best practices, to encourage other companies to embrace supplier diversity excellence, and to educate prospective and incumbent DBEs on how to successfully compete to win PG&E business. Again in 2013, PG&E representatives made a number of presentations to DBEs, supplier diversity advocacy organizations and at industry forums. PG&E gave presentations at the following events:

- CPUC — Small Business Expo and Matchmaking Event in Northern California
- CPUC — Small Business Expo and Matchmaking Event in Central California
- Community Advisory Council — Spring Kick-Off Meeting
- Community Advisory Council — Summer Meeting
- Institute for Supply Management — Annual International Supply Management Conference and Educational Exhibit
- National Minority Supplier Development Council — 2013 Annual Conference and Business Opportunity Fair
- National Minority Supplier Development Council — Regional Seminar Supplier Diversity Training
- National Minority Supplier Development Council — West Coast Program Manager Seminar
- Northern California Minority Supplier Development Council — Foundations in Leadership Excellence Workshop
- PG&E — 2013 Gas and Electric Pre-Construction Business Matchmaker
- PG&E — Annual Supplier Awards Dinner and Supplier Conference
- PG&E — Diverse Suppliers Are Safe Webinar Presentation
- PG&E — Smart Grid: Fundamental Concepts and Latest Developments Workshop
- PG&E — Supplier Diversity: General Contracting Forum and Business Matchmaking Event
- San Francisco Small Business Week – Certification Workshop
- San Joaquin Hispanic Chamber of Commerce — 2013 Small & Diverse Business Procurement Expo
- Small Business Administration Partnership — Boots to Business Veterans Business Workshop
- Small Business Administration Partnership — Second Annual Diverse and Small Business Contracting with Public Entities Forum

PG&E Hosted Events:

- National Minority Supplier Development Council — West Coast Program Manager Seminar
- Northern California Minority Supplier Development Council — Foundations in Leadership Excellence Workshop
- PG&E — Annual Supplier Awards Dinner and Supplier Conference
- PG&E — Diverse Suppliers Go Global Presentation
- PG&E — Diverse Suppliers Go Green Workshop
- PG&E — Diverse Suppliers Are Safe Webinar Presentation

- PG&E — LGBT Workshop – How to Business with PG&E
- PG&E — SBE/DBE Forum for Hayward Businesses
- PG&E — Supplier Diversity: General Contracting Forum
- PG&E — Smart Grid: Fundamental Concepts and Latest Developments Workshop
- San Francisco Small Business Week — Certification Workshop
- Small Business Administration Partnership — Boots to Business Veterans Business Workshop
- Small Business Administration Partnership — Second Annual Diverse and Small Business Contracting with Public Entities Forum

H. Awards and Recognition

PG&E's efforts and accomplishments in promoting diversity in areas such as community, workforce and supply chain have been widely recognized over the years. In 2013, PG&E was:

- Ranked No. 2 on the 2013 *Hispanic Business Magazine* Top 25 Leaders in Supplier Diversity
- Ranked No. 3 in *DiversityInc* Top Regional Utilities for Diversity
- Ranked No. 27 in "2013 America's Top 50 Organizations for Multicultural Business Opportunities" by DiversityBusiness.com
- Named to Women's Business Enterprise National Council "2012 America's Top Corporations for Women's Business Enterprises"
- Named "Top 10 Corporations for Veteran-Owned Businesses" by National Veteran-Owned Business Association
- Named "Best Companies for Diversity" by Fresno Metro Black Chamber of Commerce
- Named "Corporation of the Year" by the Northern California Minority Supplier Diversity Council, for the third year in a row
- PG&E's Director of Supplier Diversity and Sustainability named "Supplier Diversity Leader of the Year" by the Northern California Minority Supplier Diversity Council
- PG&E's Procurement Specialist named "Corporate Buyer of the Year" by the Northern California Minority Supplier Diversity Council
- Named "Top Supplier Diversity Program and Top Diversity Employer" by *Black EOE Journal*
- Named "Best Diversity Company" in *Diversity/Careers in Engineering and Technology* annual Readers Choice Survey, for the third year in a row
- PG&E's Director of Supplier Diversity and Sustainability inducted into "WBE Hall of Fame"
- PG&E's Director of Supplier Diversity and Sustainability named one of "Top 50 Women Leaders in Corporate Supplier Diversity" by *Women's Enterprise USA*

Sec. 9.1.2 Summary of Purchases

Supplier Diversity Annual Results by Ethnicity

		2013			
		Direct \$	Sub \$	Total \$	%
Minority Men	Asian Pacific American	132,191,609	39,233,680	171,425,289	3.11%
	African American	279,905,098	39,138,549	319,043,647	5.80%
	Hispanic American	219,435,914	234,552,500	453,988,414	8.25%
	Native American	121,083,860	24,289,882	145,373,742	2.64%
	Total Minority Men	752,616,481	337,214,611	1,089,831,092	19.80%
Minority Women	Asian Pacific American	116,089,859	48,045,350	164,135,209	2.98%
	African American	112,855,099	1,287,201	114,142,300	2.07%
	Hispanic American	69,968,661	30,034,648	100,003,308	1.82%
	Native American	12,349,598	24,970,010	37,319,608	0.68%
	Total Minority Women	311,263,217	104,337,209	415,600,426	7.55%
Total Minority Business Enterprise (MBE)		1,063,879,697	441,551,821	1,505,431,518	27.35%
Woman Business Enterprise (WBE)		505,071,620	181,073,906	686,145,527	12.47%
Subtotal Woman, Minority Business Enterprise (WMBE)		1,568,951,318	622,625,727	2,191,577,045	39.82%
Service-Disabled Veteran Business Enterprise (DVBE)		72,616,240	52,846,804	125,463,043	2.28%
TOTAL DBE		1,641,567,557	675,472,530	2,317,040,088	42.10%
Gross Procurement		5,503,744,259			
Exclusions		-			
Net Procurement		5,503,744,259			

Totals may not add due to rounding.

Supplier Diversity Direct \$ Procurement by Products and Services Category

			Products ¹		Services ²		TOTAL ³	
			\$	%	\$	%	\$	%
Minority Men	Asian Pacific American	Direct	40,740,133	3.08%	91,451,476	2.19%	132,191,609	2.40%
	African American	Direct	117,432,098	8.88%	162,473,000	3.89%	279,905,098	5.09%
	Hispanic American	Direct	122,625,182	9.27%	96,810,732	2.32%	219,435,914	3.99%
	Native American	Direct	72,586,688	5.49%	48,497,172	1.16%	121,083,860	2.20%
	Total Minority Men	Direct	353,384,101	26.73%	399,232,380	9.55%	752,616,481	13.67%
Minority Women	Asian Pacific American	Direct	93,720,550	7.09%	22,369,310	0.53%	116,089,859	2.11%
	African American	Direct	5,933	0.00%	112,849,166	2.70%	112,855,099	2.05%
	Hispanic American	Direct	31,414,162	2.38%	38,554,499	0.92%	69,968,661	1.27%
	Native American	Direct	6,003,755	0.45%	6,345,843	0.15%	12,349,598	0.22%
	Total Minority Women	Direct	131,144,400	9.92%	180,118,817	4.31%	311,263,217	5.66%
Total Minority Business Enterprise (MBE)	Direct	484,528,500	36.64%	579,351,197	13.86%	1,063,879,697	19.33%	
Woman Business Enterprise (WBE)	Direct	71,864,582	5.43%	433,207,039	10.36%	505,071,620	9.18%	
Total Woman, Minority Business Enterprise (WMBE)	Direct	556,393,082	42.08%	1,012,558,236	24.22%	1,568,951,318	28.51%	
Service-Disabled Veteran Business Enterprise (DVBE)	Direct	48,286,846	3.65%	24,329,394	0.58%	72,616,240	1.32%	
TOTAL DBE	Direct	604,679,928	45.73%	1,036,887,629	24.80%	1,641,567,557	29.83%	
Gross Procurement			5,503,744,259					
Exclusions			-					
Net Procurement			5,503,744,259					
Total Product Procurement			1,322,281,394					
Total Service Procurement			4,181,462,865					
Net Procurement			5,503,744,259					

¹ Percentages for "Products" expenditures are DBE expenditures compared to "Total Product Procurement" expenditures.

² Percentages for "Services" expenditures are DBE expenditures compared to "Total Service Procurement" expenditures.

³ Percentages for "TOTAL" expenditures are DBE expenditures compared to "Net Procurement" expenditures.

Totals may not add due to rounding.

Supplier Diversity Subcontracting \$ Procurement by Products and Service Categories

			Products		Services		TOTAL ¹	
			\$	%	\$	%	\$	%
Minority Men	Asian Pacific American	Sub	n/a	n/a	n/a	n/a	39,233,680	0.71%
	African American	Sub	n/a	n/a	n/a	n/a	39,138,549	0.71%
	Hispanic American	Sub	n/a	n/a	n/a	n/a	234,552,500	4.26%
	Native American	Sub	n/a	n/a	n/a	n/a	24,289,882	0.44%
	Total Minority Men	Sub	n/a	n/a	n/a	n/a	337,214,611	6.13%
Minority Women	Asian Pacific American	Sub	n/a	n/a	n/a	n/a	48,045,350	0.87%
	African American	Sub	n/a	n/a	n/a	n/a	1,287,201	0.02%
	Hispanic American	Sub	n/a	n/a	n/a	n/a	30,034,648	0.55%
	Native American	Sub	n/a	n/a	n/a	n/a	24,970,010	0.45%
	Total Minority Women	Sub	n/a	n/a	n/a	n/a	104,337,209	1.90%

Total Minority Business Enterprise (MBE)	Sub	n/a	n/a	n/a	n/a	441,551,821	8.02%
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Woman Business Enterprise (WBE)	Sub	n/a	n/a	n/a	n/a	181,073,906	3.29%
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Total Woman, Minority Business Enterprise (WMBE)	Sub	n/a	n/a	n/a	n/a	622,625,727	11.31%
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Service-Disabled Veteran Business Enterprise (DVBE)	Sub	n/a	n/a	n/a	n/a	52,846,804	0.96%
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TOTAL DBE	Sub	n/a	n/a	n/a	n/a	675,472,530	12.27%
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Gross Procurement	5,503,744,259
Exclusions	
Net Procurement	5,503,744,259

Total Product Procurement	1,322,281,394
Total Service Procurement	4,181,462,865
Net Procurement	5,503,744,259

¹ Percentages for "TOTAL" expenditures are DBE expenditures compared to "Net Procurement" expenditures.

Totals may not add due to rounding.

Table 6A

**2013 Combined Minority and Caucasian Women Procurement Results for Large Utilities
(in Dollars and as a Percentage of Total Corporate Procurement)**

	Minority Women	Caucasian Women	Combined Women	Total Corporate
PG&E				
Direct	\$311,263,217	\$505,071,620	\$816,334,837	
	5.66%	9.18%	14.83%	
Subcontracting	\$104,337,209	\$181,073,906	\$285,411,116	
	1.90%	3.29%	5.19%	
Combined	\$415,600,426	\$686,145,527	\$1,101,745,953	\$5,503,744,259
	7.55%	12.47%	20.02%	

Totals may not add due to rounding.

Table 7A

**2013 DVBE Procurement Results for Large and Small Utilities
(in Dollars and as a Percentage of Total Corporate Procurement)**

	DVBE	DVBE %	Total Procurement
PG&E	\$125,463,043	2.28%	\$5,503,744,259

Totals may not add due to rounding.

Table 1A

2013 Supplier Diversity Procurement Results for Large Utilities

	Total Procurement	MBE	WBE	DVBE	Total DBE
PG&E					
Direct		\$1,063,879,697	\$505,071,620	\$72,616,240	\$1,641,567,557
		19.33%	9.18%	1.32%	29.83%
Subcontracting		\$441,551,821	\$181,073,906	\$52,846,804	\$675,472,530
		8.02%	3.29%	0.96%	12.27%
Combined	\$5,503,744,259	\$1,505,431,518	\$686,145,527	\$125,463,043	\$2,317,040,088
		27.35%	12.47%	2.28%	42.10%

Totals may not add due to rounding.

DBE Procurement SIC Code Legend

PACIFIC GAS & ELECTRIC COMPANY
CALENDAR YEAR 2013
G.O. #156 Sec. 9.1.2

Major Group Code	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 Building, 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 pipe
34	Fabricated Metal Products	Heating Equipment, Fabricated Structural Metal, 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 & 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	Pipelines, Except Natural Gas	Pipelines
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 & Garden Supplies	Hardware Stores, Lumber and Other Building Materials
55	Automotive Dealers & 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 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 & Management Services	Engineering Services, Accounting, Auditing, and Bookkeeping Services, Management Consulting Services

PG&E's Supplier Diversity Program is multi-faceted and focuses on DBE development throughout its direct and subcontracting processes. Therefore, the total number of DBE contracts is reflective of both aspects of this commitment. Based on that premise, the number of contracts (as represented by the total number of unique DBEs doing business in PG&E's supply chain) increased from 836 in 2012 to 904 in 2013, representing an additional 68 DBEs and an 8.1 percent year-over-year increase.

Sec. 9.1.3 Program Expenses

Expense Category	2013 Actuals
Wages	\$1,692,914
Other Employee Expense	\$265,300
Program Expense	\$505,109
Reporting Expense	\$44,300
Training	\$50,827
Consultants*	\$226,109
Other Employee Expense	\$121,199
TOTAL	\$2,905,758

*Consultants: PG&E portion of the cost of the CPUC Clearinghouse

- Wages: salary and payroll-related costs of employees working on DBE matters.
- Other Employee Expenses: office space, travel and other non-wage costs.
- Program Expenses: material, staff augmentation, consulting, technical assistance and outreach, and other costs directly related to programs.
- Reporting Expenses: computer, accounting, printing and other expenses in preparing reports to the CPUC.
- Training: costs related to employee training.
- Other: miscellaneous costs/credits that do not fall in other categories.

Sec. 9.1.4 Description of Progress in Meeting or Exceeding Set Goals

Category	Current Year Results	Current Year Goals
Minority Men	19.80%	12.00%
Minority Women	7.55%	3.00%
Minority Business Enterprise (MBE)	27.35%	15.00%
Woman Business Enterprise (WBE)	12.47%	5.00%
Subtotal Woman, Minority Business Enterprise (WMBE)	39.82%	20.00%
Service-Disabled Veteran Business Enterprise (DVBE)	2.28%	1.50%
Total DBE	42.10%	21.50%

Totals may not add due to rounding.

PG&E spent 42.1 percent with DBEs. This amount represents more than \$2.3 billion spent with DBEs, which is approximately \$265.2 million greater than the amount spent with DBEs in 2012.

Sec. 9.1.5 Summary of Utilization of DBE Subcontractors

	Minority Men	Minority Women	Minority Business Enterprise (MBE)	Woman Business Enterprise (WBE)	Women, Minority Business Enterprise (WMBE)	Service Disabled Veterans Business Enterprise (DVBE)	TOTAL DBE
Direct \$	752,616,481	311,263,217	1,063,879,697	505,071,620	1,568,951,318	72,616,240	1,641,567,557
Subcontracting \$	337,214,611	104,337,209	441,551,821	181,073,906	622,625,727	52,846,804	675,472,530
Total \$	1,089,831,092	415,600,426	1,505,431,518	686,145,527	2,191,577,045	125,463,043	2,317,040,088
Direct %	13.67%	5.66%	19.33%	9.18%	28.51%	1.32%	29.83%
Subcontracting %	6.13%	1.90%	8.02%	3.29%	11.31%	0.96%	12.27%
Total %	19.80%	7.55%	27.35%	12.47%	39.82%	2.28%	42.10%

Gross Procurement	5,503,744,259
Exclusion	-
Net Procurement	5,503,744,259

Totals may not add due to rounding.

As previously reported in 2012, substantial required investments in infrastructure projects have altered the mix of direct and subcontracting opportunities for DBEs. For example, few DBEs are large enough to independently handle major projects in gas pipeline safety. The Supplier Diversity team has addressed that challenge in a number of ways. The team continued to follow up with the largest prime suppliers concerning their DBE subcontracting plans, as well as communicating the results of these conversations to project managers and responsible officers. By continuing to monitor prime supplier diversity performance and provide prime suppliers with supplier diversity education and coaching, PG&E achieved \$675.5 million subcontracting spend in 2013.

Working with prime suppliers to improve supplier diversity subcontracting results was an ongoing effort at PG&E in 2013. The Supplier Diversity team has increased awareness of DBE subcontracting needs in the bid process both internally and externally. Diversity expectations were communicated to suppliers frequently, including at bid meetings, performance reviews, and at PG&E's Annual Supplier Conference. Sourcing professionals, LOB representatives, and Supplier Diversity team members will continue to emphasize DBE subcontracting as beneficial to community economic development and critical to helping the company meet its goals.

Sec. 9.1.6 Supplier Complaints

A list of DBE complaints received during the past year accompanied by a brief description of the nature of each complaint and its resolution or current status.

G.O. 156 Ruling on August 24, 2006 ended the requirement to summarize complaints.

Sec. 9.1.7 Exclusions

Summary of Purchases and/or contracts in excluded categories.

G.O. 156 Ruling on November 14, 2003 ended the excluded category.

Sec. 9.1.8 Supplier Recruitment in Low Utilization Areas

A description of any efforts made to recruit DBEs of products or services in procurement categories where DBE utilization has been low, such as legal and financial services, fuel procurement, and areas that are considered highly technical in nature.

1. FINANCE AND RISK

PG&E's Finance and Risk organization was steadfast in finding channels to expand the DBE base and increase spend with DBE 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.

A. Banking

- 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 DBE banks in 2013.
- PG&E selected an African American-owned investment bank to be one of four joint lead managers for a \$750 million offering of 10-year and 30-year senior notes in June 2013. This represented the fourth bond transaction that PG&E has completed with a minority-owned investment bank as a lead manager.
 - DBE banks, including African American, Hispanic American, DVBE and WBE firms, served as co-managers on debt offerings totaling \$1.55 billion for all of 2013.
 - Fees paid to DBE underwriters totaled more than \$1.7 million in 2013, the highest amount ever by PG&E.
 - DBE banks have been included as underwriters on all of PG&E's senior note offerings since 2004.
- PG&E placed more than \$4.5 billion of commercial paper, the most ever in company history, through a minority-owned investment bank in 2013. This equated to 19 percent of the program.
- PG&E scheduled numerous meetings with DBE banks to learn more about their capabilities and to assess new opportunities for them.

B. Pension Management

- At the end of 2013, nearly \$900 million of PG&E's Employee Benefit and Nuclear Decommissioning Trust assets was invested with diverse or emerging managers. Fees on these assignments were approximately \$2.0 million in 2013.
- PG&E continues to partner with six DBEs that manage nine equity, fixed income, and real estate securities accounts with PG&E's Employee Benefit and Nuclear Decommissioning Trusts.
- Finally, PG&E has a long history of supporting DBE investment managers and encouraging all managers to utilize DBE brokers.

C. Tax, Accounting and Reporting

- To optimize supplier diversity participation in a competitive bid for a significant tax project, PG&E sought and selected a non-diverse firm that included participation of an affiliated African American-owned company in its bid. The contract executed with these firms included language outlining the amount and

extent of work performed by this MBE. In addition to development of a new MBE opportunity, this contract resulted in significant tax savings that will benefit PG&E and ratepayers in years to come.

- PG&E successfully partnered with other internal departments to expand the scope of work performed by a small local African and Asian American-owned company. The work with this MBE will help PG&E garner millions of dollars in state tax credits and reduce state income tax liability for years to come. In addition to the value to PG&E, the expansion of this company's work at PG&E will help the diverse small business continue its success.
- Over the last three years, PG&E has worked with a local Asian American-owned company supporting several tax projects. The latest involves support for the calculation and automation of the utilities' repairs deduction, a project that will help PG&E comply with recently issued IRS requirements and also yield significant federal and state cash tax savings.
- On a recent Request for Proposal for another significant tax project, PG&E made responding firms understand that creative integration of DBEs in submitted proposals would be a key consideration in the selection process.
- PG&E engaged a DBE for the audit of the PG&E Foundation.
- PG&E engaged a DBE for the audit of certain benefit plans.
- PG&E successfully influenced its independent auditor to partner with a DBE to complete the audit of the financial statements.

D. Risk and Audit

- The Compliance and Ethics group hired a WBE to produce PG&E's annual compliance and ethics training video for 2014.
- PG&E hired a MBE in its Enterprise Risk Management & Insurance area to provide collection and compliance review of certificates of insurance from PG&E's outside suppliers.
- PG&E worked with its insurance broker to enter into a three-year contract with the largest African American-owned insurance broker in the country to market its insurance renewals or administrative insurance work.
- PG&E encouraged its corporate building security supplier to subcontract to DBEs. In 2013, four of the six security subcontractors were MBEs.

2. BRAND ADVERTISING

A. Results Summary and Highlights:

PG&E's Brand Strategy and Advertising and Solutions Marketing departments are charged with communicating company priorities, safety messages and energy efficiency programs to all customers. For more than a decade, PG&E has placed a strong emphasis on dedicating funds to ensure that PG&E's communications reach California's multicultural residents.

B. Brand Strategy and Advertising

A range of DBE-certified agencies helped effectively and efficiently reach PG&E's diverse audience, using a variety of approaches including television, digital advertising, social media, print, radio, billboards and other out-of-home tactics.

At the beginning of 2013, PG&E also identified an opportunity to work with one of its largest non-diverse advertising agencies to improve their supplier diversity performance. PG&E challenged the agency to establish a plan to move from no DBE subcontracting to 40 percent by the end of the year. In addition to monitoring performance on a monthly basis, PG&E introduced a number of DBEs to the agency throughout the year. This targeted support resulted in the agency significantly exceeding their goal by more than seven percentage points, achieving over 47 percent in DBE subcontracting.

PG&E will continue its focus on looking for certified DBE direct suppliers and subcontractors to grow its supplier diversity support.

C. Solutions Marketing

The Solutions Marketing department continued to work with a range of DBE-certified agencies and companies to strategically and creatively execute effective multicultural marketing efforts on behalf of PG&E.

Success highlights include:

- Increased PG&E's roster of DBE-certified agencies and awarded more marketing projects to them.
- Actively sourced multicultural agencies and awarded in-language marketing campaigns to a DBE-certified primary agency with expertise in Asian and Hispanic marketing.
- Engaged multicultural media outlets to support PG&E's increased focus on in-language multicultural outreach.

3. LEGAL

PG&E's Law Department supports diversity within the legal profession, both in providing work opportunities for diverse law firms and diverse individuals within non-diverse firms, and in actively supporting diverse legal organizations. The Department is especially proud of its award-winning first year law student pipeline program that offers first year law students with a demonstrated commitment to diversity the opportunity to gain legal experience in the utility industry and to network with attorneys and other law students throughout the United States. In 2013, the Department also mentored a DVBE that is handling some of the company's tort and commercial litigation.

PG&E's Law Department supports DBE-focused organizations and continually looks for opportunities to include diverse organizations in the products and services it and outside law firms utilize. In 2013, several additional DBE firms were provided the opportunity to represent PG&E in significant matters. Opportunities for DBE firms and suppliers will continue to grow in 2014, with additional DBE and non-DBE partnering planned on several matters. The Department also continues to host events to facilitate networking and diversity opportunities, including individual meetings, lunches and receptions. PG&E attorneys regularly attend networking events, such as the California Minority Counsel Program and Minority Corporate Counsel Association, to provide DBE firms and attorneys with greater access to in-house counsel.

In 2013, the Law Department also continued its support of the Bar Association of San Francisco Foundation Bay Area Minority Law Student Scholarship. The Department funded a scholarship to a student with a significant financial need that was admitted to a top California law school. The Department also continues to support the efforts of the diverse bar associations that provide scholarships to talented students.

2013 Summary of Affiliations

Following is a summary of the organizations PG&E's Law Department supported through participation at their events and/or funding:

- Asian Law Caucus
- Asian American Bar Association
- California Association of Black Lawyers
- California Minority Counsel Program
- Charles Houston Bar Association
- Corporate Counsel Women of Color
- Filipino Bar Association of Northern California
- Hispanic National Bar Association
- Institute for Inclusion in the Legal Profession
- Korean American Bar Association
- Minority Corporate Counsel Association
- National Asian Pacific American Bar Association
- National Association of Minority and Women Owned Law Firms
- National Association of Women Lawyers
- National Bar Association
- National Native American Bar Association
- South Asian Bar Association of Northern California
- Wiley Manuel Law Foundation

PG&E's Utilization of DBE Lawyers and Paralegals at Non-DBE Law Firms

The following table shows the extent to which non-DBE law firms retained by PG&E's Law Department have assigned DBE lawyers and paralegals to work on PG&E matters. These law firms, which supplied the data on which the table is based, together account for approximately 80 percent (representing \$43.4 million) of the Law Department's fee payments to non-DBE firms in 2013 for lawyer and paralegal services.

ATTORNEY TIME PAID IN 2013

LINE NO.			TOTAL
1	ALL MEN		\$28,021,438
2	MINORITY MEN		
3		ASIAN PACIFIC AMERICAN M	\$3,434,004
4		AFRICAN AMERICAN M	\$2,209,126
5		HISPANIC AMERICAN M	\$105,940
6		NATIVE AMERICAN M	\$0
7		MULTI-ETHNIC M	\$331,139
		TOTAL MINORITY MEN	\$6,080,209
8	ALL WOMEN		\$13,441,715
9	MINORITY WOMEN		
10		ASIAN PACIFIC AMERICAN W	\$1,815,542
11		AFRICAN AMERICAN W	\$361,960
12		HISPANIC AMERICA W	\$123,968
13		NATIVE AMERICAN W	\$0
14		MULTI-ETHNIC W	\$97,175
		TOTAL MINORITY WOMEN	\$2,398,645
15		TOTAL MINORITY	\$8,478,854
16	NON-MINORITY WOMEN		\$11,042,694
17	SERVICE-DISABLED VETERAN		\$0
18	TOTAL MINORITY, NON-MINORITY WOMEN & VETERANS		\$19,521,548

PARALEGAL TIME PAID IN 2013

LINE NO.			TOTAL
1	ALL MEN		\$838,688
2	MINORITY MEN		
3		ASIAN PACIFIC AMERICAN M	\$378,935
4		AFRICAN AMERICAN M	\$11,034
5		HISPANIC AMERICA M	\$4,852
6		NATIVE AMERICAN M	\$0
7		MULTI-ETHNIC M	\$2,558
		TOTAL MINORITY MEN	\$397,379
8	ALL WOMEN		\$1,071,506
9	MINORITY WOMEN		
10		ASIAN PACIFIC AMERICAN W	\$120,956
11		AFRICAN AMERICAN W	\$4,586
12		HISPANIC AMERICA W	\$27,829
13		NATIVE AMERICAN W	\$0
14		MULTI-ETHNIC W	\$377
		TOTAL MINORITY WOMEN	\$153,748
15		TOTAL MINORITY	\$551,127
16	NON-MINORITY WOMEN		\$917,758
17	SERVICE-DISABLED VETERAN		\$0
18	TOTAL MINORITY, NON-MINORITY WOMEN & VETERANS		\$1,468,885
TOTAL FIRM MINORITY, NON-MINORITY WOMEN & VETERANS			\$20,990,433

Note: The data set forth herein is accurate within approximately +/- 5%. This is due to, among other things, variances between data submitted by law firms used to compile the table and PG&E's records of actual spending.

4. NUCLEAR GENERATION

PG&E's Diablo Canyon Power Plant (DCPP) continued to demonstrate its leadership in the nuclear industry by improving its supplier diversity spending from 19.5 percent in 2012 to 23.6 percent in 2013. DCPP's relentless focus on continuous improvement, especially in the area of subcontracting, led to a diverse spending increase of more than 700 percent over the past five years. For example, in 2013, the DCPP team successfully negotiated a 27.5% subcontracting goal with a prime supplier that did not previously have a goal. The contract for the ISFSI Pad Upgrade (spent fuel storage) will represent over \$4 million in new DBE subcontracting dollars for Nuclear Generation. Additionally, a local DBE won a \$7 million construction job for a new Technical Support Center when the DCPP team advocated for their inclusion in a competitive bid process. Finally, the team continued to mentor a Native American-owned company that provides electrical supplies and components for stock replenishment, outage support and emergent work. This supplier was recognized for their performance at PG&E's Annual Supplier Conference. DCPP is a benchmark for supplier diversity in the nuclear industry.

Sec. 9.1.9 Justification of Excluded Areas

A justification for the continued existence of any "excluded category" of products or services which has been removed from the procurement dollar base used to set goals because of established unavailability of DBEs. Such justification must include description of any efforts made to find any/or recruit DBEs of products or services in the excluded category.

G.O. 156 Ruling on November 14, 2003 ended the excluded category.

2014 ANNUAL PLAN

Sec. 10.1.1 DBE Annual Short-, Mid- and Long-Term Goals By Products and Services Category

During PG&E's annual supplier diversity goal-setting process, extensive efforts were undertaken to ensure ownership and accountability for supplier diversity throughout the company. PG&E's multi-layered approach to DBE inclusion and development helped build alignment across all levels of the business and fostered greater understanding of performance expectations.

In preparation for establishing goals, Supplier Diversity, Sourcing and LOB representatives first worked diligently to establish a plan for goal achievement which included development of a spend forecast, project plan and list of specific strategic opportunities for the year. Through this first step, challenging yet reasonable supplier diversity goals were set for each LOB. These goals are then evaluated and agreed upon at the officer-level.

Each year, PG&E uses historical information, as well as input from the LOBs regarding projected spend to reassess company goals. PG&E strives for year-over-year continuous improvements in its supplier diversity spend. While goals are set at the LOB level, PG&E does not set specific goals by product and services categories. However, as a long-term strategy, PG&E is particularly focused on technical assistance and capacity building strategies to develop suppliers in the following areas:

- Energy Procurement
- Energy Products and Services
- Gas Operations and Pipeline Safety Enhancement
- Hydro and Power Plants
- Nuclear Engineering
- Professional Services (Accounting, Legal Firms, Management Consulting Firms)
- Smart Grid
- Substation Work, Engineering
- Transmission and Distribution (construction)
- Trenching and Paving

PG&E strives for continuous improvement in its Supplier Diversity Program; its short-, mid- and long-term DBE goals mirror the recommended goals in G.O. 156:

DBE Annual Short, Mid, and Long-Term Goals

Short-Term 2013					Mid-Term 2015					Long-Term 2017				
Minority		Total Minority Business Enterprise	Woman Business Enterprise	Disabled Veteran Business Enterprise	Minority		Total Minority Business Enterprise	Woman Business Enterprise	Disabled Veteran Business Enterprise	Minority		Total Minority Business Enterprise	Woman Business Enterprise	Disabled Veteran Business Enterprise
Men	Women	MBE	WBE	DVBE	Men	Women	MBE	WBE	DVBE	Men	Women	MBE	WBE	DVBE
12.0%	3.0%	15.0%	5.0%	1.5%	12.0%	3.0%	15.0%	5.0%	1.5%	12.0%	3.0%	15.0%	5.0%	1.5%

Sec. 10.1.2 Program Activities Planned for 2014

A description of Supplier Diversity program activities planned for the next calendar year, which includes internal and external program activities.

PG&E strives to improve its industry-leading Supplier Diversity Program by enhancing existing program initiatives and developing new initiatives. PG&E plans to enhance its Prime Supplier Program through additional training and communication on DBE subcontracting, partnering and mentoring. The company will continue to strengthen the role of the Supplier Diversity LOB Champions through education and engagement. PG&E also intends to support the development of DBEs in areas of company growth such as gas pipeline safety, energy procurement and new technology. This support will also come in the form of technical assistance and capacity-building initiatives. For professional services and other product and service areas with a gap to PG&E goals, PG&E will continue to carefully analyze its value chain for new and innovative opportunities for DBE inclusion.

PG&E will continue to develop ongoing strategic program activities in 2014 including:

- **Goal Development and Alignment:** Employ procedures to ensure that each LOB sets its targets and plans in collaboration with Supplier Diversity Champions to achieve supplier diversity goals. Targets are also driven down to director level to expand ownership and accountability for supplier diversity goals.
- **Prime Supplier Program:** Work to ensure that prime suppliers are accurately reporting DBE subcontracting and supporting the company's supplier diversity objectives.
- **Certification Monitoring:** Promote efforts to manage certification of new and existing DBE suppliers.
- **Outreach:** Support activities and organizations that assist PG&E's efforts to reach its 2014 supplier diversity goals.
- **Safety:** Champion effective safety practices and communicate to all suppliers, including DBEs.
- **Supply Chain Sustainability Program:** Include incumbent DBEs in the sustainability performance initiative.
- **Communications and Training:** Continue to incorporate strategies to communicate and educate both internal and external stakeholders about PG&E's Supplier Diversity Program.
- **People Plan:** Build and enhance talent within PG&E's Supplier Diversity organization and its champions across the company.
- **Supplier Recognition:** Recognize the excellent performance of DBEs throughout the year during PG&E's Supplier Conference and other external recognition avenues.
- **Employee Recognition:** Recognize excellent performance by Sourcing and LOB Champions that drive high levels of supplier diversity results and support supplier diversity initiatives throughout the year.
- **Contract Compliance:** Drive increased prime supplier support of PG&E's supplier diversity policies and procedures.
- **Reporting:** Enhance reporting capabilities that help PG&E identify opportunities and measure performance against goals.
- **Supplier Development Program:** Identify opportunities for and support the development of DBEs to be competitive in an ever-changing supply chain, laying the foundation for PG&E's long-term goal achievement

PG&E will also work collaboratively with the JU, CUDC, CPUC and Community-Based Organizations to focus on several strategic initiatives to continue to enhance its Multi-Tiered Technical Assistance and Capacity Building Program:

- **Access to Capital:** Deliver workshops on growth strategy, business performance and financial management to help DBEs qualify for debt financing, and forums/conference on the equity acquisition process to overcome barriers.
- **Capacity Building:** Help DBEs expand product/service offerings to other PG&E LOBs and/or to other potential customers.
- **Diverse Business Workshops:** Partner with expert organizations to develop technical assistance and capacity building workshops to support business growth and development.

- **Diverse Suppliers Are Safe:** Offer signature training initiative on the competitive business advantages of addressing the multiple facets of safety within the work environment.
- **Diverse Suppliers Go Green:** Offer signature training initiative to arm suppliers with the resources and tools to gain a competitive green advantage.
- **Diverse Suppliers Go Global:** Offer signature training initiative on how global markets and supply chains can be leveraged to strengthen business.
- **Emerging Technology:** Enhance the executive training initiative that encourages mature DBEs to consider competing for opportunities in emerging technology.
- **ISO 9001 and ISO 14001 Certification Training:** Provide quality and environmental systems certification scholarships to help DBEs build the necessary business practices for successful scalable growth.
- **Small Business Administration Partnership Training:** Partner with SBA, SCORE and SBDCs across California to provide business management workshop trainings.
- **Trade Missions to Industry Trade Shows:** Provide scholarships and support for DBEs to attend industry trade shows to gain exposure to new trends and technology.
- **UCLA Management Development for Entrepreneurs and University of Washington Minority Business Executive Program:** Offer DBE scholarships to graduate level management development certificate programs that support supplier development and build capacity.

In addition, PG&E plans to continue its annual Supplier Diversity Achievement Awards to recognize the many employees who contribute to the company's supplier diversity goal achievement. This annual event not only recognizes specific employees who have helped to achieve PG&E's supplier diversity goals but also reinforces the key roles all employees play in driving PG&E's supplier diversity success.

PG&E also intends to enhance its communication efforts in order to give internal and external audiences a timely and clear view of what PG&E is doing to increase business with DBEs.

Smart Grid Deployment Plan Roadmap

On June 30, 2011, PG&E filed its Smart Grid Deployment Plan with the CPUC (A. 11-06-006), presenting its 10-year vision for Smart Grid investments. This application was approved by the Commission in July, 2013. The Deployment Plan presents PG&E's high-level plan for evaluating, demonstrating, piloting, scaling up and ultimately deploying new technologies to improve electric facilities and services in order to meet the evolving needs of PG&E's customers, while achieving all regulatory energy policy objectives.

PG&E recognizes the value of early communication and education regarding Supplier Diversity in PG&E's implementation of Smart Grid technology. Through the PG&E Pacific Energy Center (PEC) in San Francisco, PG&E has continued providing free educational programs on Smart Grid and smart energy technologies, process and markets. Additionally, through the Advanced Technology Management Initiative (ATMI) supplier development program, in conjunction with the UCLA Anderson School of Management and others, PG&E provides diverse companies with detailed coursework and access to PG&E technologists regarding Smart Grid technology and implementation roadmaps.

The PG&E Smart Grid Program Management, Sourcing, and Supplier Diversity teams worked collaboratively to engage DBE suppliers in the initial Requests for Information (RFI) for the first three PG&E Smart Grid projects. The first of these initial Smart Grid RFIs were released in the last quarter of 2013 and included language encouraging DBE participation from all respondents. Selection of the initial Smart Grid-related suppliers, products, platforms and services is expected to be completed in early 2014, with lab-based feasibility and integration testing beginning in mid-2014.

A significant amount of PG&E's diverse spend in Smart Grid is expected to be obtained through subcontracting and partnerships between non-diverse primes and diverse subcontractors.

Sec. 10.1.3 Supplier Recruitment in Low Utilization Areas

Plans for recruiting DBEs of products or services where DBE utilization has been low, such as legal and financial services, fuel procurement, and areas that are considered highly technical in nature.

1. LEGAL

The Law Department's 2014 plan includes:

- Continued participation and engagement with a variety of legal associations promoting diversity and equal access to the law and legal profession.
- Paid summer positions for four first year law students.
- Continued identification of DBE firms for potential retention as well as partnering with non-diverse firms to work with DBE firms.
- Continued promotion of the utilization of diverse professionals at majority-owned firms.
- Continued participation in DBE networking and CPUC events with other investor-owned utilities.
- Continued partnership with PG&E's Supplier Diversity and Sourcing Department to identify additional opportunities for DBE law firms.

2. FINANCE AND RISK

DBE Finance and Risk plans for 2014 include the following activities:

- Continue to execute multi-year strategy to increase DBE spend.
- Provide opportunities for DBE investment banks to participate meaningfully in financings.
- Continue looking for other opportunities to do business with DBE investment banks, such as money market investments or as commercial paper dealers and pension managers.
- Mentor and conduct marketing activities with DBE investment banks.
- Continue best practices on use of DBEs in pension management.
- Continue to identify opportunities to expand use of DBEs in audit and tax work.
- Continue to reach out to prime suppliers to find subcontracting opportunities.
- Sponsor and actively participate in organizations that support DBEs and diverse finance students.
- Continue current successful service agreement with Corporate Tax Incentive and examine if additional work makes business sense.
- Continue evaluating projects for opportunities to employ DBEs and encourage other suppliers to employ DBE subcontractors.
- Continue efforts to build DBE candidate pool.

3. ADVERTISING AND MINORITY MEDIA

PG&E will continue to focus on including DBEs in minority media opportunities. The team will monitor subcontracting progress on a monthly basis.

PG&E will continue to work closely with its prime suppliers in charge of its customer marketing program and the suppliers' DBE media subcontractors to ensure continuous improvement.

4. GENERATION

In 2014, PG&E will continue to ensure DBEs are aware of the opportunities available in fossil fuel, hydroelectric and nuclear. Education is central to ensuring success in this important area of PG&E's business. PG&E will continue to hold workshops, webinars and matchmaking events, to not only educate its DBEs, but to educate prime suppliers about PG&E's expectations. That means that PG&E will continue to set aggressive targets and provide the tools necessary to achieve supplier diversity results.

Sec. 10.1.4 Plans for recruiting DBEs in excluded categories.

G.O. 156 Ruling on November 14, 2003 ended the excluded category.

Sec. 10.1.5 Plans for Subcontracting

Encouraging prime suppliers to engage DBEs in subcontracts in all categories, which provide subcontracting opportunities.

PG&E plans to continue to engage prime suppliers to increase subcontracting opportunities for DBEs. The company will continue to proactively manage prime suppliers who are performing below their subcontracting goal or have not responded to requests for a subcontracting plan. PG&E senior leadership will continue to communicate directly with under-performing prime suppliers and reinforce the seriousness of PG&E's commitment to supplier diversity.

The company will also continue to conduct an annual voluntary audit of its diverse subcontracting spend to confirm accurate reporting. Supplier Diversity will conduct a series of prime supplier webinars and in-person trainings to outline subcontracting requirements, how to report accurately and how to best prepare for a potential audit. This topic will also be incorporated into existing monthly training webinars for prime suppliers. The team plans to continue to follow up with prime suppliers and monitor performance through a performance scorecard process.

In addition, PG&E will continue to assist its prime suppliers in learning how to identify and develop qualified DBE subcontractors and improve their supplier diversity subcontracting. The company will continue to ask prime suppliers to participate in external and internal matchmaking activities, support outreach activities, support local educational programs such as the UCLA MDE Program and the University of California Advanced Technology Management Institute and to mentor DBEs. Prime suppliers can support supplier diversity in many ways, including creating a supplier diversity initiative if they do not currently have one and creating developmental opportunities for DBEs within their business.

Most importantly, through internal training and education, PG&E will advance its efforts to make supplier diversity a key consideration in strategic sourcing requests for proposal that will continue into 2014 and beyond. An encouraging component of this effort is that the company is already doing an outstanding job of challenging key prime suppliers to expand their supplier diversity efforts through subcontracting and development of business solutions partnerships. With continued focus, PG&E is confident in its ability to balance business priorities while advancing supplier diversity.

Sec. 10.1.6 Plans for Complying with DBE Program Guidelines

Plans for complying with the Supplier Diversity program guidelines established by the CPUC as required by Public Utilities Section 8283 (C). The Executive Director's Office will be responsible for developing, periodically refining, and recommending such guidelines for the CPUC's adoption.

PG&E will continue to comply with G.O. 156 program guidelines. In 2014, PG&E will participate in the CPUC's Supplier Diversity Forums and work in partnership with the Joint Utilities Committee to address challenges to the full participation of eligible DBEs in the program.

Power Procurement Report

2013 Annual Report

Sec. 9.1.1 Internal/External Activities

PG&E advanced its efforts to develop guidelines and provide opportunities for Diverse Business Enterprises (DBEs) in power procurement. The company spent 11 percent more with DBEs in Power Procurement in 2013 when compared to 2012. While there is more work to do, PG&E is building the foundation for continuous improvement with the goal of program sustainability. While PG&E acknowledges that implementing the G.O. 156 Electric Commodity Procurement initiative will take time, PG&E is determined to continue its efforts to facilitate increased DBE participation. Breakthrough initiatives such as this are successful, in large part, due to building upon incremental victories such as those described below that encourage stakeholders to reach a little further to do what they otherwise did not think was possible.

Communication and Outreach

PG&E has continued its outreach efforts with DBEs. PG&E's Wholesale Electric Procurement website provides DBEs with information about upcoming Requests for Offer (RFOs) and descriptions of various programs available. PG&E's Wholesale Electric Procurement website includes a section on Supplier Diversity for those suppliers interested in the various power procurement programs run by PG&E. DBEs can also sign up through PG&E's website to receive RFO email notifications directly.

PG&E's Energy Procurement team continued to make a concerted effort to reach out to potential DBEs that expressed an interest in providing electric procurement to PG&E. Potential DBEs met one-on-one with PG&E to discuss their capabilities and opportunities. PG&E recommended next steps to the DBEs which included providing contact information to other representatives within PG&E that are better suited to handle the DBEs' proposed electric or gas products. In addition to fielding numerous calls and emails from DBEs interested in becoming a PG&E supplier of electricity, PG&E is developing an Electric Commodity procurement website tailored to DBEs. This website will provide information about on-going outreach and educational items of interest to the DBE community as well as educate all suppliers. The objective is that as suppliers realize the importance of supplier diversity to PG&E, they will provide more opportunities for DBEs to participate in power procurement.

PG&E, Southern California Edison (SCE), and San Diego Gas and Electric (SDG&E) jointly sponsored an Electric Procurement Supplier Diversity Roundtables in March, May and June, 2013. The purpose of the Supplier Diversity Roundtables was to create a foundation to promote and accelerate the entry of eligible DBEs into the electric procurement market in an open and transparent forum. Over an eight-month period, the three utilities joined representatives from the California Public Utilities Commission (CPUC), DBEs, market intermediaries, and existing and prospective electric commodity suppliers in this effort. One of the deliverables of the Supplier Diversity Roundtables was to produce a report articulating a framework to encourage and enable DBE participation within wholesale power, Resource Adequacy, subcontracting, small and large scale renewables and Combined Heat and Power (CHP). This report, once finalized in 2014, will be posted on our Electric Commodity procurement website.

Through the Supplier Diversity Roundtables, PG&E achieved one of its electric procurement goals to work more collaboratively with the other gas and electric utilities. The Supplier Diversity Roundtables built on best practices and lessons learned from the SDG&E Power Supply Advisory Panel (PSAP) and DBE outreach events conducted by PG&E, SCE and SDG&E. Also noteworthy was the joint commitment by PG&E, SCE and SDG&E to take an implementation approach that is focused on program sustainability for years to come. PG&E's commitment is to facilitate the development of DBEs in the Wholesale Power Market in such a way that their entry adds value to the market while at the same time fitting into the Utility competitive bidding model.

Among the plans developed through the Supplier Diversity Roundtables was a Joint Utilities Power Procurement DBE Matchmaking event. The event took place on October 2, 2013 in San Francisco, where PG&E, SDG&E and SCE joined forces with more than 30 electric project developers and 40 DBEs, along with CPUC President Michael R. Peevey and Commissioner Catherine J.K. Sandoval. One-on-one matchmaking sessions took place to discuss business prospects with opportunities ranging from site selection and permitting to construction, operations and maintenance of electric generation facilities. Billions of dollars are expected to be spent on these types of projects in the next few years as developers build out new renewable and conventional generation infrastructure to serve utility customers throughout California.

Lastly, all three IOUs contributed to an instructional document created to better define the power procurement categories and refine power procurement reporting tables for consistent reporting.

Sec. 9.1.2 Summary of Purchases and/or Contracts

PG&E spends over \$3 billion a year on electricity commodity and related services. This spending is for energy and capacity from Qualified Facilities (QF), Combined Heat and Power (CHP) facilities, Renewables Portfolio Standard (RPS) facilities, tolling and Resource Adequacy (RA) contracts, and ancillary services payments (and excludes purchases from the California Independent System Operator).

In future years, the company will continue to experience growth in its renewable portfolio. For instance, the company has approximately 1,600 MW of renewable projects under power purchase agreements that are expected to complete construction and come online in 2014. Future renewable projects may provide substantial subcontracting opportunities.

PG&E's Energy Procurement team worked diligently to educate DBEs about direct and subcontracting opportunities to support business needs in these areas. Renewable project development programs continue to hold potential for DBE direct or subcontracting participation. Significant project investment for in-site preparation, permitting, environmental studies, engineering, construction, operations and maintenance services provide many different opportunities for DBEs to add value. A summary of Annual Energy Product Results by Ethnicity & WMDVBE Certification is provided below.

Annual Energy Product Results By Ethnicity & WMDVBE Certification

(All dollar figures in \$M)

Product ¹	Unit	Results by Ethnicity & Gender														Results by WMDVBE Certification				Sub-contracting		Total WMDVBE Procurement Spend (Direct and Sub) ³	Total Procurement Spend									
		Asian Pacific American				African American				Hispanic American				Native American				Other Minority						Minority Business Enterprise (MBE)	Woman Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Sub-contracting	Total				
		Male	Female	Total	%	Male	Female	Total	%	Male	Female	Total	%	Male	Female	Total	%	Male	Female	Total	%			Total	Total	Total	Total	Total				
Renewable Power Products Direct	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$0.05	\$-	\$0.05	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$0.05	\$-	\$0.05	0.0%	\$0.04	\$0.09	\$1,541.95
	%	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%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Non-Renewable Power Products Direct	\$ ²	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$0.05	\$-	\$0.05	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$0.05	\$-	\$0.05	0.0%	\$-	\$0.05	\$115.09
	% 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%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Power Purchased	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$0.09	\$0.09	\$1,404.59
	%	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%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Diesel Direct	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$0.83	\$-	\$0.83	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$0.83	\$-	\$0.83	0.0%	\$-	\$0.83	\$0.83
	%	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%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Nuclear Direct	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$138.72
	%	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%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Fuels for Generation	\$	\$19.15	\$19.15	\$19.15	\$19.15	\$9.00	\$9.00	\$9.00	\$9.00	\$10.76	\$-	\$10.76	2.4%	\$2.84	\$-	\$2.84	0.6%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$41.75	\$17.20	\$33.37	0.8%	\$62.32	\$62.32	\$443.73
	%	4.3%	4.3%	4.3%	4.3%	2.0%	2.0%	2.0%	2.0%	2.4%	0.0%	2.4%	0.0%	0.6%	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.4%	3.9%	3.9%	0.8%	14.0%	14.0%	
Natural Gas Direct	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$-	\$-	\$120.61
	%	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%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
SubTotal of Columns ²	\$	\$19.15	\$19.15	\$19.15	\$19.15	\$9.00	\$9.00	\$9.00	\$9.00	\$11.65	\$0.83	\$11.65	1.1%	\$2.84	\$-	\$2.84	0.3%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$42.64	\$17.20	\$33.37	0.3%	\$63.26	\$63.26	\$1,052.67
	%	0.0%	1.8%	1.8%	1.8%	0.9%	0.9%	0.9%	0.9%	1.0%	0.1%	1.1%	0.1%	0.3%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.1%	1.6%	0.3%	0.3%	Overall WMDVBE %: 6.0%	Overall WMDVBE %: 6.0%	
All	\$	\$-	\$19.15	\$19.15	\$19.15	\$9.00	\$9.00	\$9.00	\$9.00	\$11.65	\$0.83	\$11.65	0.3%	\$2.84	\$-	\$2.84	0.1%	\$-	\$-	\$-	0.0%	\$-	\$-	\$-	0.0%	\$42.64	\$17.20	\$33.37	0.1%	\$63.33	\$63.33	\$3,726.18
	%	0.0%	0.5%	0.5%	0.5%	0.2%	0.2%	0.2%	0.2%	0.3%	0.0%	0.3%	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.5%	0.1%	0.1%	Overall WMDVBE %: 1.7%	Overall WMDVBE %: 1.7%	

Totals may not add due to rounding.

**This report for 2013 is on a cash basis and includes only transactions with payments made to WMDVBEs in 2013.

Notes:

¹ Excludes purchases from the CAISO, other IOUs, utilities, Federal entities, State entities, Municipalities and cooperatives

² Includes only long term power procurement commitments after June 6, 2011 or as a result of RFOs after June 6, 2011

³ Includes all power procurement commitments

PG&E issued the following Requests for Offers (RFOs) and tariffs in 2013:

02-20-2013	Second Combined Heat and Power (CHP RFO 2)
03-12-2013	Summer/Intra-Year RFO for RA Products
03-26-2013	Intermediate Term RFO for RA Products (ITRFO)
04-09-2013	Physical Gas Call Options for PG&E Electric Fuels Department
05-28-2013	Fourth Renewable Auction Mechanism (RAM)
06-01-2013	Greenhouse Gas (GHG) Offset Credits
07-17-2013	2014 Resource Adequacy and Import Energy
10-01-2013	Renewable Market Adjusting Tariff (ReMAT)
10-21-2013	Natural Gas Auction for PG&E Electric Fuels Department
12-16-2013	Renewables Portfolio Standard (RPS)

In each of the listed RFOs, PG&E encouraged participation from suppliers who were DBEs or had supplier diversity programs and continued to send a message to market participants that supplier diversity is an important initiative to PG&E. PG&E solicited participants to complete a section within the Offer Package that indicated whether the participant was a DBE, whether the participant had DBE programs within their organization, and if the participant would commit a percentage of their construction and maintenance to DBE subcontractors. In order to encourage more DBE subcontracting, the RPS contracts included provisions where the developer specified, as a contract term and condition, the level of DBE spend commitment.

In PG&E's CHP RFO, one DBE submitted an offer but was not shortlisted.

In PG&E's Intermediate Term and GHG Offset Credit RFOs, while no DBEs directly offered into the RFOs, two suppliers in each RFO demonstrated that they had supplier diversity programs.

PG&E's 2014 Resource Adequacy and Import Energy RFO resulted in a success story for DBE sales of capacity products to PG&E. The Utility executed a 2014 Import RA transaction with a DBE.

In PG&E's ReMAT program, 4 DBEs submitted applications, with one successfully awarded contract in 2013.

To further promote DBE participation in PG&E Energy Procurement RFOs, PG&E's supplier diversity goals and objectives were presented and discussed at the following Energy Procurement RFO meetings:

03-14-2013	CHP RFO 2 Webinar
12-06-2013	RAM Webinar
12-18-2013	RPS Webinar

Fuels for Generation Description:

Diesel

PG&E's Humboldt Bay burns a small amount of diesel for ignition and to refuel plant vehicles. Additionally, the engines will operate solely on diesel fuel whenever natural gas is unavailable. A DBE supplies this bulk diesel fuel for the Humboldt Bay Generating Station. In addition, Colusa, Gateway and Humboldt Bay Generating Stations all use diesel in plant vehicles and equipment, for which local, non-DBE companies have been utilized.

Nuclear

The nuclear fuel cycle is divided into four main procurement activities: uranium procurement, conversion services, enrichment services, and fabrication of the final fuel assemblies.

For uranium procurement, PG&E utilizes several of the primary producers in the world market. These suppliers include Cameco, Uranium One, Areva, and BHP Billiton. These companies are Canadian, Russian, French, and Australian, respectively.

For conversion services, again, primary worldwide producers are contracted. These producers include Cameco, Areva, and ConverDyn. ConverDyn is a U.S.-owned company.

Enrichment services are provided by Areva, Urenco, and USEC, and beginning in 2014, Tenex. Urenco is a British/Dutch/German-owned company, Tenex is a Russian-owned company, and USEC is a U.S.-owned company.

PG&E's fabrication supplier is Westinghouse, a Japanese-owned company. PG&E uses various suppliers to ensure security of supply, due to the uranium mining, conversion and enrichment activities primarily outside the U.S. Total nuclear fuel expenses for 2013 were \$138,717,052.

Coal

PG&E's owned-generation portfolio does not include coal.

Natural Gas

PG&E purchases gas supplies from producers and marketers in Canada and the U.S. Southwest on a daily, monthly and longer term basis to serve its company-owned generating facilities and tolling agreements. More information about PG&E's natural gas procurement is available in the Natural Gas Fuels for Generation section of Annual Energy Product Results by Ethnicity and DBE Certification section of this report.

Sec. 9.1.3 Program Expenses

Program expenses for electric procurement are included in the overall Supplier Diversity Program Expenses (see section 9.1.3 of the Supplier Diversity 2013 Annual Report and 2014 Annual Plan).

Sec. 9.1.4 Goal Progress

Below is a summary of PG&E's progress towards its DBE percentage target goals:

1. Educated prime suppliers about PG&E's supplier diversity goals through pre-bid webinars, workshops, roundtable panel discussions, match-making events and one-on-one discussions.
2. Maintained a list of potential DBEs interested in electric procurement and held one-on-one sessions with all DBEs who requested a meeting with PG&E and expressed a desire to participate in California's Wholesale Electric Market.
3. Ensured that electric procurement information was easily accessible from PG&E's Supplier Diversity web page and improved the dissemination of information to DBEs.
4. Strengthened energy procurement policies and procedures for RFOs including incorporating supplier diversity reporting requirements into contracts.
5. Worked collaboratively with the other gas and electric utilities to clarify reporting guidelines and partnered on outreach activities.
6. Created and implemented a Supplier Diversity Power Procurement Champion structure to foster DBE participation in all facets of PG&E's power procurement activities.

In 2013, Energy Procurement's Supplier Diversity Power Procurement Champion finalized a white paper. The white paper is the framework for key procedural milestones and best practices to encourage supplier diversity spend in "underutilized areas" of procurement. The final white paper, completed in July 2013, will serve as the foundation for PG&E's supplier diversity goals in electric procurement.

Sec. 9.1.5 Subcontractors

PG&E understands that future success in electric procurement will require ongoing education and training of its major suppliers. PG&E will continue to emphasize the importance of supplier diversity through RFOs and workshops, as well as recommend resources that will help with the identification of DBEs.

Sec. 9.1.6 Complaints

PG&E received no complaints in 2013.

Sec. 9.1.7 Exclusions

PG&E ceased reporting excluded categories in accordance with the 2003 CPUC ruling.

Sec. 9.1.8 Diverse Suppliers in Underutilized Areas

Similar to other underutilized areas of its business, PG&E will collaborate with the CPUC and the other utilities to address challenges, build strategies and make recommendations to improve the participation of DBEs.

Sec. 9.1.9 Retention of All Documents/Data

PG&E will retain all final documents and data used to compile its Supplier Diversity Annual Report and Annual Plan for the longer of either three years or in accordance with internal policies. PG&E will continue to respond to all data requests upon request.

Sec. 9.1.10A Participation Results by Fuel Category

See Annual Power Procurement Report by Ethnicity Table.

Sec. 9.1.10B Market Conditions and Outreach

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 held by large corporations or financial institutions. As such, it is a challenging market for DBEs to enter and receive capacity payments.

PG&E's procurement objectives, which include assembling a portfolio of reliable and operationally flexible resources, supporting the development of environmentally preferred resources and managing customer costs, are applied to all market participants—DBEs and non-DBEs alike.

The vast majority of energy payments are through RPS, CHP, and QF contracts, with a smaller 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, energy is commoditized through a centralized market. 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 transaction and reporting rules that are challenging to interpret their applicability. These regulatory challenges give both non-DBE and DBE stakeholders pause when contemplating entry into the electric commodity markets.

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 are greater for DBEs than in electricity commodity. Transactions executed on an indexed price basis require less credit and collateral requirements than do fixed price transactions, which is how much of the electric commodity market transacts.

In 2013, PG&E Electric Fuels executed new North America Energy Standards Board (NAESB) enabling agreements with two DBEs, one of which was a service disabled veteran-owned supplier.

In addition, PG&E Electric Fuels conducted one auction and one RFO for physical gas commodity products in 2013, and welcomed the participation of all its contracted DBE counterparties. One of the successful awards was to a DBE. PG&E Electric Fuels is contracted with twelve DBE counterparties.

In wholesale power markets, PG&E encourages the participation of DBEs in the highest opportunity area of renewables and RA products. To facilitate RA and other potential power product transactions, Energy Procurement is engaged in discussions with a number of DBEs for electric enabling agreements (Edison Electric Institute, Western System Power Pool). PG&E is also working with several DBEs to structure arrangements to facilitate and mitigate credit posting concerns. PG&E also accommodates direct payment arrangements as requested by DBEs to further facilitate their opportunities in the gas market.

As with any new initiative there are always challenges, and the recent amendments to G.O. 156 to expand DBE participation to wholesale power activities provide no exception. The IOUs are faced with a difficult task of onboarding DBEs in a wholesale power market environment of tightening margins. As with any participant wishing to participate in wholesale power activities, meeting industry standard credit and collateral requirements is challenging. PG&E has worked with DBEs to identify transaction types that could be facilitated with minimum credit posting requirements. Further, adding another layer of complexity to transactions to include DBE partnerships was not initially embraced by Suppliers. However, with strong support throughout PG&E, generators and suppliers understand that G.O. 156 is important to PG&E, PG&E's ratepayers, and the California energy market as a whole.

2014 Annual Plan

Sec. 10.1.1 Goals

PG&E's goal is to continue to foster DBE participation in electric procurement through: (1) collaboration and education, (2) communication and outreach, and (3) improved procurement processes and awareness.

Sec. 10.1.2 Planned Internal/External Activities

PG&E has developed a detailed action plan based on foundational implementation, collaboration and education, communication and outreach and procurement processes and awareness. The plan includes Energy Procurement and Supplier Diversity owners and action items, whose status will be tracked regularly.

PG&E's 2014 Supplier Diversity goals for Energy Procurement include:

1. Increasing opportunities for DBEs to compete for PG&E's energy procurement commodity business, through both direct and indirect contracting.
2. Increasing both the energy procurement commodity contract dollar and percentage spend the company procures from DBEs.
3. Assisting DBEs, ethnic chambers, and business trade associations to better understand PG&E Energy Procurement's practices, processes, plans, and goals.
4. Increasing awareness and support for achieving PG&E's supplier diversity goals throughout the energy procurement organization.

Sec. 10.1.3 Recruitment Plans for Suppliers in Underutilized Areas

PG&E is committed to working with internal and external stakeholders to make it easier for DBEs to transact power products with PG&E. To break down barriers, this support will include identifying practical opportunities, as well as collaborating with other utilities, DBE power providers, and the CPUC.

Another crucial component of PG&E's plan is to continue to educate developers on the value of considering DBEs during all phases of construction. The company will also grow its outreach to DBEs in power procurement.

Sec. 10.1.4 Plans for Recruiting DBEs in Excluded Categories

G.O. 156 Ruling on November 14, 2003 ended the excluded category.

Sec. 10.1.5 Planned Subcontracting Activities

PG&E's planned subcontracting activities include:

1. Holding targeted meetings with developers to advance opportunities for DBEs.
2. Sending broadcast communications to electric procurement participants to notify them of PG&E's commitment to supplier diversity.
3. Ensuring that all RFOs include information and communications about supplier diversity requirements including what cost components are relevant and how spending is verified.

Sec. 10.1.6 Program Compliance

PG&E will comply with all DBE program guidelines.

Fuel Procurement for Non-Generation

2013 Annual Report

Sec. 9.1.1 Description of 2013 Diverse Supplier Program Activities

INTRODUCTION

PG&E purchases natural gas to serve its core (residential and small commercial) bundled gas customers. This section provides PG&E's Annual Utility Supplier Diversity Program Fuels Report for PG&E's core natural gas portfolio for 2013 and the Fuels Plan for 2014 as required by G.O. 156. The Fuels Report documents PG&E's Core Gas Supply Diverse Supplier natural gas purchases during 2013, and the Fuels Plan submitted with this report reflects PG&E's strategies and objectives for core natural gas purchases from Diverse Business Enterprises (DBEs) in 2014 and beyond.

PG&E's Core Gas Supply natural gas purchases from DBEs increased from 16.43 percent of total purchases in 2012, to 17.57 percent during 2013.

PG&E's 2013 DBE NATURAL GAS PURCHASE OVERVIEW

Table I summarizes PG&E Core Gas Supply's gas purchases from DBEs in 2013:

Table I — PG&E Core Gas Supply ¹ Natural Gas Purchases from DBEs January 1, 2013 — December 31, 2013			
Gas Supplies	DBE Purchase Costs	% of total Supply Costs	% of total Supply Volume
(1) (U.S. and Canadian)	\$175,739,260	17.57	16.72
(2) U.S. Purchases Only	\$175,739,260	28.57	28.80

¹ 2013 annual DBE purchase statistics reflect a change from previous reports. Previously, PG&E reported transactions during the entire calendar year. However, because of the convention regarding payment timing in the natural gas industry, payment for natural gas occurs following the flow month. For example, gas purchased and delivered during December is paid for in January. Beginning in this report, PG&E's purchases will only reflect actual payments during the calendar year, regardless of gas flow dates.

In 2013, PG&E's Core Gas Supply department purchased \$175,739,260 of natural gas supplies from DBEs. This figure represented 17.57 percent of total natural gas purchases by cost and 16.72 percent of total purchases by volume.

(1) Typically, DBEs choose to participate exclusively in U.S. natural gas markets. But, because the majority of PG&E's natural gas supplies for core customers are purchased in Canada, opportunities to engage DBEs are limited. Excluding Canadian purchases, however, and comparing DBEs transactions to purchases made solely from US markets would raise the 2013 participation rate to 28.57 percent.

DESCRIPTION OF 2013 SUPPLIER DIVERSITY PROGRAM ACTIVITIES

Outreach Activities

PG&E's Core Gas Supply allocated resources in 2013 to establish and maintain connections to DBEs. Our staff continued to build business relationships through meetings, telephone discussions and email communications. Core Gas Supply analysts worked directly with DBEs to establish or restore DBE certification, establish credit and

execute contracts. Core Gas Supply offered enhanced banking and payment options, structuring contract payment provisions to fit the individual needs of many DBEs. Core Gas Supply provided explanations of the Funds Transfer Agency (FTA) agreements, in which a bank serves as a fiduciary intermediary between the source supplier and the DBE. In 2013 Core Gas Supply participated in the Supplier Diversity Roundtable hosted by PG&E in San Francisco.

PG&E's Website

PG&E maintains supplier diversity information on PG&E's public website.² This electronic connection provides a description of PG&E's Supplier Diversity program. The website also provides information on how to become a diverse supplier and a description of resources available to assist such suppliers in selling products and services to PG&E and Core Gas Supply.

² <http://www.pge.com/procure>

Expanded Opportunities

During 2013, PG&E's Core Gas Supply analysts assisted DBEs with opportunities to provide broker services. Broker services enable DBEs 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, DBEs 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, DBEs are able to avoid many credit and operational risks, and establish themselves in the natural gas business.

Also during 2013, PG&E's Core Gas Supply fostered the development of a new Disabled Veteran Business Enterprise (DVBE), by finding an established DBE willing to mentor the DVBE. Initially, the DVBE provided broker services to PG&E's Core Gas Supply. In May 2013, the DVBE met in person with PG&E's Core Gas Supply traders, to learn more about the natural gas supply business and PG&E's requirements for doing business. Due to the willingness of the DVBE and the opportunities provided by PG&E's Core Gas Supply, the DVBE has established itself and is now executing commodity sales transactions with PG&E Core Gas Supply.

Personal Contacts

Core Gas Supply continuously reaffirms its commitment to G.O. 156 and its support of DBEs by personally encouraging natural gas producers to work with DBEs in marketing gas and services to PG&E, other utilities and end users.

Internal Activities

Core Gas Supply maintains a Solicitation List of DBEs that have expressed an interest in selling gas to PG&E. Core Gas Supply uses this list to track certification status, and to help ensure that DBEs are contacted on a regular basis regarding sales opportunities. PG&E's Core Gas Supply DBE Solicitation List increased from 34 firms in 2012, to 38 in 2013. In 2013, Core Gas Supply executed transactions with 14 DBEs.

Sec. 9.1.2 Summary of Purchases

PG&E's DBE NATURAL GAS PURCHASES

PG&E provides opportunities for all suppliers, including DBEs, to compete for its business. In order to meet PG&E's core natural gas demands, Core Gas Supply maintains a portfolio of supplies of different contract lengths and terms from various supply sources. Core Gas Supply traders typically negotiate prices or accept unsolicited proposals for longer term and prompt month base load supplies, and purchase daily spot gas in the "swing" spot gas markets. During 2013, PG&E encouraged DBEs to participate in all market activities. Appendix A provides PG&E's Core Gas Supply Diverse Supplier spend by ethnicity and gender.

Sec. 9.1.3 Program Expenses

There were no specific program expenses allocated to non-generation fuel procurement in 2013. Any associated expenses are included in the overall Supplier Diversity Program Expenses (see section 9.1.3 of the Supplier Diversity 2013 Annual Report / 2014 Annual Plan).

Sec. 9.1.4 Goal Progress

PG&E's long-term fuels procurement goal of 21.5% percent spend with DBEs is based on the total cost of natural gas purchases in accordance with the long-term objective suggested by the CPUC in Decision 95-12-045.

Table II — Diverse Supplier Participation Goals, 2014 and Beyond

Period	2014	Beyond 2014
Minority	15%	15%
Non-Minority Women	5%	5%
Disabled Veteran	1.5%	1.5%
Total	21.5%	21.5%

Sec. 9.1.5 Summary of Utilization of DBE Subcontractors

Trading and marketing natural gas commodity does not lend itself to subcontracting. PG&E's focus is to locate additional DBEs to serve as direct suppliers for its natural gas purchases.

Sec. 9.1.6 Supplier Complaints

There were no complaints in 2013 regarding Core Gas Supply's Diverse Supplier natural gas purchase activity.

Sec. 9.1.7 Exclusions

Summary of Purchases and/or contracts in excluded categories.

G.O. 156 Ruling on November 14, 2003 ended the excluded category.

Sec. 9.1.8 Diverse Suppliers in Underutilized Areas

Historically, and as reported in PG&E's previous annual supplier diversity reports, DBE activity in Canadian markets has been low, because of the complexity of conducting international business and the focus by most DBEs on domestic markets. During 2013, however, Canadian gas supplies were generally the best priced supplies available to PG&E, and Core Gas Supply purchased the majority of gas from Canadian producers and marketers. PG&E and DBEs will be challenged to find wholesale suppliers willing to conduct business with DBEs in all natural gas markets in which PG&E does business, including Canada. However, PG&E's outreach and supplier development efforts will continue to support DBE growth in all markets.

Sec. 9.1.9 Retention of All Documents/Data

PG&E will retain all documents and data used to compile its Supplier Diversity Annual Report and Annual Plan for the longer of either three years or in accordance with internal policies. PG&E will continue to respond to all data requests upon request.

Sec. 9.1.10A Participation Results by Fuel Category

See Appendix A, PG&E's Core Gas Supply DBE Costs by Ethnicity and Gender.

Sec. 9.1.10B Market Conditions and Outreach

FACTORS LIMITING DBE GROWTH

Competitive Challenges

Natural gas marketers add 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, 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. These complex, commercial arrangements and the myriad of associated services demand that marketers possess critical skills, industry knowledge and commercial connections, in addition to significant organizational resources and financial backing in order to be successful.

Institutional Barriers

Industry participants face enormous financial and credit risks and are challenged to manage exposure to such risks. Many small businesses lack capital to meet collateral requirements, and they generally do not hold physical assets such as natural gas storage to help establish credit or limit exposure to performance risks. Another significant challenge is the inability to post sufficient collateral to cover the margin requirements of electronic or online trading platforms, which accounts for a significant percentage of all transactions in today's fast-moving natural gas markets.

Although major producers and wholesale suppliers may have their own diversity objectives, they are not guided by G.O. 156, and therefore may not be compelled to support California's Diverse Supplier program. As a result of these barriers, DBEs continue to face challenges and risks.

PG&E continues to monitor its portfolio of gas supplies and to work with all suppliers in an effort to balance objectives of providing opportunities for DBEs while maintaining the highest degree of reliability possible and managing costs for its core customers.

2014 Annual Plan

Sec. 10.1.1 Goals

Goal: Increase DBE Participation

Despite the factors limiting DBE growth identified in section 9.1.10B, PG&E will affirm a 21.5% participation rate as a long-term objective and will continue in its efforts to reduce the barriers to entry and strive to expand the opportunities in which DBEs can participate during 2014.

Sec. 10.1.2 Planned Internal/External Activities

2014 DBE Program Objectives

Progress toward meeting the optimistic goals in Table II may only be achieved through sustained efforts by gas purchasing personnel and by the continued growth and development of DBEs. For 2014, PG&E has established the following objectives:

Objective #1: Maintain Awareness

Supplier diversity awareness training will be conducted as needed to familiarize Core Gas Supply traders and staff with available DBEs and to emphasize PG&E's Supplier Diversity Program goals.

Objective #2: Maintain Focus

Throughout the year, Core Gas Supply management will utilize internal communications and discussions to highlight to CGS employees the progress they are making toward fulfillment of the G.O. 156 objectives.

Objective #3: Assist Gas DBEs

Core Gas Supply staff will continue to advise and assist DBEs with certification, credit applications and special payment arrangements in order to help establish firms and to prepare DBEs to conduct business with PG&E.

Objective #4: Seek Opportunities for DBEs

PG&E will continue to encourage DBEs to conduct business with PG&E's Core Gas Supply.

Objective #5: Measure Performance

Monthly supplier diversity activity reports will be provided to the Core Gas Supply staff and management. These monthly reports will help to maintain focus, as discussed in Objective #2, and document progress toward reaching PG&E's natural gas diversity goals, and will serve to stimulate discussions among staff and management to develop innovative solutions addressing issues and challenges, and to create economic opportunities for DBEs.

Sec. 10.1.3 Recruitment Plans for Suppliers in Underutilized Areas

PG&E will continue to encourage DBEs to seek opportunities to participate in Canadian markets, where Core Gas Supply has historically purchased the majority of its gas supplies. PG&E will work with DBEs to seek new gas supply opportunities, and will offer contractual arrangements to stimulate future business.

Sec. 10.1.4 Plans for Recruiting DBEs in Excluded Categories

G.O. 156 Ruling on November 14, 2003 ended the excluded category.

Sec. 10.1.5 Planned Subcontracting Activities

PG&E is not aware of subcontracting opportunities for natural gas commodity trading.

Sec. 10.1.6 Program Compliance

PG&E will comply with all DBE program guidelines.

Appendix A. PG&E's Core Gas Supply
Diverse Supplier Costs by Ethnicity and Gender
Annual Energy Product Results By Ethnicity & WMDVBE Certification
(All dollar figures in \$M)

Product ¹	Unit	Results by Ethnicity & Gender																		Results by WMDVBE Certification						
		Asian Pacific American						African American			Hispanic American			Native American			Other Minority			Minority Business Enterprise (MBE)	Woman Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (DVBE)	Total WMDVBE Procurement Spend	Total Procurement Spend		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Total	Total	Total							
Natural Gas	Short Term	\$-	\$4	\$4	\$6	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$6	\$16	\$5	\$27	\$344
	%	0.0%	0.4%	0.4%	0.6%	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%	0.6%	1.6%	0.5%	2.7%	
Natural Gas	Long Term	\$-	\$45	\$45	\$26	\$-	\$38	\$38	\$38	\$38	\$38	\$21	\$-	\$21	\$21	\$-	\$-	\$21	\$-	\$21	\$21	\$85	\$62	\$2	\$149	\$656
	%	0.0%	4.5%	4.5%	2.6%	0.0%	3.8%	3.8%	3.8%	3.8%	2.1%	0.0%	2.1%	2.1%	2.1%	0.0%	2.1%	0.0%	2.1%	2.1%	8.5%	6.2%	0.2%	14.9%		
Total Natural Gas	\$	\$-	\$49	\$49	\$32	\$-	\$38	\$38	\$38	\$38	\$21	\$-	\$21	\$21	\$-	\$-	\$21	\$-	\$21	\$21	\$91	\$78	\$7	\$176	\$1,000	
	%	0.0%	4.9%	4.9%	3.2%	0.0%	3.8%	3.8%	3.8%	3.8%	2.1%	0.0%	2.1%	2.1%	0.0%	2.1%	2.1%	0.0%	2.1%	2.1%	9.1%	7.8%	0.7%	17.6%		
LPG	Short Term	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
	%																									
LPG	Long Term	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
	%	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%	0.0%	0.0%	
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%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Overall Total \$		\$-	\$49	\$49	\$32	\$-	\$38	\$38	\$38	\$38	\$21	\$-	\$21	\$21	\$-	\$-	\$21	\$-	\$21	\$21	\$91	\$78	\$7	\$176	\$1,000	
Overall Total %		0.0%	4.9%	4.9%	3.2%	0.0%	3.8%	3.8%	3.8%	3.8%	2.1%	0.0%	2.1%	2.1%	0.0%	2.1%	2.1%	0.0%	2.1%	2.1%	9.1%	7.8%	0.7%	17.6%	Overall WMDVBE%: 17.6%	

Totals may not add due to rounding.

**This report for 2013 is on a cash basis and includes only transactions with payments made to WMDVBES in 2013

Notes:

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

Long Term Gas - 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



<http://www.pge.com/supplierdiversity/>

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