



**Pacific Gas and
Electric Company**

William H. Harper
VP-Talent Management
and Chief Diversity Officer

77 Beale Street, B32
San Francisco, CA 94105

September 23, 2011

Stephanie Chen
The Greenlining Institute
1918 University Avenue
2nd Floor
Berkeley, CA 94704

Dear Ms. Chen,

I am writing regarding your letter, dated September 20, 2011, to Joanne Panchana, Program Manager at Pacific Gas and Electric Company ("PG&E"), regarding The Greenlining Institute's concerns over PG&E's background check requirement as implemented in the PG&E the Energy Upgrade California program.

PG&E values its long and productive relationship with The Greenlining Institute. We appreciate your feedback and concerns and look forward to a productive dialogue.

PG&E implemented its background check requirement for its demand side management programs, including Energy Upgrade California, out of concern for the safety of our customers in their homes and places of business. PG&E programs enlist many contractors who in turn employ installers and technicians to deliver energy efficiency services to PG&E customers. PG&E recognizes that many of these contractors and their employees are welcomed into customer homes and businesses solely because of their association with PG&E. PG&E is honored by the trust these customers place in us and takes its responsibility to ensure our customers are not unnecessarily exposed to potential harm to themselves or their property very seriously.

Consequently, the background check requirement identifies criminal convictions that are applicable to a contractor performing work in a personal residence or other property, which may be occupied by individuals vulnerable to criminal acts, including children, teenagers, single women, and senior citizens. This background check requirement will be implemented over the next few months across all PG&E demand side management programs where work is performed on a customer's property. The requirement is specific to a contractor's employees who perform work on the property of a PG&E customer. Job functions that do not require the individual to be on site at a PG&E customer, including job functions that are part of a contractor's non-PG&E related business, are not subject to this requirement.

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In developing the above requirement, PG&E considered the nature of the crimes relative to the nature of the job as well as the time that has passed since the conviction as referenced in the Equal Employment Opportunity Commission (EEOC) guidelines. As previously noted, since the contractors have access to a customer's residence, requiring a criminal background check is reasonable and consistent with business necessity.

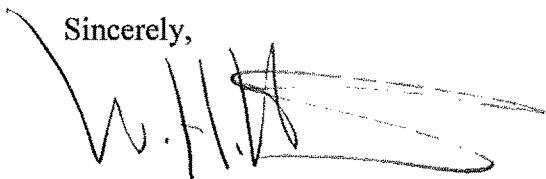
We appreciate Greenlining's concerns regarding the accuracy of criminal background checks. PG&E has been performing such checks on candidates after they receive an offer of employment for many years, and has not experienced problems with the accuracy of reports. If an error is found, employees can easily be counseled on how to correct their record.

Ensuring fairness is a guiding principle in the development of this background check requirement. PG&E sought out and incorporated feedback from some of our largest program implementers, many of whom are diverse suppliers. PG&E also compared this background check to PG&E's process for candidates to be directly employed by PG&E, both as employees and contingent workers. We determined that elements of PG&E's employee background check, such as screening for additional felonies and misdemeanors as well as education and employment history, were not directly relevant to the work performed by contractors in these programs and therefore did not include them in this program background check requirement. In addition, PG&E did not include a requirement that all contractors must pass a drug screen to commence employment, which is a requirement for all PG&E employees. The current program background check requirement language is attached for your reference.

PG&E is committed to sustainable green jobs. In fact, PG&E's programs are expected to lead to the creation of approximately 7,000 green jobs over the 2010-2012 program cycle period. Diversity is a core value of PG&E. We are proud of our long history of strong diversity in both our workforce and our suppliers. PG&E's suppliers include diversity owned program implementers, who execute some of our largest energy efficiency programs with a diverse base of contractors. Maintaining the integrity of these programs and the safety and trust of customers is integral to continuing this vibrant green job network.

PG&E would like to better understand your concerns and hear your suggestions for maintaining a fair process that also promotes customer safety. We will contact you soon to request an in person meeting.

Sincerely,

A handwritten signature in black ink, appearing to be "W. H. H.", written over a horizontal line.

Attachment

Background Check Requirement for Contractors Participating in Pacific Gas and Electric Company ("PG&E") Demand Side Management Programs

Pacific Gas and Electric Company ("PG&E") requires contractors participating in PG&E's demand side management programs (e.g. energy efficiency) to represent and warrant that they have a security background check policy which includes, at a minimum, a social security trace, and a search using federal, state and municipal databases (e.g., Global Watch Search, National Federal Crime Search, National Crime Database, etc.) to determine if an individual has been convicted of a felony or misdemeanor for and of the following crimes in the past 7 years:

arson, assault, battery, burglary, driving under the influence (DUI) [see below], domestic violence, larceny, manslaughter, murder, theft (including but not limited to identity theft), sexual crimes, multiple misdemeanor or felony drug convictions, and any crimes against children (the "Background Check").

- Contractor represents and warrants that each Contractor employee that will perform any work on the property of a PG&E customer has successfully passed the Background Check and has not been convicted of any of the felonies or misdemeanors listed in the Background Check within the past seven (7) years.
- Contractor shall ensure that said Contractor employees shall be in compliance with the Background Check throughout the Contractor's participation during the Term of the PG&E Program and shall submit a BACKGROUND INVESTIGATION POLICY Compliance Certificate, located in the Contractor Manual, at the start of each calendar year.
- Contractor further represents and warrants that it will not assign or permit any individual to perform work on the property of a PG&E customer that has not undergone and passed Contractor's security background check.
- Driving Under the Influence (DUI). If an individual has been convicted for driving under the influence during the past 7 years the individual may be eligible to perform work on the property of a PG&E customer provided that individual has had no more than one (1) DUI within the last 7 years. For positions where an individual will be required to drive a vehicle directly on behalf of PG&E, a single DUI conviction will result in that individual to be ineligible for such a position.
- Contractors will verify the identity and work authority of its employees and its subcontractors who will perform work under PG&E programs and that all employees are in compliance with the U.S. immigration laws.
- If requested by PG&E or the implementer of the Program, any personnel to be assigned by Contractor to perform work on customer property will, prior to commencing such work, execute the necessary consents and releases to allow a third party agency acting on its own behalf to, without liability to Contractor's personnel, collect and check the criminal background and qualifications of such personnel as permitted by applicable law.

In addition to the above, PG&E's Drug and Alcohol Policy requires that the contractor's represent and warrant that employees and subcontractors who perform any work on the property of a PG&E customer shall be drug and alcohol-free while conducting any work on PG&E customer property.

PG&E's background check requirement is specific to employees of the contractor and its subcontractors (e.g. installers, technicians, field sales) who perform any work on the property of a PG&E customer. Job functions that do not require the individual to be on-site at a PG&E customer, including job functions that are part of a contractor's non-PG&E related business are not subject to this background check requirement.
