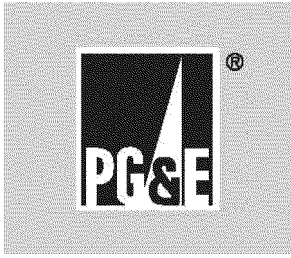


Supplier Diversity

2009 Annual Report • 2010 Annual Plan





BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA

Order Instituting Rulemaking Into Implementation of Public Utilities Code
Sections 8281-8286 Relating to Women, Minority and Service Disabled
Veteran Business Enterprises

R. 91-02-0111

PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)

**ANNUAL WOMEN, MINORITY, AND SERVICE DISABLED
VETERAN-OWNED BUSINESS ENTERPRISES REPORT FOR
CALENDAR YEAR 2009**

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March 1, 2010

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PG&E SUPPLIER DIVERSITY COMMITMENT

Diversity and inclusion is a core value at Pacific Gas and Electric Company and one of my top priorities as President. It helps define our culture and is a critical part of the way we approach each person, every day.

Our ongoing commitment to diversity and inclusion is essential to our success as a business. Being more reflective of the communities we serve will better enable us to anticipate and respond to our customers' needs. It will allow us to engage in more creative and innovative solutions to the challenges we face. Using our purchasing power to support t women -, minority - and service disabled veteran-owned businesses will enhance the diversity of businesses in California. And these actions will enrich the communities where our customers and employees live and work.

As we work to become the leading utility in the United States, having a diverse workforce and supplier pool will help us realize this vision. As such, we will continue to focus on improvement and setting aggressive goals. We are pleased to report on our efforts from the past year, and we look forward to continued progress ahead.

Chris Johns
President
Pacific Gas and Electric Company

Results Summary and Highlights

This is PG&E's annual report to the California Public Utilities Commission (CPUC) on its progress in procuring goods and services from women -, minority-, and service disabled veteran - owned business enterprises (WMDVBEs). We are pleased to report that in 2009, for the fourth year in a row, PG&E exceeded the Commission's goal of 21.5% of total utility procurement sourced with WMDVBEs. Moreover, PG&E also exceeded its own internal—stretch goal of 25%, for an all-time high of 25.6% of utility procurement in 2009 with WMDVBEs.

The difficult economic climate in 2009 brought new challenges to PG&E's efforts to expand its supplier diversity results. However, PG&E responded successfully collaborating across the business and renewing our commitment to expand opportunities for qualified WMDVBE suppliers to compete for PG&E business.

Highlights of PG&E's 2009 Success

Among PG&E's achievements in 2009 are the following:

- Through strategic planning and implementation, PG&E's WMDVBE spend increased at a rate significantly greater than the rate of increase in total spend. WMDVBE spend increased 23%, while the purchase base increased only 15% during 2009, adding some \$472 million to base spend.
- PG&E's 2009 spend increased in every ethnic category, exceeding the Commission's goals for MBE and WBE spend, and increasing DVBE spend by 76%.
- PG&E increased its spend with minority business enterprises (MBE) by about \$54 million, an 11% increase. As a result, PG&E achieved MBE spend of 15.2%, for the year, just exceeding the Commission's 15% goal. PG&E's total annual spend with MBE suppliers was approximately \$550 million.
- Spend with all women -owned business enterprises (WBEs) continued to increase, exceeding the Commission's 5% goal and reaching a record 9.1%. PG&E spent about \$330 million with WBEs, representing a 43% increase over 2008.
- PG&E continues to seek qualified minority WBEs in product and service categories where WBEs have traditionally been underutilized. In 2009, PG&E spent an additional \$22 million or 17.9% year-over-year with minority women-owned businesses.

- PG&E made significant progress with Service Disabled Veteran Business Enterprises (DVBEs), increasing spend by 76% over the 2008 results. This increase translates to over \$21 million in additional spend, totaling more than \$48 million. This increased spend brings PG&E's DVBE spend to 1.3% of total spend, just short of the Commission's 1.5% goal. PG&E continues to focus on finding qualified DVBE suppliers in areas that have the greatest opportunity.

Sec. 9.1.1 – A description of WMDVBE activities engaged in during the previous calendar year. This description shall include both internal and external activities.

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 fully include minority, women and service disabled veteran business enterprises in the supply chain. The program is led by the Director of Supplier Diversity and the Supplier Diversity team is part of PG&E's procurement operations. The Director of Supplier Diversity reports to the Senior Director of Supply Chain.

In 2009, PG&E's internal WMDVBE spending goal was 25%. The Supplier Diversity team in conjunction with the Sourcing organization was responsible for developing and implementing strategies and programs for PG&E to achieve its targets. This responsibility included:

- 1) tracking and reporting supplier diversity spend results
- 2) establishing supplier diversity goals for each line of business
- 3) leading cross-functional line of business Supplier Diversity Champion teams for goal achievement
- 4) working with internal stakeholders to develop and implement WMDVBE business development strategies
- 5) responding to WMDVBE prospective supplier inquiries
- 6) managing internal and external stakeholder issues
- 7) developing supplier diversity communications and training plans
- 8) improving processes and project management
- 9) coordinating supplier diversity outreach events

B. Employee Education

To achieve its supplier diversity goals, PG&E relied on the widespread participation and contributions of all employees. Therefore, employee education was an important element in building a successful program. In 2009, PG&E's Supplier Diversity team utilized a variety of processes and tools to educate employees about our programs, key initiatives, and our progress towards meeting our goals. These included:

1. Informal Training

Informal training occurred throughout the year as Supplier Diversity team members provided advice and counsel to other employees in the course of daily business. These employees were part of various organizations such as Customer Care, Energy Delivery Services, Finance, Human Resources, Information Systems Technology Services, Legal and Shared Services. Supplier Diversity team members provided supplier diversity training by helping employees research spend data, supporting their key projects, providing sourcing leads and facilitating meetings to introduce diversity suppliers to sourcing managers.

The Supplier Diversity team regularly coached and trained employees on supplier diversity contract language and provided information about on-line diversity databases, certification/verification and more. The employee training increased company-wide awareness of available resources and increased PG&E's capabilities to include diverse suppliers in its contracts and spending initiatives.

2. Internal and External Websites

Supplier Diversity maintained an internal and external website, both of which served as comprehensive sources of information for employees on supplier diversity. In 2009, both websites were updated highlighting new program initiatives; spend results, new team members and more.

The external website promoted PG&E's unwavering commitment to world-class supplier diversity goals. PG&E's prospective supplier intake portal continued to receive numerous registrations and profiles of companies seeking to do business with PG&E. A large percentage of these profiles were submitted by minority, women and service disabled veteran-owned businesses. The supplier profile

database provided search capabilities that include geographical location, type of business, diversity classification and other criteria. Diverse suppliers used the external website to register their company profiles into our prospective supplier database.

The Supplier Diversity Business Calendar of Events continued to be a valuable component of the external website. The annual calendar lists outreach events for in-person meetings with PG&E representatives throughout the year. The calendar was updated monthly.

The external website also contained information on supplier diversity topics such as how to do business with PG&E. In addition, the website provided reference and resource information such as certification agencies, supplier diversity best practices and a listing of the designated supplier diversity representative for diverse suppliers to contact.

Our internal website, available to over 20,000 employees, provided details on PG&E's supplier diversity initiatives and processes. The website prominently featured the corporate supplier diversity mission statement and supplier diversity spending goals. This information helped employees understand that supplier diversity is a competitive advantage for the company, rather than a regulatory mandate. The website provided information on how to find diversity suppliers, spend data and how to contact the Supplier Diversity team. It also provided the company's supplier diversity history, definitions of MBE, WBE, and DVBE, as well as updated information on the agencies that PG&E utilized for certification.

The internal website also provided information on G.O. 156 CPUC regulatory obligations, spending goals and provided copies of PG&E's Supplier Diversity Annual Report and the quarterly supplier diversity newsletters, *Powered by Diversity*, for employee reference.

Key Meetings and Conferences

As a key corporate -wide initiative, supplier diversity was discussed during top meetings and conferences throughout the year. Such meetings included the annual supplier conference, Line of Business (LOB) team meetings, officer level meetings, employee Supplier Diversity champion meetings and company -sponsored external activities. Leadership restated the call for all employees to help the company meet its supplier diversity spending goals through innovative inclusion strategies and to ensure that diverse suppliers are included in our top spending projects.

Executive-level meetings were also held between procurement leadership and the leadership of various LOBs that buy goods and services. Supplier diversity results and gap closing plans were reviewed with strategic leaders in the business. Most meetings included the participation of PG&E's Senior Vice President of Shared Services & Chief Procurement Officer along with the Senior Director of Supply Chain. Meetings were held on a regular basis between Supplier Diversity team members and Sourcing procurement teams. Supplier Diversity team members managed supplier diversity goals across several business entities and spend categories. They were contributing members and WMDVBE advocates on purchasing decision teams.

3. Employee Communications

PG&E's enterprise-wide internal website served as the essential communication vehicle for all employees. It shared company and product news, industry features and messages from officers to the employee body. During the year, prominent supplier diversity successes were featured in the Top News section of the page. These on-line news briefs shared educational information about supplier diversity accomplishments, outreach events, recognition and training.

Additionally, the Supplier Diversity Program's quarterly newsletter, *Powered by Diversity*, was a key vehicle for communicating supplier diversity information to all employees. The supplier diversity internal website also informed employees about current supplier diversity matters. Employee communications always reinforced the relevance of supplier diversity to the company's vision and values.

C. Employee Recognition

In 2008, PG&E spent almost \$755 million, or nearly 24% with WMDVBEs, an all time high. In celebration of this great accomplishment, in 2009 the Supplier Diversity team recognized all of its line of business champions, sourcing portfolio managers and other key personnel who were contributors to PG&E's success in meeting this goal. Recognition included acknowledgment of their contributions during team meetings and the presentation of special supplier diversity awards.

D. Coverage of Results

PG&E was steadfast in finding channels for sharing supplier diversity performance with key internal and external stakeholders. We began by publishing the company's 2008/2009 Annual Report and Plan. Upon completion, the report was distributed internally to officers, Supplier Diversity Champions, operating units and others. In 2009, we also sent a one-page laminated results sheet to those PG&E employees who work with external community groups. This sheet was developed as a tool to help them showcase PG&E's supplier diversity achievements and to address questions regarding our program.

PG&E also sent the Annual Report to a list of over 100 community partner organizations. We continued to distribute the Report by request throughout the year. Results were also shared with other utilities and suppliers. Again, this past year, PG&E published year-end results in our *Powered by Diversity* newsletter produced by the Supplier Diversity team. PG&E's 2008 results were also covered in a *PG&E@Work Today* article on PG&E's internal website. The article published in March of last year not only covered the company's supplier diversity results but our ranking as a top 10 company for supplier diversity by *DiversityInc* Magazine.

Annual supplier diversity results were also shared via PG&E's Corporate Responsibility Report that is issued annually. This report highlighted company-wide initiatives that made PG&E a leading corporate citizen. Supplier diversity was highlighted in both the full report available on the company's website and in a brochure format.

The company also produces a video each year which highlights PG&E's key business results. Last year's video included PG&E's spend with diverse companies. This video

was used widely throughout the company. The Supplier Diversity team also played the video when representing PG&E at major outreach events such as the National Minority Supplier Development Council and at the Women's Business Enterprise National Council.

PG&E's Chief Procurement Officer also communicated supplier diversity results at an annual PG&E Board of Directors' Public Policy Committee Meeting. The Public Policy Committee regularly reviews Supplier Diversity policies and practices. This meeting provided an excellent forum to share the previous year's results, current progress and the strategy for the upcoming year.

The coverage of supplier diversity results did not end with annual reporting. PG&E ensured that there were ongoing communications about supplier diversity performance throughout the year. Each month supplier diversity was tracked along with other key metrics and shared with senior management. The President held his direct reports accountable for supplier diversity performance. Officers performing below goal were requested to provide a variance explanation which included actions to close the gap.

At each monthly Supplier Diversity Champion meeting, the Champion from each line of business provided an update on monthly performance and shared any key accomplishments, strategies, risks and assumptions. These cross-functional meetings included the Chief Procurement Officer, Chief Diversity Officer and representatives from Supplier Diversity, Sourcing and Finance.

PG&E's internal subcontracting review of results with the LOBs are ongoing and provide an opportunity to share best practices, to celebrate accomplishments and to take action in areas where there is a gap to goal. In addition to the dissemination of results through the LOB review process, there are many additional internal requests for updates on supplier diversity performance. Results are available company-wide through our Supplier Diversity reporting systems. The team also responded to ad hoc requests for data and analytics on an ongoing basis. PG&E understands that management review of metrics drives performance and continued to develop reports and review processes that supported goal achievement.

E. DVBE Program

In 2009, PG&E reached new heights in spending with DVBEs. The Supplier Diversity team's dedicated DVBE Senior Consultant actively promoted awareness, participation and involvement in DVBE activities and outreach events. PG&E was a lead sponsor of the California DVBE Alliance—Keeping the Promise business expo and awards program and the Elite Service Disabled Veteran -Owned Businesses (SDVOB) Network's annual conference.

PG&E's dedicated DVBE manager participated in business matchmaking events to identify potential DVBE suppliers to add to our supply chain. Such events included the US Army Corp of Engineer's Pacific Region conference and the National Veteran Small Business annual conference.

The team worked with the California DVBE Alliance, the Elite SDVOB Network and other DVBE advocacy groups to: promote DVBE opportunities; find ways to improve DVBE sourcing database tools; assist DVBE companies to grow their capacity; improve processes designed to include DVBEs across all commodities and help DVBEs to diversify their customer base.

F. Subcontracting

For many years the Supplier Diversity Program has been helping PG&E suppliers increase the utilization of minority, women and service disabled veteran -owned businesses in the supply chain through subcontracting and the inclusion of diverse suppliers as business solution partners. PG&E's supplier diversity policy states that contracts valued over \$500,000 or more must contain terms relating to supplier diversity. Prime Suppliers were asked to set goals and report subcontracting monthly, detailing their progress towards these goals. In addition, each year a subcontracting audit is performed to ensure our Prime Suppliers continue the development and growth of their WMDVBEs. In 2009, PG&E's supplier diversity subcontracting results reached a high of \$288 million.

In 2009, the Supplier Diversity team and Strategic Sourcing teams continued to work with Prime Suppliers to develop and increase the utilization of WMDVBEs. Strategically sourced contracts established subcontracting goals of 25%+ and many strategic suppliers

developed plans that established WM DVBEs as primary suppliers. PG&E's Supplier Diversity team continued to work with PG&E executives to measure and monitor Prime Supplier performance. Executive management, including officers, personally communicated with Prime Suppliers to ensure diversity goals were met and exceeded. Supplier Diversity worked with the lines of business and sourcing to ensure WMDVBEs continued to be developed in key product/service areas throughout the supply chain. The lines of business also helped identify WMDVBEs with the potential for growth and expansion.

G. WMDVBE Supplier Verification

Last year PG&E conducted certification workshops for WMDVBEs. Each workshop explained GO 156 and the advantages of being certified by the CPUC Clearinghouse. PG&E's Supplier Diversity staff also made certification presentations to employees so they were knowledgeable on the subject and better able to work with suppliers to facilitate their certification.

Prime Suppliers were educated about the need to have WMDVBE subcontractors certified by the CPUC Clearinghouse. This certification training was done to ensure the continued accuracy and integrity of our supplier diversity results reporting.

In 2009, PG&E was an active member of the Joint Utility Committee that developed the new CPUC Clearinghouse contract. This involved documenting IT requirements, adding a new fast track application, identifying database improvements, and reviewing Requests for Proposal responses of the various candidates. This new contract resulted in more efficient processes, an improved database and lower costs.

H. Internal Publications

In 2009, internal publications that highlighted supplier diversity contributions and accomplishments included PG&E's Supplier Diversity quarterly newsletter, *Powered by Diversity*. This quarterly newsletter shared new information on WM DVBEs, best practices and success stories including:

- *PG&E Recognizes Diverse Suppliers at Annual Event*
- *PG&E Recognized by DiversityInc. Magazine*
- *PG&E's Generation Organization Plays Match -Maker; Hosts Successful Supplier Diversity Event*

PG&E's sourcing department's newsletter, *The Source* also featured supplier diversity related stories, including *2009 Sourcing Goals*, *The Do's of Increasing Diverse Dollars*, the Supplier Diversity—Calendar of Events and the PG&E 2009 Supplier Diversity Annual Report.

I. PG&E Global Strategic Sourcing & Spend Teams

The Supplier Diversity team worked hand-in-hand with the Sourcing team along with key individuals from the lines of business to maximize both direct and subcontracting opportunities for diverse suppliers on strategic sourcing initiatives. Strategic sourcing has resulted in increased efficiencies in quality, cost, service, and supplier diversity. The 2009 increase in supplier diversity results were due, in part, to strategic sourcing managers' unwavering focus on supplier diversity optimization while developing initiatives in almost 30 different categories of spend including marketing, office supplies, management consulting, wire and cable, telecom and contingent workforce among others.

J. Other Internal Program and Process Improvements

The Supplier Diversity organization continued to focus on ways to refine and improve processes within the program. Last year, our Supplier Diversity team implemented many process and program improvements. Highlights included:

- *Hosting Supplier Diversity monthly Champion meetings* to share best practices, strategies and results. Each month the meeting was led by PG&E's Senior Vice President of Shared Services & Chief Procurement Officer. Also in attendance were the Chief Diversity Officer, Senior Supply Chain Director, line of business Supplier Diversity Champions and the Sourcing team.

- *Teaming with key internal stakeholders* . In 2009, Sourcing and Supplier Diversity met during the first quarter with PG&E Officers to set supplier diversity goals, develop strategies and share best practices.
- *Conducting internal audits to ensure PG&E's processes comply with state and federal regulations*. PG&E continued to optimize its processes, looking for additional ways to work more efficiently and expand our Supplier Diversity Program.

K. Supplier Diversity Breakthroughs

PG&E continued to work across all lines of business and product & service categories to develop opportunities for diverse suppliers to participate in our supply chain. Supplier Diversity goal achievement and opportunity creation were championed by employees at every level from the Chairman and CEO to employees in the field.

Corporate Real Estate

During the third quarter of 2009, PG&E's Corporate Real Estate (CRE) department contracted with a new non-diverse alliance partner for facilities management services. As part of the contract process, CRE worked closely with the alliance partner to ensure they clearly understood PG&E's commitment to Supplier Diversity. The alliance partner responded by exceeding its 2009 supplier diversity goal of 30 percent, achieving 33.8 percent. They added eight new CPUC -certified vendors and they are in the process of mentoring ten diverse suppliers who are not currently listed with the CPUC, but aspire to certification in 2010.

Diablo Canyon Power Plant

PG&E's Diablo Canyon Power Plant (DCPP) relied upon many non -diverse OEMS for major equipment; however, the team made every effort to maximize WMDVBE spend in every other aspect of procurement. For example, DCPP competitively bid a contract for Engineering Services that traditionally would have been renewed with the incumbent. The Request for Proposal emphasized the importance of supplier diversity and the winning bidder committed to initially achieving 25 percent diversity spend and 30 percent diversity spend for years 2 and 3 . Additionally, the new supplier is actively working to develop a diverse partner.

Fleet Fuel

PG&E successfully negotiated a fuel contract with a Hispanic-owned energy company to provide transportation fuel, emergency fueling and fleet management services. This project was implemented in 2009 and PG&E will now be able to achieve 100 percent diverse spend in fuel services. This diverse company furnished and delivered bulk fuels (unleaded diesel and biodiesel) to various fueling locations throughout PG&E's service territory and supplied retail fuel cards. In addition, they provided valuable data with regards to individual fueling transactions and tank monitoring services.

Information Systems Technology Services

A multi-year contract to supply radio equipment was awarded to a new Prime Supplier. This project included the acquisition of new radio equipment, mountain-top antennas and strategically placed repeaters to support a planned infrastructure upgrade. Distribution of this equipment, valued at \$3 million, was handled by a DVBE supplier.

Safety

A new minority supplier was added to PG&E's vendor roster for CPR/First Aid/Automated External Defibrillator training. In 2009, the African American woman-owned company was asked to meet an immediate need for American Heart Association CPR/ First Aid training for the San Jose area staff. The diverse supplier was able to not only meet all challenges including a tight timeline, tight budget and lack of trainers, but also provided training that was better customized and below budget.

Renewables

PG&E commissioned a company to produce photovoltaic modules and build a photovoltaic power plant with a capacity of 2 megawatts (MW) in California. This Prime Supplier was able to accomplish 30 percent diverse subcontracting.

Transportation Services

PG&E awarded a contract to strategically manage all towing services to a Hispanic woman-owned supplier. The firm served as a single point of contact and negotiated rates with more than 60 tow providers in our service territory. After a pilot period in three PG&E service areas, we implemented the one-call tow service company-wide. This company established a business relationship with another MBE, one of PG&E's top spend tow providers, for the operational/dispatch service components of the contract. The initiative has created a much more efficient process that provides PG&E with considerable time and cost savings through negotiated subcontracts with tow providers and consolidated billing for the local PG&E garages. It also provided better customer service with a 24-hour live operator to manage towing requests and dispatch to the local subcontractors.

Sourcing Recognizes Diverse Suppliers

In 2009, PG&E's Sourcing team held its annual supplier conference and more than 70 suppliers attended. Three of the top six awards went to diverse suppliers! In fact, the top award was received by a WBE who was recognized for consistently high levels of customer service, focus on workplace safety and environmental leadership. In addition, this WBE also increased its year-over-year subcontracting with other WMDVBEs. Two MBEs were recognized for strategic thinking, high quality products/services, cost reduction and ongoing process improvements. Additionally, these suppliers exhibited leadership by mentoring and developing diverse suppliers in their supply chain.

Diverse Supplier Business Conferences

Two of the most successful development activities were supplier diversity business conferences hosted at PG&E. These conferences were attended by key decision makers including a Senior Vice President and were specifically designed to increase the participation level of diverse suppliers in the company's energy supply portfolio.

Company representatives from nuclear power, hydroelectric, fossil fuel and renewable energy were involved, as well as several of PG&E majority-owned Prime Suppliers. The two events attracted more than 100 diverse companies, resulting in several suppliers successfully winning contracts, both directly and as subcontractors.

2. EXTERNAL PROGRAM ACTIVITIES

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

PG&E continued its active engagement with the California Utilities Diversity Council (CUDC), a broad -based collaboration of utilities, diversity stakeholders and representatives from the California Public Utilities Commission. The CUDC focused on our shared mission to leverage California's rich diversity resources. Supplier Diversity participated as a member of the CUDC Procurement Committee which worked to address challenges to diverse businesses in low utilization areas. In addition, PG&E played an active role in the day long CUDC Green Summit held in Long Beach. PG&E served as a panelist to discuss our Green Supply Chain Program. PG&E's Senior Vice President and Chief Operating Officer also served on a Chief Executive Officer panel to discuss the company's green initiatives and our position as an environmental leader.

B. **External Activities to Increase DVBE Utilization**

In 2009, PG&E continued to build on its programs to increase DVBE utilization:

- PG&E continued to work closely with our Prime Suppliers concerning greater utilization of DVBEs in their supply chains. This contributed to PG&E's expanded utilization of DVBEs as primes and subcontractors.
- PG&E procurement personnel met with potential DVBEs at numerous DVBE outreach events. PG&E was a major sponsor at the Elite SDVOB Network National Convention and participated in the Joint Utilities DVBE outreach event in San Ramon, CA.
- PG&E participated as a charter member in the California DVBE Alliance Corporate Advisory Board. PG&E was also a corporate sponsor of the Elite SDVOB Network and the Elite SDVOB Network's Northern California Chapter.
- PG&E was a sponsor of the CA Disabled Veterans Business Alliance's—*Keeping the Promise*” conference and trade show held in Irvine, CA.
- PG&E participated in tradeshow and matchmaking activities at the US Army Corp of Engineers Pacific Region and the National Veteran Small Business Annual Conferences held in Sparks and Las Vegas, Nevada.

C. Continuing Executive Education Program

PG&E was a sponsor of the Management Development for Entrepreneurs (MDE) program at the Entrepreneurial Studies Center at the John E. Anderson Graduate School of Management at UCLA. The Supplier Diversity team worked closely with its Program Manager to select and fully sponsor seven PG&E suppliers to attend their program in 2009.

D. Advertising

In 2009, PG&E ensured our ad was displayed prominently in the booklets for those outreach events we attended. PG&E's colorful ad showed the faces of diversity and a description of the previous year's results. Our ad also included emblems demonstrating our top supplier diversity ranking by *Diversity Careers* and *Black Enterprise* magazines.

PG&E advertised in publications at the following events:

- Black Economic Council Annual Conference
- California Black Chamber of Commerce Annual Conference
- California Hispanic Chamber of Commerce Annual Conference
- National Association of Women Business Owners 25th Anniversary
- National Center of American Indian Enterprise Development Conference
- National Minority Supplier Development Council Gala
- Northern California Minority Supplier Development Council (NCMSDC) Trade Show
- United States Hispanic Chamber of Commerce Convention Conference
- US Pan Asian American Chamber of Commerce CelebrASIAN Conference
- Women's Business Enterprise National Council Conference

E. Publications

PG&E distributed Supplier Diversity brochures at each outreach event that the team attended throughout the year. The brochure included valuable information about the steps to become a supplier to PG&E including how to become certified through the CPUC Clearinghouse. PG&E also produced a tri-fold brochure summarizing the CPUC

Annual Report and highlighting PG&E's Supplier Diversity initiatives . PG&E released its 2009 Corporate Responsibility Report and included information on its Supplier Diversity Program.

F. Loan Fund

PG&E supported access to capital for minority-owned businesses. As in years past, we were an investor in the Business Consortium Fund (BCF) in 2009. 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.

G. Meetings, Conferences and Tradeshows

In 2009, PG&E maintained its active participation in local and national supplier diversity outreach events to meet and promote diversity firms in our supply chain. PG&E participated in the following activities:

- American Association of Blacks in Energy Conference
- American Indian Chamber of Commerce Luncheon
- Asian American Journalists Association's East West Fundraising Gala
- Asian Business Association Los Angeles Awards Banquet
- Asian Business Association Los Angeles Financial Summit
- Asian Pacific Partnership Green Energy Summit 2009
- Black Economic Council Annual Conference
- California Black Chamber of Commerce African American Leadership Conference
- California Black Chamber of Commerce Annual Convention
- California Disabled Veteran Business Enterprise Alliance *Keeping The Promise* Conference
- California Hispanic Chamber of Commerce Annual Convention
- California Small Business Association Conference
- California Utilities Diversity Council Quarterly Meetings
- CPUC Black Business Expo, Chico
- CPUC Small Business Expo, San Bernardino

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- CUDC Green Business Summit
- Edison Electric Institute Conference
- Elite Service Disabled Veteran-Owned Business Network Conference
- Minority Development Enterprise Anderson School of Business Reception
- Minority Enterprise Development Week Awards Dinner
- National Minority Supplier Development Council Minority Annual Conference
- National Minority Supplier Diversity Council Awards Dinner
- National Veterans Small Business Conference
- Northern California Chinese Media Associations 15th Annual Outstanding Chinese Media Awards
- Northern California Minority Supplier Development Council Trade Fair
- Northern California Minority Supplier Diversity Council Annual Gala
- Northern Region Hispanic Chambers Of Commerce Quarterly Meeting
- Sacramento Hispanic Chamber of Commerce Business Expo
- Southern California Supplier Development Council Minority Business Opportunity Day
- The Latino Coalition Business Expo
- U.S. Army Corp of Engineers Annual Small Business Veterans Conference
- United States Pacific Asian American Chamber of Commerce Conference
- Women's Business Enterprise National Council Conference

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

- Asian Business Association Los Angeles: Advisory Board
- Astra Women's Business Alliance: Certification Committee
- California Disabled Veteran Business Enterprise Alliance: Corporate Advisory Board
- California Utilities Diversity Council: Procurement Committee Member
- Edison Electrical Institute: Supplier Diversity Committee Member
- Elite Service Disabled Veteran-Owned Business Network: Corporate Board Member
- National Minority Supplier Development Council: Corporate Member
- Northern California Minority Supplier Development Council: Corporate Member, Corporate Coordinators Committee, Certification Committee, Board of Directors
- Women's Business Enterprise National Council: Corporate Member

H. Presentations

Sharing supplier diversity best practices and coaching on how to do business successfully with PG&E was part of the PG&E culture. Again in 2009, PG&E representatives made a number of presentations to WMDVBEs and supplier diversity advocacy organizations. PG&E presentations were given at the following events:

- American GI Forum State Chapter —PG&E’s Supplier Diversity Program
- American Indian Chamber of Commerce - Quarterly Meeting
- Asian Business Association - Los Angeles Certification Workshop
- Black Economic Council Convention - Panel and Workshops
- California Black Chamber of Commerce Convention - Utilities Panel
- California Black Chamber of Commerce - General Contractors—Doing Business with PG&E Workshop
- California DVBE Alliance Central Valley Chapter —Doing Business with PG&E Meeting
- California DVBE Alliance Sacramento Chapter —Doing Business with PG&E Meeting
- California Utilities Diversity Council Green Summit - Workshop
- Colusa Generating Station - Small Business Workshop
- Latina Coalition - San Francisco Regional Business Matchmaking Event
- National Association Women Business Owners - Certification Panel
- National Federation of Filipino Americans - Matchmaking Event
- National Minority Supplier Development Council Annual Conference - Green Supply Chain Workshop
- Northern California Chapter of the Elite SDVOB Network —Doing Business with PG&E Workshop
- Northern California Minority Supplier Development Council Webinar —Are You Ready to do Business with Corporate America? Workshop
- PG&E Humboldt Generation Small Business Event —Doing Business with PG&E Workshop
- Sacramento Metro Chamber Small Business - Meeting
- San Francisco Hispanic Chamber of Commerce/NAWBO - Latina Breakfast

I. 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. Most recently PGE&E was:

- Ranked No. 3 on the 2009 *DiversityInc* Top Regional Utilities, and
- Ranked No. 8 on the 2009 *DiversityInc* Top 10 Companies for Supplier Diversity.

Sec. 9.1.2 – Statistical Reports – Index and Reports

Supplier Diversity Annual Results by Ethnicity

Line No.			2009			
			Direct \$	Sub \$	Total \$	%
1	Minority Men	Asian-Pacific	93,106,754	24,292,976	117,399,731	3.23%
2		Black	112,144,567	13,582,025	125,726,592	3.46%
3		Hispanic	89,594,472	60,023,158	149,617,631	4.12%
4		Native-American	6,051,753	1,700,295	7,752,048	0.21%
5		Other	5,563,367	600,752	6,164,119	0.17%
6		Total Minority Men	306,460,913	100,199,207	406,660,119	11.20%
7	Minority Women	Asian-Pacific	33,137,431	30,292,907	63,430,339	1.75%
8		Black	3,711,420	6,230,218	9,941,638	0.27%
9		Hispanic	27,057,556	28,870,821	55,928,378	1.54%
10		Native-American	5,366,917	5,528,454	10,895,371	0.30%
11		Other	3,505,255	0	3,505,255	0.10%
12	Total Minority Women	72,778,579	70,922,400	143,700,980	3.96%	
13	Total Minority Business Enterprise (MBE)		379,239,492	171,121,607	550,361,099	15.16%
14	Women Business Enterprise (WBE)		241,642,007	88,062,698	329,704,706	9.08%
15	Subtotal Women, Minority Business Enterprise (MWBE)		620,881,500	259,184,305	880,065,805	24.24%
16	Service Disabled Veteran Business Enterprise (DVBE)		19,153,426	29,193,420	48,346,847	1.33%
17	TOTAL WMDVBE		640,034,927	288,377,725	928,412,652	25.57%
18	Gross Procurement		3,630,251,430			
19	Exclusions					
20	Net Procurement		3,630,251,430			

*Gross Procurement Correction to reflect spend adjustment as a result of assets and contracts transfer.

Note: Totals may not add due to rounding.

Supplier Diversity Direct \$ Procurement by Products and Services Category

Line No.			Products		Services		TOTAL		
			\$	%	\$	%	\$	%	
1	Minority	Asian-Pacific	Direct	58,388,159	4.09%	34,718,595	1.58%	93,106,754	2.56%
2	Men	Black	Direct	27,220,798	1.91%	84,923,769	3.85%	112,144,567	3.09%
3		Hispanic	Direct	72,222,085	5.06%	17,372,387	0.79%	89,594,472	2.47%
4		Native-American	Direct	2,904,968	0.20%	3,146,785	0.14%	6,051,753	0.17%
5		Other	Direct	0	0.00%	5,563,367	0.25%	5,563,367	0.15%
6		Total Minority Men	Direct	160,736,009	11.27%	145,724,904	6.61%	306,460,913	8.44%
7	Minority	Asian-Pacific	Direct	29,095,667	2.04%	4,041,765	0.18%	33,137,431	0.91%
8	Women	Black	Direct	0	0.00%	3,711,420	0.17%	3,711,420	0.10%
9		Hispanic	Direct	6,095,434	0.43%	20,962,122	0.95%	27,057,556	0.75%
10		Native-American	Direct	497,977	0.03%	4,868,940	0.22%	5,366,917	0.15%
11		Other	Direct	0	0.00%	3,505,255	0.16%	3,505,255	0.10%
12		Total Minority Women	Direct	35,689,078	2.50%	37,089,501	1.68%	72,778,579	2.00%
13	Total Minority Business Enterprise (MBE)		Direct	196,425,087	13.77%	182,814,405	8.30%	379,239,492	10.45%
14	Women Business Enterprise (WBE)			43,198,113	3.03%	198,443,894	9.00%	241,642,007	6.66%
15	Total Women, Minority Business Enterprise (MWBE)		Direct	239,623,200	16.80%	381,258,299	17.30%	620,881,499	17.10%
16	Service Disabled Veteran Business Enterprise (DVBE)		Direct	7,297,215	0.51%	11,856,211	0.54%	19,153,426	0.53%
17	TOTAL WMDVBE		Direct	246,920,415	17.31%	393,114,510	17.84%	640,034,927	17.63%
18	Gross Procurement			3,630,251,430					
19	Exclusions								
20	Net Procurement			3,630,251,430					
21	Total Product Procurement			1,426,494,544					
22	Total Service Procurement			2,203,756,886					
23	Net Procurement			3,630,251,430					
24	Percentages for "Products" expenditures are WMDVBE expenditures compared to "Total Product Procurement" expenditures.								
25	Percentages for "Services" expenditures are WMDVBE expenditures compared to "Total Service Procurement" expenditures.								
26	Percentages for "TOTAL" expenditures are WMDVBE expenditures compared to "Net Procurement" expenditures.								

Note: Totals may not add due to rounding.

Supplier Diversity Subcontracting \$ Procurement by Products and Service Categories

Line No.			Products		Services		TOTAL		
			\$	%	\$	%	\$	%	
1	Minority Men	Asian-Pacific	sub	N/A	N/A	N/A	N/A	24,292,976	0.67%
2		Black	sub	N/A	N/A	N/A	N/A	13,582,025	0.37%
3		Hispanic	sub	N/A	N/A	N/A	N/A	60,023,158	1.65%
4		Native-American	sub	N/A	N/A	N/A	N/A	1,700,295	0.05%
5		Other	sub	N/A	N/A	N/A	N/A	600,752	0.02%
6		Total Minority Men	sub	N/A	N/A	N/A	N/A	100,199,207	2.76%
7	Minority Women	Asian-Pacific	sub	N/A	N/A	N/A	N/A	30,292,907	0.83%
8		Black	sub	N/A	N/A	N/A	N/A	6,230,218	0.17%
9		Hispanic	sub	N/A	N/A	N/A	N/A	28,870,821	0.80%
10		Native-American	sub	N/A	N/A	N/A	N/A	5,528,454	0.15%
11		Other	sub	N/A	N/A	N/A	N/A		0.00%
12		Total Minority Women	sub	N/A	N/A	N/A	N/A	70,922,400	1.95%
13	Total Minority Business Enterprise (MBE)		sub	N/A	N/A	N/A	N/A	171,121,607	4.71%
14	Women Business Enterprise (WBE)		sub	N/A	N/A	N/A	N/A	88,062,698	2.43%
15	Total Women, Minority Business Enterprise (MWBE)		sub	N/A	N/A	N/A	N/A	259,184,305	7.14%
16	Service Disabled Veteran Business Enterprise (DVBE)		sub	N/A	N/A	N/A	N/A	29,193,420	0.80%
17	TOTAL WMDVBE		sub	N/A	N/A	N/A	N/A	288,377,725	7.94%
18	Gross Procurement			3,630,251,430					
19	Exclusions								
20	Net Procurement			3,630,251,430					
21	Total Product Procurement			1,426,494,544					
22	Total Service Procurement			2,203,756,886					
23	Net Procurement			3,630,251,430					

24 Percentages for "Products" expenditures are WMDVBE expenditures compared to "Total Product Procurement" expenditures.
 25 Percentages for "Services" expenditures are WMDVBE expenditures compared to "Total Service Procurement" expenditures.
 26 Percentages for "TOTAL" expenditures are WMDVBE expenditures compared to "Net Procurement" expenditures.

Note: Totals may not add due to rounding.

Table 6A

**Summary of Procurement from Women: 2009 Minority and Caucasian Women
(in Dollars as a Percentage of Large Utilities' Total Corporate Expenditures)**

Line No.	A summary of prime contractor utilization of WMDVBE subcontractors.								
2		Minority Men	Minority Women	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women, Minority Business Enterprise (WMBE)	Service Disabled Veterans Business Enterprise (DVBE)	TOTAL WMDVBE	
3	Direct \$	306,460,913	72,778,579	379,239,492	241,642,007	620,881,500	19,153,426	640,034,927	
4	Subcontracting \$	100,199,207	70,922,400	171,121,607	88,062,698	259,184,305	29,193,420	288,377,725	
5	Total \$	406,660,120	143,700,979	550,361,099	329,704,705	880,065,805	48,346,846	928,412,652	
6									
7	Direct %	8.44%	2.00%	10.45%	6.66%	17.10%	0.53%	17.63%	
8	Subcontracting %	2.76%	1.95%	4.71%	2.43%	7.14%	0.80%	7.94%	
9	Total %	11.20%	3.96%	15.16%	9.08%	24.24%	1.33%	25.57%	
10									
11	Gross Procurement	\$3,630,251,430							
12	Exclusion								
13	Net Procurement	\$3,630,251,430							

**Table 7A- 2009 DVBE Procurement for Large and Small Utilities
(in Dollars and a Percentage of Total Corporate Procurement)**

	DVBE Procurement		Total Procurement
PG&E	\$48,346,847	1.33%	\$3,630,251,430

Table 1A – Supplier Diversity Procurement Results for Large Utilities

	2009 Total Procurement	MBE	WBE	DVBE	Total WMDVBE
PG&E					
Direct	\$640,034,927	\$379,239,492 40.85%	\$241,642,007 26.03%	\$19,153,426 2.06%	\$640,034,927 68.94%
Subcontracting	\$288,377,725	\$171,121,607 18.43%	\$88,062,698 9.49%	\$29,193,420 3.14%	\$288,377,725 31.06%
Combined	\$928,412,652 100.00%	\$550,361,099 59.28%	\$329,704,705 35.51%	\$48,346,846 5.21%	\$928,412,652 100.00%

Note: Totals may not add due to rounding.

WMDVBE Procurement SIC Code Legend

PACIFIC GAS & ELECTRIC COMPANY		
CALENDAR YEAR 2009		
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

9.1.2 - Supplier Diversity Procurement By Standard Industry Code – Detail

Line No.	SIC Category	Asian		Black		Hispanic		Native-Amer.		Other		Total Minority Men	Total Minority Women	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Subtotal Women, Minority Business Enterprise (WMBE)	Service Disabled Veterans Business Enterprise (DVBE)	Total WMDVBE	Total Exp	
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women									
1	07. Agricultural Services	\$ 0	54,674	0	0	2,914,190	6,012	46,931	0	3,873	0	2,964,995	60,686	3,025,681	4,027,450	7,053,131	0	7,053,131	130,646,332	
2		% 0.0%	0.0%	0.0%	0.0%	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%	0.0%	2.3%	3.1%	5.4%	0.0%	5.4%		
3	15. General Business Contractors	\$ 0	260,096	0	19,095	595,734	6,270	1,069,804	1,684,043	0	0	2,279,777	1,355,265	3,635,041	27,354,255	30,989,297	17,689	31,006,985	174,692,507	
4		% 0.0%	0.1%	0.0%	0.0%	0.3%	0.0%	0.0%	0.6%	1.0%	0.0%	1.3%	0.8%	2.1%	15.7%	17.7%	0.0%	17.7%		
5	17. Special Trade Contractors	\$ 42,483	0	410,232	1,879,088	6,969,079	17,795,226	348,241	3,832,337	0	0	7,770,034	23,506,650	31,276,684	95,350,629	126,627,313	10,956,080	137,583,393	587,611,153	
6		% 0.0%	0.0%	0.1%	0.3%	1.2%	3.0%	0.1%	0.7%	0.0%	0.0%	1.3%	4.0%	5.3%	16.2%	21.5%	1.9%	23.4%		
7	24. Lumber and Wood Products	\$ 0	0	0	0	54,026	0	0	0	24,586	0	78,612	0	78,612	415,884	494,495	0	494,495	22,847,466	
8		% 0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.1%	0.0%	0.3%	0.0%	0.3%	1.8%	2.2%	0.0%	2.2%		
9	25. Furniture and Fixtures	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	1,816,752	1,816,752	0	1,816,752	11,733,015	
10		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.5%	15.5%	0.0%	15.5%		
11	26. Paper and Allied Products	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	18,136	18,136	0	18,136	7,759,093	
12		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	0.0%	0.2%		
13	27. Printing and Publishing	\$ 4,415,778	2,887	0	0	134,261	0	0	0	0	0	4,415,778	137,148	4,552,926	905,949	5,458,875	0	5,458,875	13,378,405	
14		% 33.0%	0.0%	0.0%	0.0%	0.0%	1.0%	0.0%	0.0%	0.0%	0.0%	33.0%	1.0%	34.0%	6.8%	40.8%	0.0%	40.8%		
15	28. Chemicals and Allied Products	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	61,759	61,759	0	61,759	42,602,367	
16		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%		
17	29. Petroleum and Coal Products	\$ 1,759,980	0	0	0	0	0	0	0	0	0	1,759,980	0	1,759,980	0	1,759,980	0	1,759,980	4,340,799	
18		% 40.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	40.5%	0.0%	40.5%	0.0%	40.5%	0.0%	40.5%		
19	30. Rubber and Misc. Plastics Products	\$ 0	0	0	0	3,505	0	0	0	0	0	3,505	0	3,505	28,000	31,505	0	31,505	6,661,053	
20		% 0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.4%	0.5%	0.0%	0.5%		
21	32. Stone, Clay, and Glass Products	\$ 0	0	0	0	330,260	0	0	0	0	0	330,260	330,260	0	330,260	0	330,260	0	330,260	19,237,001
22		% 0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	0.0%	1.7%	0.0%	0.0%	1.7%		
23	33. Primary Metal Industries	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	601,432	601,432	0	601,432	1,759,069	
24		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	34.2%	34.2%	0.0%	34.2%		
25	34. Fabricated Metal Products	\$ 0	0	0	0	814,176	665,319	0	0	0	0	814,176	665,319	1,479,496	50,099	1,529,594	0	1,529,594	64,084,568	
26		% 0.0%	0.0%	0.0%	0.0%	1.3%	1.0%	0.0%	0.0%	0.0%	0.0%	1.3%	1.0%	2.3%	0.1%	2.4%	0.0%	2.4%		
27	35. Industrial Machinery and Equipment	\$ 703,200	0	0	0	0	0	0	0	0	0	703,200	0	703,200	1,685,802	2,389,002	0	2,389,002	161,287,635	
28		% 0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%	0.4%	1.0%	1.5%	0.0%	1.5%		
29	36. Electronic & Other Electric Equipment	\$ 38,755,470	0	1,734	0	53,230	363,296	0	0	3,505,367	39,120,500	3,558,597	42,679,097	15,386,441	58,065,538	0	58,065,538	176,871,433		
30		% 21.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	22.1%	2.0%	24.1%	8.7%	32.8%	0.0%	32.8%			
31	37. Transportation Equipment	\$ 0	0	0	0	20,413,744	0	0	0	0	0	20,413,744	0	20,413,744	0	20,413,744	0	20,413,744	26,979,286	
32		% 0.0%	0.0%	0.0%	0.0%	75.7%	0.0%	0.0%	0.0%	0.0%	0.0%	75.7%	0.0%	75.7%	0.0%	75.7%	0.0%	75.7%		
33	38. Instruments and Related Products	\$ 17,197	0	0	0	0	0	0	0	0	17,197	0	17,197	3,982,890	4,000,087	0	4,000,087	26,116,262		
34		% 0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	15.3%	15.3%	0.0%	15.3%		
35	39. Miscellaneous Manufacturing Industries	\$ 0	0	0	0	400	0	0	0	0	0	400	0	400	25	425	0	425	1,132,434	
36		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
37	42. Trucking and Warehousing	\$ 0	0	0	0	391,478	203,145	0	0	0	0	391,478	203,145	594,623	1,318,624	1,913,247	13,805	1,927,051	8,654,466	
38		% 0.0%	0.0%	0.0%	0.0%	4.5%	2.3%	0.0%	0.0%	0.0%	0.0%	4.5%	2.3%	6.9%	15.2%	22.1%	0.2%	22.3%		
39	45. Transportation By Air	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	2,816,486	2,816,486	0	2,816,486	13,652,245	
40		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	20.6%	20.6%	0.0%	20.6%		

9.1.2 - Supplier Diversity Procurement By Standard Industry Code – Detail (cont'd)

Line No.	SIC Category	Asian		Black		Hispanic		Native-Amer.		Other		Total Minority Men	Total Minority Women	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Subtotal Minority Business Enterprise (WMBE)	Service Disabled Veterans Business Enterprise (DVBE)	Total WMDVBE	Total Exp
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women								
41	46. Pipelines, Except Natural Gas	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
43	47. Transportation Services	\$ 0	0	10,550	0	0	0	0	0	0	0	10,550	0	10,550	0	10,550	0	10,550	11,758,830
44		% 0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%
45	48. Communications	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	170,007,057
46		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
47	49. Electric, Gas, and Sanitary Services	\$ 0	0	332,491	0	0	5,443,869	0	0	3,850,865	0	4,183,356	5,443,869	9,627,226	9,428,183	19,055,409	15,717	19,071,126	431,576,584
48		% 0.0%	0.0%	0.1%	0.0%	0.0%	1.3%	0.0%	0.0%	0.9%	0.0%	1.0%	1.3%	2.2%	2.2%	4.4%	0.0%	4.4%	4.4%
49	50. Wholesale Trade-Durable Goods	\$ 49,992	29,148,403	12,349,285	0	42,329,497	729,435	0	499,891	0	0	54,728,774	30,377,729	85,106,504	9,588,882	94,695,386	64,826	94,760,212	27,952,217
50		% 0.2%	104.3%	44.2%	0.0%	151.4%	2.6%	0.0%	1.8%	0.0%	0.0%	195.8%	108.7%	304.5%	34.3%	338.8%	0.2%	339.0%	339.0%
51	51. Wholesale Trade-Nondurable Goods	\$ 0	0	0	0	9,832,630	40,593	0	0	0	0	9,832,630	40,593	9,873,224	1,503,614	11,376,838	0	11,376,838	1,274,076
52		% 0.0%	0.0%	0.0%	0.0%	771.7%	3.2%	0.0%	0.0%	0.0%	0.0%	771.7%	3.2%	774.9%	118.0%	892.9%	0.0%	892.9%	892.9%
53	52. Building Materials & Garden Supplies	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,400,800
54		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
55	55. Automotive Dealers & Service Stations	\$ 0	0	2,935,394	0	0	0	0	0	0	0	2,935,394	0	2,935,394	1,309,810	4,245,204	0	4,245,204	189,450
56		% 0.0%	0.0%	1549.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1549.4%	0.0%	1549.4%	691.4%	2240.8%	0.0%	2240.8%	2240.8%
57	56. Apparel and Accessory Stores	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,452,767
58		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
59	58. Eating and Drinking Places	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	22,578,135
60		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
61	63. Insurance Carriers	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	47,054,164
62		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
63	65. Real Estate	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	984,174	984,174	0	984,174	2,645,222
64		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	37.2%	37.2%	0.0%	37.2%	37.2%
65	72. Personal Services	\$ 0	0	989,655	0	0	0	0	0	0	0	989,655	0	989,655	0	989,655	0	989,655	400,323,042
66		% 0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.2%	0.0%	0.2%	0.0%	0.2%	0.2%
67	73. Business Services	\$ 26,678,123	31,391,706	27,157,926	6,230,218	57,599,875	30,511,585	1,674,840	5,493,340	600,752	-112	113,711,516	73,626,737	187,338,253	116,543,707	303,881,960	35,921,462	339,803,421	307,167,992
68		% 8.7%	10.2%	8.8%	2.0%	18.8%	9.9%	0.5%	1.8%	0.2%	0.0%	37.0%	24.0%	61.0%	37.9%	98.9%	11.7%	110.6%	110.6%
69	75. Auto Repair, Services, and Parking	\$ 0	0	0	0	642,628	0	0	0	0	0	642,628	0	642,628	0	642,628	0	642,628	2,096,336
70		% 0.0%	0.0%	0.0%	0.0%	30.7%	0.0%	0.0%	0.0%	0.0%	0.0%	30.7%	0.0%	30.7%	0.0%	30.7%	0.0%	30.7%	30.7%
71	76. Miscellaneous Repair Services	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	115,307	115,307	0	115,307	65,064,948
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%	0.2%	0.2%	0.0%	0.2%	0.2%
73	78. Motion Pictures	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	296,816	296,816	0	296,816	745,933
74		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	39.8%	39.8%	0.0%	39.8%	39.8%
75	80. Health Services	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	93,946	93,946	1,150	95,096	5,139,447
76		% 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%	1.8%	0.0%	1.9%	1.9%
77	81. Legal Services	\$ 669,086	112,884	1,610,238	0	128,788	9,172	0	0	0	0	2,408,112	122,056	2,530,168	5,790,834	8,321,001	0	8,321,001	40,428,320
78		% 1.7%	0.3%	4.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	6.0%	0.3%	6.3%	14.3%	20.6%	0.0%	20.6%	20.6%
79	87. Engineering & Management Services	\$ 44,308,422	2,459,689	79,929,087	1,813,237	7,110,800	0	5,318,740	0	0	0	136,667,049	4,272,925	140,939,974	28,244,014	169,183,988	1,357,269	170,541,257	929,535,846
80		% 4.8%	0.3%	8.6%	0.2%	0.8%	0.0%	0.6%	0.0%	0.0%	0.0%	14.7%	0.5%	15.2%	3.0%	18.2%	0.1%	18.3%	18.3%
81	Total	\$ 117,399,730	63,430,338	125,726,592	9,941,637	149,617,631	55,928,378	7,752,048	10,895,371	6,164,119	3,505,255	406,660,119	143,700,980	550,361,099	329,704,706	880,065,805	48,346,847	928,412,652	3,630,251,430
82		% 3.2%	1.7%	3.5%	0.3%	4.1%	1.5%	0.2%	0.3%	0.2%	0.1%	11.2%	4.0%	14.8%	9.1%	24.2%	1.3%	25.6%	25.6%

Sec. 9.1.3 – Program Expenses

EXPENSE CATEGORY	2009 (ACTUAL \$)
Wages	\$938,650
Other Employee Expenses	\$111,768
Program Expenses	\$480,616
Reporting Expenses	15,000.
Training	\$16,072
Consultants*	\$397,963
Other	\$0
Total	\$1,960,070

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

- Wages: Salary and payroll-related costs of employees working on WMDVBE matters.
- Other Employee Expenses: Office space, travel and other non-wage costs.
- Program Expenses: Printing, postage, supplies, 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 training employees (internal) and suppliers (external).
- 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 CPUC Year Goals
Minority Men	11.2%	12.0%
Minority Women	4.0%	3.0%
Minority BusinessEnterprise (MBE)	15.2%	15.0%
Women Business Enterprise (WBE)	9.1%	5.0%
Subtotal Women, Minority Business Enterprise (WMBE)	24.2%	20.0%
Service Disabled Veteran Business Enterprise (DVBE)	1.3%	1.5%
Total WMDVBE	25.6%	21.5%

Note: Totals may not add due to rounding.

PG&E spent 25.6 percent with WMDVBES. This amount represents almost \$928 million with WMDVBES, which is approximately \$173 million greater than the amount spent with WMDVBES in 2008.

Sec. 9.1.5 – Summary of Utilization of WMDVBE Subcontractors

PACIFIC GAS & ELECTRIC CO.	CALENDAR YEAR 2009	G.O. #156 Sec 9.1.5
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Line No.	A summary of prime contractor utilization of WMDVBE subcontractors.							
1								
2		Minority Men	Minority Women	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women, Minority Business Enterprise (WMBE)	Service Disabled Veterans Business Enterprise (DVBE)	TOTAL WMDVBE
3	Direct \$	306,460,913	72,778,579	379,239,492	241,642,007	620,881,500	19,153,426	640,034,927
4	Subcontracting \$	100,199,207	70,922,400	171,121,607	88,062,698	259,184,305	29,193,420	288,377,725
5	Total \$	406,660,120	143,700,979	550,361,099	329,704,705	880,065,805	48,346,846	928,412,652
6								
7	Direct %	8.44%	2.00%	10.45%	6.66%	17.10%	0.53%	17.63%
8	Subcontracting %	2.76%	1.95%	4.71%	2.43%	7.14%	0.80%	7.94%
9	Total %	11.20%	3.96%	15.16%	9.08%	24.24%	1.33%	25.57%
10								
11	Gross Procurement	\$3,630,251,430						
12	Exclusion							
13	Net Procurement	\$3,630,251,430						

Note: Totals may not add due to rounding.

As previously reported in 2009, substantial required investments in infrastructure projects have posed a major challenge to PG&E’s supplier diversity efforts. Few WMDVBEs are large enough to independently handle major projects in energy generation. The Supplier Diversity team has addressed that challenge in a number of ways. The team continued to follow up with the largest Prime contractors concerning their WMDVBE 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 primes with supplier diversity education and coaching, we achieved a \$27 million increase in subcontracting spend from 2008 to 2009.

Working with Prime Suppliers to improve supplier diversity subcontracting results was an ongoing effort at PG&E in 2009. The Supplier Diversity team has increased awareness of WMDVBE subcontracting needs in the bid process both internally and externally. Diversity expectations were communicated to suppliers frequently, including at bid meetings, account reviews, and at PG&E’s annual Supplier Conference. Sourcing professionals, line of business representatives, and Supplier Diversity team members will continue to emphasize WMDVBE subcontracting as critical to helping the company meet its goals.

Sec. 9.1.6 – A list of WMDVBE complaints received during the past year accompanied by a brief description of the nature of each complaint and its resolution or current status.

There were no complaints in 2009 concerning PG&E's WMDVBE program.

Sec. 9.1.7 – 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 - A description of any efforts made to recruit WMDVBEs of products or services in procurement categories where WMDVBE utilization has been low, such as legal and financial services, fuel procurement, and areas that are considered highly technical in nature.

1. FINANCE

In 2009, PG&E implemented a robust plan to increase spend with WMDVBE 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

- PG&E used seven different WMDVBE investment banks on our 2009 bond financings, paying out fees of more than \$1 million, a 40 percent increase over 2008. The participating firms included five African American firms and two Hispanic firms.
- In an effort to enhance the role of diversity companies in our financing transactions, we have encouraged and supported WMDVBEs that bring in bond orders to our transactions. Specifically, the company has allocated bonds to WMDVBEs in its last seven bond transactions, which is not only very uncommon in the industry but also allows the WMDVBEs to enhance their relationships with investors and increases their exposure and involvement in the transaction.
- To further the involvement and participation of WMDVBEs, PG&E added an innovative performance-based element for the WMDVBEs that participated in its 2009 bond offerings. WMDVBEs that performed well were able to earn greater fees. Other utilities

have added similar performance-based elements in their financing transactions following the success of this program. This, along with the feedback and focused mentoring from PG&E, gave the WMDVBEs a unique opportunity to develop, grow and profit from the PG&E relationship.

- PG&E conducted several marketing meetings with fixed -income investors and selected an African American investment banking firm to arrange these meetings in 2009. These meetings, held in San Francisco, Los Angeles and San Diego, provided this MBE an opportunity to develop their client relationships with institutional investors by delivering access to PG&E's management.
- An African American firm served as one of five dealers on PG&E's commercial paper program, placing approximately \$2.0 billion, or 17 percent, of PG&E's commercial paper in 2009.
- To support our local community and WMDVBE banks, PG&E created in 2008, and then expanded in 2009, our Community Investment Program. This innovative program was designed to identify investment opportunities with WMDVBE and community banks within PG&E's service territory whose mission supports social programs that align with PG&E's values on diversity, social responsibility and economic growth. PG&E has invested \$6.8M in 19 local WMDVBE and community banks. The banks were selected through a rigorous screening process which evaluated each bank's financial strength, as well as the social profile within its region, including unemployment rates, minority population, per capita income and the percentage of minority -owned businesses. In addition to supporting the banks through this investment, which is especially valued in these challenging economic times, the 19 banks will be able to further support their communities and help stimulate the local economy through various lending programs.
- In 2009, PG&E added two WMDVBE managed money market funds to the approved funds in PG&E's short-term investment policy. In 2009, for example, the company invested \$10 million in an African American-owned firm's market fund.
- PG&E deposited \$9.5 million in a Money Market Insured Deposit Account Service (MMIDAS) account at an Asian Pacific American bank, which is then allocated amongst other eligible community banks to maximize FDIC coverage.
- PG&E placed \$100 million in money market investments through a WMDVBE money market investment portal.

- PG&E sponsored the New Connections Symposium on cash management , which was held in Sacramento and also participated on an industry panel at that symposium.
- PG&E managers attended more than 30 meetings with WMDVBE investment firms in 2009, demonstrating a commitment to mentoring and business development

B. Pension Management

- The Employee Benefit Committee has the fiduciary responsibility for PG&E's pension investments and has a long history of supporting diversity -owned investment managers. This committee retained its first diversity manager in 1990.
- At the end of 2009, \$270 million, or 3 percent, of PG&E's \$9.3 billion pension fund was invested with two diversity -owned managers of emerging investment managers. Fees on these assignments are approximately \$2 million per year.
- In 2009, an incremental \$105 million was allocated to a diversity -owned hedge fund of fund manager, bringing total diversity-managed assets to 4 percent of the pension fund and \$3 million in fees—a 39 percent increase in assets and a 50 percent increase in fees.
- When the need for new investment managers arises, PG&E's manager search consultants are instructed to fully consider competitive diversity -owned firms. As an innovative and independent means of ensuring the consultants are being inclusive in manager searches, PG&E subscribed to a new investment manager database in 2009 that internal staff uses to screen the universe of diversity -owned managers for potentially overlooked manager opportunities.
- In 2009, PG&E issued a Request for Proposals for management of the Nuclear Decommissioning Trust and specifically included eight diversity -owned firms. The nuclear decommissioning trust committee retained a WMBE for a \$60 million equity management assignment. Following the request for proposal process, feedback was provided for two participating firms and two high -potential fixed-income managers were also identified for more comprehensive mentoring on the specific nuclear decommissioning bond management with the objective of expanding the universe of qualified firms.

- PG&E attended more than 10 meetings with diversity -owned investment firms in 2009, demonstrating a commitment to mentoring and business development . PG&E participated in the New Connections Symposium on Private Equity in Los Angeles.

C. Audit and Reporting

- In 2008 and 2009, PG&E engaged a Hispanic-owned CPA firm, to perform an—agreed - upon procedures engagement for the ClimateSmart™ initiative to comply with CPUC requirements for independent review of certain calculations and data.
- In an effort to enhance the role of WMDVBES in our accounting and reporting processes, PG&E performed a comprehensive review of opportunities to increase WMDVBE involvement in its audit process. Specifically, in 2009, PG&E issued a Request for Proposals for the audit of employee benefit plans. This process resulted in six WMDVBES submitting responses. The audit work was awarded to two WMDVBE CPAs.
- Following the request for proposals for the audits of employee benefit plans, PG&E provided feedback and mentoring on business development to all WMDVBES who submitted proposals. Additionally, PG&E provided information on the expected timing of additional audits that may become available during 2010 and the needs PG&E will have related to those efforts.
- In order to improve the quality of business consulting services , PG&E modified its practices during 2009 to ensure all national consulting firms understood that PG&E would evaluate supplier proposals for their inclusion of diverse subcontractors and business solution partners. Additionally, PG&E facilitated introductions between WMDVBES and the national business consulting firms to promote opportunities for WMDVBES to partner with the larger firms in PG&E business consulting projects.
- PG&E was able to identify an opportunity to strategically co -source technology implementation services by awarding the business jointly to a WMDVBE and a national business consulting firm.

D. Outreach

Finance members participated in or sponsored the following events:

- San Francisco National Association of Black Accountants Scholarship Gala
- Women Association of Latino Professionals in Finance and Accounting Luncheon
- Ascend Northern California Conference: Inspiring Across Generations - This group supports Asian business leaders. Speakers included Fong Wan, PG&E's Senior Vice President Energy Procurement, who presented at the Corporate Executive Initiative Seminar for C-Level Executives.
- San Francisco State University Ascend Chapter Outreach Event - PG&E Finance organized and sponsored an outreach event for students interested in careers in finance and accounting. The event included a panel of PG&E speakers from Human Resources and various departments within Finance and covered information about PG&E, careers in finance, and how students could prepare for interviewing and finding a job.
- Annual National Association of Securities Professionals Educational Event for Minorities

2. BRAND ADVERTISING

PG&E's Brand Advertising department is charged with communicating company innovation and energy conservation programs to all customers. For more than a decade, PG&E has placed a strong emphasis on dedicating funds to ensure that our efforts reach California's multicultural residents.

A. Results Summary and Highlights:

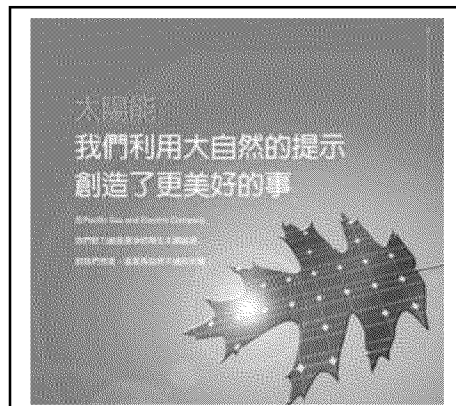
- Brand Advertising purchased media in approximately 125 ethnic outlets in the African American, Chinese, Hispanic, Filipino, and Vietnamese markets using WMDVBE agencies.
- PG&E Brand Advertising funded, managed, and participated in 32 large-scale diverse outreach events across the state supporting minority organizations and small businesses.
- Brand Advertising worked through 2009 to facilitate CPUC Clearinghouse certification for all its major WMDVBE agencies.

B. Marketing

Brand Advertising worked with a range of creative service vendors to strategically and creatively execute effective advertising on behalf of PG&E. Given the size and depth of PG&E's campaign, securing a diverse supplier presented considerable difficulty. However, PG&E utilized three WMDVBEs focused exclusively on communicating with African American, Asian and Hispanic markets. The spend totaled more than \$3 million in 2009.

Historically, most corporations limit the role of diversity-owned advertising agencies to ethnic market campaigns. Few WMDVBEs have the opportunity to manage the general market for a corporation. In 2009, PG&E's agency of record for the general market was a WBE advertising agency.

Examples of Brand Advertising in Hispanic, Asian, and African American Communities:



Minority Media

Given PG&E's commitment to communicating with its multicultural customers, Brand Advertising selected WMBEs for ethnic media throughout Northern and Central California. Messaging was made culturally relevant for each audience segment (African American, Asian, and Hispanic) and shared through outlets such as the Sacramento Observer Newspaper Group, Manila Mail, and radio stations like Little Saigon Radio and La Tricolor.

3. LEGAL

In 2008, PG&E became the first corporate law department to fully fund a Bay Area Minority Law Student Scholarship through the Bar Association of San Francisco. The company remained steadfast in its commitment to provide \$10,000 per year for three years through 2010. This scholarship was awarded to a talented student who has been admitted to a top law school in California, but has significant financial need.

The Law Department's Diversity Committee is open to all attorneys in the department and includes attorneys of different genders, ethnic backgrounds and orientations. Each member of the committee is supported by the department in maintaining and expanding the department's relationship with a particular minority bar group. Members also look for new opportunities to include WMDVBEs in the products and services utilized by the Law Department and meet with prospective WMDVBEs. The committee members participated in more than 11 events during 2009. These events ranged from scholarship fundraisers for diverse student scholarships to attending conferences addressing diversity in the profession. This committee also coordinated the summer law student program.

The summer law student program is designed to give first-year law students who have demonstrated a commitment to diversity, the opportunity to gain legal experience relevant to the energy industry. PG&E received hundreds of applications from which four first-year students were selected to participate in the 2009 program. The summer program was expanded to eight weeks to provide a more in-depth learning experience for the students.

CPUC summer interns, the Sedgwick and Morgan Lewis law firm summer students and the PG&E summer interns, participated in the Mock General Rate Case program to learn about the regulatory rate making process. PG&E's students had opportunities to attend CPUC meetings, draft research memoranda, observe depositions and meet with lawyers at both WMDVBE and non-WMDVBE law firms. The students participated in legal community events such as the diverse partner and diverse associate summer mixers. The Law Department has maintained contact with the students who have completed the program to provide them with continuing access to practicing attorneys, job opportunities and support.

In 2009, the Law Department participated in the following activities to increase the utilization of WMDVBE law firms and strengthen contacts in the minority legal community:

- Attended the annual meetings of the National Bar Association, the Hispanic National Bar Association and the National Asian Pacific American Bar Association.
- Continued active engagement in the California Minority Counsel Program. PG&E's General Counsel and Senior Vice President are on the board of the organization. Two members of the department attended the annual conference; diverse counsel was interviewed for future consideration.
- Continued its involvement with local diverse bar associations (e.g., Asian American Bar Association of the Bay Area, La Raza, and the Charles Houston Bar Association) by attending events and networking with members of the organizations.
- Continued its internal practice of requiring that WMDVBEs be considered when procuring legal services.
- Met regularly with Supplier Diversity representatives to review department procurement spending and identify areas of opportunity to increase utilization of WMDVBEs.
- Continued to sponsor the Vault/MCCA Guide to Law Firm Diversity Programs, which publishes detailed data about diversity at majority-owned firms.
- Added more WMDVBE law firms to the Law Department database.
- Continued to discuss and seek partnering opportunities for WMDVBE law firms to work with majority-owned law firms.
- Coordinated, in conjunction with other investor-owned utilities, quarterly meetings designed to introduce minority-owned firms to attorneys from the Law Department and majority-owned firms who might be able to offer partnering opportunities.

The Law Department's 2009 memberships included the following organizations, each of which supports diverse attorneys:

- Asian American Bar Association
- Asian Law Caucus
- California Minority Counsel Program

Supplier Diversity
2009 Annual Report and 2010 Plan

- Charles Houston Bar Association
- Filipino Bar Association of Northern California
- Hispanic National 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
- San Francisco La Raza Lawyers Association
- Wiley Manuel Law Foundation

The Law Department values these relationships and works to strengthen them.

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

The following table shows the extent to which non -WMDVBE law firms retained by PG&E's Law department have assigned WMDVBE lawyers and paralegals to work on PG&E engagements. These law firms, which supplied the data on which the table is based, together account for approximately 80 percent of the law department's payments to non -WMDVBEs in 2009 for lawyer and paralegal services.

Supplier Diversity
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ATTORNEY TIME BILLED IN 2009			
LINE NO.			TOTAL (\$)
1	ALL MEN		\$13,519,081
2	MINORITY MEN	ASIAN PACIFIC M	\$888,668
3		BLACK M	\$2,416
4		HISPANIC M	\$431,613
5		NATIVE AMERICAN M	\$16,490
6		MULTI-ETHNIC M	\$0
7		TOTAL MINORITY MEN	\$1,339,187
8	ALL WOMEN		\$7,181,248
9	MINORITY WOMEN	ASIAN PACIFIC W	\$831,684
10		BLACK W	\$43,258
11		HISPANIC W	\$73,428
12		NATIVE AMERICAN W	\$0
13		MULTI-ETHNIC W	\$6,988
14		TOTAL MINORITY WOMEN	\$955,358
15		TOTAL MINORITY	\$2,294,545
16	NON-MINORITY WOMEN		\$6,225,890
17	SERVICE DISABLED VETERAN		\$0
18	TOTAL MINORITY, NON-MINORITY WOMEN & VETERANS		\$8,520,435
PARALEGAL TIME BILLED IN 2008			
LINE NO.			TOTAL (\$)
1	ALL MEN		\$413,970
2	MINORITY MEN	ASIAN PACIFIC M	\$882
3		BLACK M	\$133,570
4		HISPANIC M	\$32,233
5		NATIVE AMERICAN M	\$0
6		MULTI-ETHNIC M	\$0
7		TOTAL MINORITY MEN	\$166,686
8	ALL WOMEN		\$743,719
9	MINORITY WOMEN	ASIAN PACIFIC W	\$14,220
10		BLACK W	\$980
11		HISPANIC W	\$7,387
12		NATIVE AMERICAN W	\$0
13		MULTI-ETHNIC W	\$7,405
14		TOTAL MINORITY WOMEN	\$29,992
15		TOTAL MINORITY	\$196,678
16	NON-MINORITY WOMEN		\$713,727
17	SERVICE DISABLED VETERAN		\$0
18	TOTAL MINORITY, NON-MINORITY WOMEN & VETERANS		\$910,405
TOTAL FIRM MINORITY, NON-MINORITY WOMEN & VETERANS			\$9,430,840
TOTAL FEES - VENDORS			\$21,858,018
<p>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.</p>			

Sec. 9.1.9 – 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 WM DVBEs. Such justification must include description of any efforts made to find any/or recruit WMDVBEs of products or services in the excluded category.

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

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

Considerable effort was made during the most recent goal-setting cycle to build alignment across the business, gain greater understanding of spend and ensure ownership and accountability for supplier diversity that extends beyond the Supply Chain organization.

Prior to establishing goals, representatives from Supply Chain and the business worked diligently to establish a spend forecast, project plan and specific strategic opportunities to help meet the goals. Reasonable, yet challenging supplier diversity goals that contribute to the company's overall target were set as a result.

On an annual basis, PG&E uses historical information, as well as input from the LOBs regarding projected spend to reassess company goals. Every effort is made to continue to grow spend with WMDVBEs. PG&E does not set specific goals by product and services categories. However, as a long-term strategy, the company is focused on developing suppliers in the following areas:

- Professional Services (Accounting, Legal Firms, Management Consulting Firms)
- Transmission and Distribution (construction)
- Substation Work, Engineering
- Hydro and Power Plant Experience
- Trenching and Paving
- Nuclear Engineering
- SAP Consulting
- Energy Products and Services

Sec. 10.1.2 – A description of supplier diversity program activities planned for the next calendar year which includes internal and external program activities.

PG&E's drive toward supplier diversity excellence begins with enhancing its existing program while incorporating new initiatives that align with the company's vision to become the leading utility in the United States. To that end, PG&E will continue to strengthen the role of the Supplier Diversity Champions. The company also intends to focus more on supplier development in areas of company growth such as renewable energy. PG&E will continue to carefully analyze the value chain of the specific sectors of our business which pose an ongoing challenge for supplier diversity such as nuclear energy generation. We will work with our Prime Suppliers in these sectors to identify opportunities for WMDVBE participation. In addition, PG&E will execute the supplier diversity plans and commitments made through the 2009 strategic sourcing initiatives while setting challenging supplier diversity goals for the next wave of strategic sourcing in 2010.

PG&E also made significant gains towards meeting other objectives outlined in our 2009 Annual Report and will continue these activities in 2010:

- **Goal Development and Alignment:** Employ procedures to ensure that each line of business sets its targets and plans in collaboration with Supplier Diversity Champions to achieve supplier diversity goals.
- **Subcontracting Performance:** Work to ensure that prime contractors are accurately reporting their WMDVBE subcontracting, and hold our prime contractors accountable for supporting our supplier diversity objectives.
- **Certification Monitoring:** Promote proactive efforts to manage certification of new and existing WMDVBE suppliers.
- **Outreach:** Support activities and organizations that assist PG&E's efforts to reach the 2010 WMDVBE contracting goal.
- **Safety:** Champion effective safety practices and communicate to all vendors, including WMDVBEs.
- **Green Supply Chain Program:** Include incumbent diverse suppliers in this 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.

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- People Plan: Build and enhance talent within PG&E's Supplier Diversity organization.
- Recognition: Recognize the excellent performance of diverse suppliers during PG&E's Supplier Conference.
- Contract Compliance: Drive increased Prime Supplier compliance with the company's supplier diversity policies and procedures.
- Reporting: Enhance reporting capabilities that help the company measure performance against goals.

New in 2010, PG&E plans to hold and institutionalize an annual Achievement Award event to recognize the contributions of employees toward meeting supplier diversity goals. This annual ceremony will be an opportunity to recognize specific employees that have helped to achieve our supplier diversity goals and it will also reinforce the key roles all employees can play in PG&E's supplier diversity success.

The Supplier Diversity team will formalize a Supplier Development Program designed to strengthen the integration of diverse suppliers into the value chain of the future. This program will lay the foundation for PG&E's long-term goal achievement.

The company also intends to—step-up|| its communication efforts by developing a comprehensive communication plan that contributes to brand health and gives internal and external audiences a timely and clear view of what PG&E is doing to increase business with WMDVBES.

PG&E understands that renewable energy is a growing opportunity for suppliers. The company wants to make sure that WMDVBES are at the forefront of green supply chain initiatives. PG&E intends to formalize a—Diverse Suppliers Go Green|| program and work with its community partners to deploy it. This initiative will go hand-in-hand with the company's efforts to build a strong supplier development plan.

Another key 2010 planned activity is to widen the network of informed employees that can represent PG&E at external events. These employees will serve as valuable resources to the company's community partners and suppliers by providing important information on how to do business with PG&E. Their presence at outreach events will ensure that PG&E is able to support the array of outreach activities throughout the year while building internal advocates.

Sec. 10.1.3 – Plans for recruiting WMDVBEs of products or services where WMDVBE utilization has been low, such as legal and financial services, fuel procurement, and areas that are considered highly technical in nature.

1. LEGAL

2010 WMDVBEs Law Department plans include:

- Select two summer law students for eight weeks unpaid internship for school credit.
- Continue to be actively engaged with the organizations and Women, Minority and Service Disabled Veteran bar associations listed.
- Identify additional WMDVBE law firms for inclusion in the Law department database.
- Continue jointly organizing networking meetings with other investor-owned utilities.
- Require consideration of WMDVBEs when procuring legal services.
- Require consideration of WMDVBE partners at majority -owned firms when procuring legal services.
- Monitor the diversity of lawyers and legal assistants at non -WMDVBE law firms used by PG&E.
- Meet regularly with Supplier Diversity representatives to review department procurement spending and identify areas of opportunity to increase utilization of WMDVBEs.
- Work with the Sourcing and Supplier Diversity departments to identify new opportunities and to expand on existing opportunities.

2. FINANCE

2010 WMDVBE Finance plans include the following activities:

- Continue to execute multi-year strategy to increase WMDVBE spend.
- Provide opportunities for WMDVBE investment banks to participate meaningfully in financings.
- Continue looking for other opportunities to do business with WMDVBE investment banks, such as money market investments or as commercial paper dealers and pension managers
- Mentor and conduct marketing activities with WMDVBE investment banks.
- Continue best practices on use of WMDVBE in pension management

- Provide comprehensive mentoring on the specifics of nuclear decommissioning bond management to two previously identified high-potential firms.
- Continue to identify opportunities to expand use of WMDVBEs in audit and tax work.
- Continue to reach out to prime contractors to find subcontracting opportunities.
- Sponsor and actively participate in organizations that support WMDVBE businesses and students.

3. ADVERTISING, MARKETING and MINORITY MEDIA

PG&E will continue to focus on including WMDVBEs in minority media opportunities. The team will monitor subcontracting progress on a consistent basis. In addition, PG&E's Advertising department will explore opportunities to expand WMDVBE involvement, including print advertisements.

4. GENERATION

Multiple strategy sessions to increase WMDVBE spend for 2010 and 2011 are scheduled or are in the planning stages. A major matchmaking event was held during the second quarter of 2009. Based on the success of this event, PG&E plans to hold additional matchmaking events in 2010. The event brought together prominent PG&E Primes, Sourcing staff and representatives from the lines of business to meet with certified WMDVBEs. The objective was to increase WMDVBE spend within the fossil fuel, hydroelectric and nuclear sectors of the company. In support of seeking WMDVBEs for the construction of new power plants, outreach events will be held throughout 2010.

Supplier Diversity training will be offered to all Generation Prime Suppliers to clarify PG&E's supplier diversity expectations and to educate them on best practices in supplier diversity goal achievement.

Sec. 10.1.4 – Plans for recruiting WMDVBEs in excluded categories.

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

Sec. 10.1.5 – Plans for encouraging both prime contractors and grantees to engage WMDVBEs in subcontracts in all categories, which provide subcontracting opportunities.

PG&E plans to continue to work with prime contractors to extend subcontracting opportunities to WMDVBEs. The company's plan is to follow up with Primes who report low spend with WMDVBEs or who have not responded to requests for a subcontracting plan. PG&E leadership is committed to supporting the Supplier Diversity team and Sourcing in this endeavor. In 2008 and 2009, PG&E senior leadership communicated to prime contractors the seriousness of PG&E's commitment to supplier diversity. The company continues to audit subcontracting spend with larger Primes to promote compliance. The team plans to continue to follow up with Primes and monitor performance through a performance scorecard process.

In addition, PG&E understands the need to assist its prime contractors in learning how to identify and develop qualified WMDVBE subcontractors. The company will continue to ask Primes to support outreach activities, support local educational programs such as the UCLA Management Development for Entrepreneurs (MDE) Program, and participate in external and internal matchmaking activities and to mentor WMDVBEs. There are multiple ways that prime contractors can support supplier diversity even when there is little immediate opportunity to subcontract. These include starting a supplier diversity initiative if they do not currently have one and creating developmental opportunities for diverse suppliers within the core of their business.

Most importantly, PG&E will advance its efforts to make supplier diversity a key consideration in strategic sourcing Request for Proposals that will continue into 2010 and beyond. Every strategic sourcing initiative will include an associated supplier diversity goal. The most encouraging component of this effort is that the Sourcing team is doing an outstanding job of challenging Primes to address supplier diversity in areas where PG&E has struggled to gain supplier diversity in the past, such as marketing and consulting. With continued focus, PG&E is confident in its ability to balance business priorities while advancing supplier diversity. The company's success requires that Prime contractors meet their supplier diversity goals and strive to meet the stretch goals they set.

Sec. 10.1.6 – 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 General Order (G.O.) 156 program guidelines. In 2010, PG&E will participate in the CPUC’s Supplier Diversity Forums as requested and work in partnership with the Joint Utilities to address challenges to the full participation of eligible WMDVBES in the program.

Sec. 9.1.10 Fuels Report

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 2009 and the Fuels Plan for 2010 as required by G.O. 156. The Fuels Report documents PG&E’s Core Gas Supply WMDVBE natural gas purchases during 2009, and the Fuels Plan submitted with this report reflects PG&E’s strategies and objectives for core natural gas purchases from WMDVBEs in 2010.

PG&E’s 2009 WMDVBE NATURAL GAS PURCHASE OVERVIEW

Table 1 summarizes PG&E Core Gas Supply’s gas purchases from WMDVBEs in 2009:

**Table I -- PG&E Core Natural Gas
WMDVBE Purchases, 2009**

Gas Supplies	Annual WMDVBE Purchase Costs	Percent of Total Annual Supply Costs	Percent of Total Annual Supply Volume
U.S. and Canadian	\$107,698,119	8.87%	10.33%
U.S. only	\$107,692,102	22.15%	22.82%

In 2009, PG&E’s Core Gas Supply department purchased \$107 ,698,119 of natural gas supplies from WMDVBEs. This figure represented 8.87 percent of total natural gas purchases by cost, and 10.33 percent of total purchases by volume (see Table IVa). As in the previous years, Core Gas Supply purchased the majority of its supplies from Alberta, Canada. Core Gas Supply’s Canadian supplies represented 60 percent of total annual supply costs, while purchases from U.S. sources represented only 40 percent of total annual supply costs. During 2009, Core Gas Supply was unable to purchase any Canadian natural gas supplies directly from WMDVBEs but paid about \$6,000 in broker fees to one WMDVBE acting as a broker for some Canadian transactions. With the one exception noted above, Core Gas Supply’s WMDVBEs instead have chosen to participate exclusively in U.S. natural gas markets. Excluding PG&E Core Gas Supply purchases from Canada, and comparing WMDVBE transactions to all purchases made solely from US markets significantly raises the participation rate of WMDVBE gas sales to 22.15 percent, an increase of 1.13 percent over 2008.

DESCRIPTION OF 2009 DIVERSE SUPPLIER PROGRAM ACTIVITIES

Throughout 2009, PG&E's Core Gas Supply department sought gas supplies from existing diverse suppliers, and forged relationships with new diverse suppliers. Core Gas Supply conducted informal outreach activities with phone solicitations and personal meetings, and Core gas traders routinely contacted diverse suppliers from our Solicitation List to purchase prompt month firm supply packages as well as longer term firm supply packages.

Outreach Activities

PG&E's Core Gas Supply allocated resources in 2009 to establish and maintain connections to diverse suppliers. PG&E's staff continued to build business relationships with diverse suppliers via written communications, meetings and telephone discussions. During 2009, Core Gas Supply conducted extensive outreach by educating and coaching several diverse suppliers. PG&E's Core Gas Supply analysts executed contracts, established methods of payment, provided assistance to establish credit, helped establish or restore WMDVBE certification, and enhanced banking options as described in the—Enhanced Credit, Flexible Contracting and Payment section. Core Gas Supply staff explained its purchase policies and practices and provided other useful information concerning natural gas industry changes and the WMDVBE Purchasing Program established by Commission's G.O. 156. Core Gas Supply also assisted diverse suppliers to establish contacts with producers/suppliers, provided names of banks that provided Funds Transfer Agency (FTA) services, and requested cooperation and participation by producers/suppliers in PG&E's Diverse Supplier program. By providing these services on behalf of Diverse Suppliers we hope to give them the opportunity to become significant natural gas suppliers.

PG&E's Web site

In an effort to reach a wider audience of WMDVBE suppliers, PG&E maintains supplier diversity information on PG&E's public Web site¹. This electronic connection provides a description of California's Diverse Supplier program, WMBE and DVBE applicant information, and a description of resources available to assist such suppliers in selling products and services to PG&E and Core Gas Supply.

¹ <http://www.pge.com/procure>

Additional Opportunities

During 2009, PG&E's Core Gas Supply analysts assisted diverse suppliers with a wide range of support, including promoting broker services. Broker services enable diverse suppliers to match producers/suppliers with Core Gas Supply's gas buyers, thereby expanding opportunities beyond direct sales of gas to PG&E. Diverse suppliers may add value by locating a producer/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. Acting as a broker instead of a direct supplier provides additional opportunities for diverse suppliers by mitigating transaction barriers such as available lines of credit and significant operational expertise.

In addition, with prior approval from our diverse suppliers, PG&E's Core Gas Supply furnished their names to producers/suppliers also seeking commercial relationships with diverse suppliers. PG&E also provided examples of agreements used by PG&E to assist suppliers in contracting with diverse suppliers.

Enhanced Credit, Flexible Contracting and Payment

As in previous years, PG&E's Core Gas Supply analysts employed flexibility in the areas of payment, contract structure, and purchasing practices to support and promote diverse suppliers. Flexible payment practices have assisted diverse suppliers in securing firm gas supplies by providing additional assurance of payment to their producers/suppliers.

PG&E's Core Gas Supply also accommodated the information needs of diverse suppliers by affording supplementary staff time to discuss market information and PG&E's procurement process and requirements.

PERSONAL CONTACTS

As noted in the section above, Core Gas Supply gas traders routinely contacted active diverse suppliers every month to solicit both monthly and longer-term firm gas supplies. PG&E Core Gas Supply management and representatives also met with and called diverse suppliers to discuss PG&E's purchasing program, including its supplier diversity objectives, credit policies, payment guidelines, long-term contracts and general contract administration matters. Core Gas Supply personnel provided a reference letter to support diverse suppliers in asking the U.S. Office of the Comptroller of the Currency to place greater value on banks offering Funds Transfer Agency

Agreements (FTAA) in its bank examinations. By enticing additional banks to offer the FTAA, PG&E's reference letter could potentially help diverse suppliers to grow in the energy sector.

In addition, Core Gas Supply continuously reaffirms our commitment to G.O.156 and our support of diverse suppliers by personally encouraging producers/suppliers to work with diverse suppliers in marketing supplies and services to PG&E, other utilities and end users.

SOLICITATION LIST

Core Gas Supply maintains a list of diverse suppliers who have expressed an interest in selling gas to PG&E. Core Gas Supply uses this list to track their certification status, and to help ensure that diverse suppliers are contacted on a regular basis regarding sales opportunities. PG&E's Core Gas Supply Diverse Supplier Solicitation List increased from 24 firms in 2008 to 25 in 2009. In 2009, Core Gas Supply executed transactions with 9 Diverse Suppliers from its Solicitation List . In addition, Core Gas Supply continued its outreach activities and encouraged inactive diverse supplier candidates to once again become an active trading partner.

Tables II and III below depict Core Gas Supply's natural gas diverse supplier solicitation list by certification type and ethnic classification.

Table II -- Diverse Suppliers by Certification Type

Women-Owned	4
Minority Women-Owned	3
Minority Men-Owned	18
Service Disabled Veteran-Owned	0
Total	25

Table III -- Diverse Suppliers by Ethnic and Gender Classification

Minority Female	3
African American Male	10
Caucasian Female	4
Hispanic American Male	5
Native American Male	3
Asian Pacific American Male	0
Service Disabled Veteran, Male	0
Total	25

PG&E's DIVERSE SUPPLIER NATURAL GAS PURCHASES

PG&E provides opportunities for all suppliers, including diverse suppliers, 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. In order to meet PG&E's core gas requirements, Core Gas Supply traders typically negotiate prices or accept unsolicited proposals for longer-term and prompt monthly baseload supplies, and purchase daily spot gas in the—swingll spot gas markets. During 2009, PG&E encouraged diverse suppliers to participate in all market activities.

Tables IVa and IVb below supplement Table 1 and provide further details on natural gas diverse supplier contract volumes and dollars awarded by PG&E during 2009. These tables summarize gas purchases by point, by contract duration, and by ethnicity and gender.

**Table IV a – Diverse Supplier Natural Gas Purchases
Total (Canadian and Domestic)
January – December 2009**

Supply Purchases Only	Volume (Dth)	Percent of All Supplies	Cost (US\$)	Percent of Total Cost
<i>Total Canadian Supplies</i>	196,611,510		727,973,846	
<i>Total Domestic Supplies</i>	140,370,846		486,264,029	
<i>Total All Supplies</i>	<u>336,982,356</u>		<u>1,214,237,874</u>	
<i>Total Canadian WMDVBE Supplies</i>	2,798,404		6,017	
<i>Total Domestic WMDVBE Supplies</i>	32,026,900		107,692,102	
<i>Total WMDVBE Supplies</i>	<u>34,825,304</u>	<u>10.33</u>	<u>107,698,119</u>	<u>8.87</u>
By Purchase Point				
<i>Canada</i>	2,798,404	0.83	6,017	0.00
<i>US Southwest</i>	32,026,900	9.50	107,692,102	8.87
<i>Total By Purchase Point</i>	<u>34,825,304</u>	<u>10.33</u>	<u>107,698,119</u>	<u>8.87</u>
By Duration				
<i>BUY-BL</i>	8,810,605	2.61	27,826,825	2.29
<i>BUY-MM</i>	26,014,699	7.72	79,871,297	6.58
<i>Total By Duration</i>	<u>34,825,304</u>	<u>10.33</u>	<u>107,698,122</u>	<u>8.87</u>
By Ethnicity				
<u><i>MINORITY-MALE BLACK</i></u>	4,336,926	1.29	16,525,800	1.36
<u><i>WOMEN-CAUCASIAN</i></u>	7,337,015	2.18	15,292,910	1.26
<u><i>NATIVE-AMERICAN</i></u>	8,634,835	2.56	26,456,237	2.18
<u><i>MINORITY-HISPANIC</i></u>	8,976,398	2.66	29,439,900	2.43
<u><i>MINORITY-FEMALE</i></u>	5,540,130	1.64	19,983,272	1.64
<i>Total By Ethnicity</i>	<u>34,825,304</u>	<u>10.33</u>	<u>107,698,119</u>	<u>8.87</u>

**Table IV b – Diverse Supplier Natural Gas Purchases
US (Domestic) Sourced
January – December 2009**

Supply Purchases Only	Volume (Dth)	Percent of Domestic Supplies	Cost (US\$)	Percent of Total Cost
<i>Total Domestic Supplies</i>	140,370,846		486,264,029	
<i>Total Domestic WMDVBE Supplies</i>	32,026,900	22.82	107,692,102	22.15
By Purchase Point				
<i>US Southwest</i>	32,026,900	22.82	107,692,102	22.15
<i>Total By Purchase Point</i>	32,026,900	22.82	107,692,102	22.15
By Duration				
<i>BUY-BL</i>	8,810,605	6.28	27,826,825	5.72
<i>BUY-MM</i>	23,216,295	16.54	79,865,280	16.43
<i>Total By Duration</i>	32,026,900	22.82	107,692,105	22.15
By Ethnicity				
<u><i>MINORITY-MALE BLACK</i></u>	4,336,926	3.09	16,525,800	3.41
<u><i>WOMEN-CAUCASIAN</i></u>	4,538,611	3.23	15,286,893	3.14
<u><i>NATIVE-AMERICAN</i></u>	8,634,835	6.15	26,456,237	5.44
<u><i>MINORITY-HISPANIC</i></u>	8,976,398	6.40	29,439,900	6.05
<u><i>MINORITY-FEMALE</i></u>	5,540,130	3.95	19,983,272	4.11
<i>Total By Ethnicity</i>	32,026,900	22.82	107,692,102	22.15

CPUC COMPLAINTS

There were no complaints in 2009 regarding Core Gas Supply's WMDVBE natural gas purchase activity.

YEAR 2010 FUELS PLAN (CORE NATURAL GAS)

Introduction

As discussed previously in this report as well as earlier reports, natural gas industry changes during the last few years have presented new barriers for diverse suppliers. PG&E's Core Gas Supply will continue its efforts to identify and assist verified diverse suppliers, and will endeavor to maintain and increase participation from diverse suppliers during 2010.

Goal: Increase Diverse Supplier Participation

PG&E's long-term fuels procurement goal of 21.5 percent diverse supplier participation 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. Presently, market conditions pose significant issues for both buyers and sellers. These conditions strain natural gas industry participants and create challenges for every transaction. However, in recognition that the diverse supplier procurement goal is a worthwhile objective benefiting all parties, PG&E has set an aspirational goal of 21.5 percent participation rate as our long-term objective as noted in Table V below, and will strive to increase diverse supplier participation during 2010.

Table V – Diverse Supplier Participation Goals, 2010 and Beyond

Period	2010	Beyond 2011
Minority	15%	15%
Non-Minority Women	5%	5%
Service Disabled Veteran	1.5%	1.5%
Total	21.5%	21.5%

2010 Diverse Supplier Program Objectives

PG&E has established the following objectives for 2010:

Objective #1: Maintain Focus

The objective is to maintain the enthusiasm and creativity among PG&E gas employees in transacting business with diverse suppliers. The Core Gas Supply department must overcome significant challenges and obstacles described in this report in order to increase the level of diverse supplier participation. Progress toward meeting the optimistic goals in Table V may only be achieved through sustained efforts by gas purchasing personnel. To stimulate these efforts, PG&E management will reinforce the importance of diverse supplier objectives in meetings and communications to ensure supplier diversity awareness and to instill employee enthusiasm for significant progress toward fulfillment of the G.O. 156 objectives and goals.

Objective #2: Certify 100% of Diverse Gas Suppliers

The objective is that 100% percent of the Diverse Suppliers who do business with PG&E be certified as WMDVBE by the Clearinghouse. Throughout the year, Core Gas Supply will work with diverse suppliers who may need assistance with certification, credit applications, special third-party payment arrangements, or other concerns, in order to ensure that these firms are fully prepared to conduct business with PG&E.

Objective #3: Continue with Outreach Programs

During 2010, Core Gas Supply staff will continue to seek new diverse suppliers, and maintain relationships with existing suppliers through our outreach efforts. This will be accomplished through participation in meetings, industry conferences and workshops if available, as well as through networking with marketers. PG&E will continue to provide producer/supplier contacts to diverse suppliers, and will promote and endorse utilization of diverse suppliers to producers/suppliers and other marketers. PG&E will also maintain its supply page on its Internet site, which includes information on diverse supplier certification.

Core Gas Supply will continue to work with diverse suppliers individually and collectively, if possible, to help them understand our business so that they can develop competitive practices when bidding to sell us their products and services. PG&E will actively encourage participation

in various gas purchase activities by communicating with and involving diverse suppliers in our business through personal contact, negotiations and solicitation of new business.

Objective #4: Develop New and Enhance Existing Opportunities

PG&E will encourage diverse suppliers to pursue new opportunities by offering them creative contractual arrangements such as broker service agreements. PG&E will also assist diverse suppliers by seeking innovative solutions to credit issues, third-party contracts and payment options.

Objective #5: Maintain Diverse Supplier Awareness

Core Gas Supply will produce a report of monthly diverse supplier activity that is available to all trading employees in the department. The gas trading managers and the Core Gas Supply analysts will conduct formal and informal supplier diversity training as needed to familiarize PG&E gas traders with available vendors and to emphasize PG&E program goals.

Objective #6: Track Performance against Goal

Diverse supplier performance reports will be provided monthly to the Core Gas Supply staff and management. These updates will emphasize the importance of reaching PG&E's fuel procurement diversity goals and will keep key personnel apprised of the level and nature of diverse supplier purchase activities. Gas trading managers and Core Gas Supply analysts will discuss and formulate strategies to stimulate new and innovative interactions regarding existing and new diverse suppliers.



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