

Follow-up Questions and Responses
September 29, 2011 Meeting
Commissioner Catherine Sandoval, D^{Redacted} and Collette Kersten

Electric Procurement

Question 1: How does PG&E decide whether or not to enter into a bilateral contract with potential suppliers?

Response 1: PG&E generally focuses on open Request for Offers (RFO) solicitations rather than individual bilateral contracts. However, PG&E does consider bilateral contracts when they present an advantage over the open RFO solicitations or when no active RFO is pending. For example, PG&E has entered into bilateral contracts with GWF peakers, QF CAMS, and QF Westside. PG&E has also considered a number of renewable Portfolio Standard (“RPS”)-eligible bilateral offers outside of the RPS RFO process as a result of delays in issuance of RPS RFOs.

For existing power plants and for QFs that want to restructure or replace existing contracts, a generator must provide a definitive proposal with specific terms, conditions and pricing along with a continuing viable project. The pricing must either be competitive relative to recent solicitation results or offer PG&E significant non-price benefits such as GHG reduction.

For new, non-RPS generation, PG&E considers whether the project provides compelling benefits to its portfolio and whether the project is cost competitive and highly viable. For new RPS generation, PG&E compares a bilateral offer to recent RPS RFO offers and other RPS bilateral offers that PG&E has received.

Gas Operations and Emergency Planning

Question 2: Emergency responders (e.g., the Menlo Park fire chief) would greatly appreciate the opportunity to engage in joint training opportunities with PG&E to prepare for unexpected events. Is PG&E reaching out to responders to support such training?

Response 2: Yes. We are currently in the process of defining PG&E's exercise/training programs, which will be available to all first responders within our service territory. We intend to create simulation sites that PG&E can use jointly with our first responders, and believe this will strengthen relationships and coordination, as well as provide more effective exercise opportunities.

The Menlo Park Fire Department Chief has specifically requested that we provide his team with exercise opportunities and we are working to schedule this. PG&E is working directly with the Chief to find the right opportunity for both teams.

Question 3: Is PG&E working with local school districts to engage them in efforts to ensure public safety?

Response 3: Yes. Currently, PG&E's outreach involves the distribution of approximately 25,000 mailers to various school district personnel throughout our service territory, and providing requested materials. We are also working on new efforts to enhance our public safety team protocols.

Question 4: We've heard that the two gas service reps who shut off the valves in the San Bruno following the explosion didn't have ready access to the tools they needed to close the valves sooner? Have you taken steps to ensure that employees have the tools they need to respond faster to emergencies?

Response 4: This is a very high priority and we have moved quickly to make sure that gas service personnel currently are equipped with emergency tools and equipment to handle most emergency situations. PG&E has conducted a complete inventory of all emergency tools located on company vehicles and service centers for gas distribution, general construction, gas transmission, and gas service personnel. This information is very detailed, including specific locations and vehicles where the equipment is available and stored. Tools that were missing, inoperable or otherwise not available have been identified and ordered/replaced.

In addition, we are training our personnel to go beyond responding to odor calls and leak detection to grading leaks as well. We are also benchmarking best practices to determine better ways to utilize our emergency resources going forward. Any identified opportunities will require implementation planning and training before full deployment occurs.

It should be noted, however, that the two workers who responded to the incident scene and operated the valves were not gas servicemen but rather, were gas mechanics. The difference is that gas mechanics are the employees tasked with maintaining and operating PG&E's local gas transmission assets. The two gas mechanics that shut off the manual valves following the incident did in fact have the necessary tools on their crew truck to access and operate the manual valves that isolated and eventually stopped gas flow on Line 132.

Nuclear Operations and Diablo Canyon Generating Station

Question 5: [Redacted]'s safety culture is very impressive. But the [Redacted] site may be too isolated to receive needed supplies quickly in the event of an earthquake or other emergency. For example, [Redacted] only has enough fuel to operate its back-up generators for seven days; what happens if it takes longer than seven days to replenish the fuel?

Response 5: In recognition of the relative isolation of the [Redacted] site, a number of actions have been taken to assure delivery of necessary supplies:

- First, a procedure, CP M-12, "Stranded Plant," was put in place in 1995. This procedure provides guidelines for actions to be taken in the case of an event affecting Diablo Canyon which may physically isolate the plant. Actions include ensuring adequate staffing, establishing an off-site muster area, establishing a County liaison, establishing and maintaining emergency communications, and arranging for helicopter or Coast Guard support.
- Second, earth moving equipment is maintained on site capable of clearing blockages on the plant access roads and public roads in the immediate vicinity of Diablo Canyon.
- Third, a memorandum of understanding has been signed with the Jankovich Company to replenish diesel fuel oil supplies at [Redacted] via a 600,000 gallon (six times the normal 7 day supply) sea going barge in the event that normal site access is unavailable during an emergency condition.
- Fourth, a second memorandum of understanding has been signed with Rogers Helicopter to deliver supplies to [Redacted], including diesel fuel, in the event of an emergency.

Finally, we have had discussions with representatives of the National Guard which has all-terrain vehicles capable of delivering necessary supplies to [Redacted]. While the National Guard cannot execute a Memorandum of Understanding, representatives indicated that requests through the Office of the Governor can be made for support if conditions warranted.

Electric Transmission and Distribution

Question 6: We hear numerous accounts of customers and generators waiting too long for an interconnection to PG&E's electric system. What steps are you taking to shorten the process?

Response 6: Most of 50,000 plus solar customers now on line in PG&E's service area were interconnected without difficulty or delay, and we are proud of our record in this area. However, some generation interconnection projects have taken longer, and we are working to improve the process. The high volume of larger wholesale generators wishing to come on line in similar areas has increased the time and complexity for all utilities to study and evaluate what is needed to interconnect these projects. In response, PG&E has taken the following steps to improve and shorten its processing time:

- Added Resources: Connecting a generator to the electric grid is complex and requires careful evaluation to make sure it can be operated safely. The recent increase in interconnection requests, particularly distribution-level interconnection requests, has surpassed PG&E's existing resource capacity. PG&E recognized the limitations and has added resources to manage the higher

volume of requests. PG&E will continue to evaluate the interconnection demand and deploy appropriate resources as needed.

- Process Improvement: PG&E is actively involved with the Commission's Energy and Legal Divisions, the other Investor-Owned Utilities, and over sixty other stakeholders in an intensive settlement effort to improve the interconnection process. This is being conducted under the Commission's settlement rules, and we thank and complement the Commission for the amount of energy and attention its staff is devoting to these issues. In addition, the high volume of requests has also highlighted the need to improve PG&E's internal process. PG&E has streamlined its process and organized its employees involved in the interconnection process on an end-to-end basis. This reduces the unnecessary downtime between steps and has improved the overall process efficiency.
- Amended Tariffs and Cluster Studies: The original wholesale distribution tariffs were structured for a lower volume of requests. The interconnection requests were evaluated one at a time in a queue arrangement. Depending on location, a generator who withdrew a project would create a need for a new study that could result in long delays, depending on what happened with generators higher in the queue. PG&E and Southern California Edison amended their wholesale distribution tariffs, among other things, to establish a cluster study process. This allows multiple generator interconnection requests in the same area to be studied collectively. For wholesale projects that fall into these cluster areas, it takes more time to conduct the initial study. However, the result provides both more accurate and useful information, with much less need for re-studies, and the overall timeline for interconnection of this volume of projects is shorter. The Commission has supported the notion of cluster studies, and we are working together to see if there are ways to further improve the process. PG&E is also working to extend the cluster study process to new wholesale generators under Rule 21.
- Increased Transparency of Utility System Information: In the past, generators lacked information about PG&E's electric system to determine the best location for their projects. As a result, developers submitted multiple interconnection requests with PG&E to test for the best location and "hog" the interconnection queue. Today, PG&E has included its electric system information and maps on its website to aid developers. The queue hogging should decrease, which should also expedite the interconnection process.
- Improved Workflow Tools: With the high volume of requests, PG&E has had difficulties in keeping track of the various milestones and tasks in the interconnection process. Customers were frustrated without up-to-date accurate information. PG&E is currently establishing a workflow management and database tool that will trigger and monitor interconnection tasks as well as provide controls to achieve timely interconnection process completion.

Question 7: Can PG&E shorten the time it takes to complete an interconnection study and provide customers with a fee estimate?

Response 7: Many customers installing solar are interconnected quickly and at very little cost. However, some take longer and cost more. PG&E believes the steps it is taking as described in Response 6 will help shorten both the interconnection study time and fee estimating time. In addition, PG&E is working with stakeholders to provide more information and clarity about the cost of needed studies. Actual costs may vary depending on the nature of the project and how complex it is.

Question 8: We hear that linemen and other workers who respond to emergencies (e.g.; power outages, wire-downs, etc.) are working too much overtime. Does that raise a safety issue?

Response 8: We are very cognizant of the hours worked by our employees during emergency response activities and we recognize that working long hours may cause fatigue and potentially impact employee safety (i.e., fitness for duty). Prior to and during storm events, we move into a work cycle of 16 hours on and 8 hours off to ensure our employees get adequate rest. Employees are required to notify their supervisor if they are tired or unable to work safely and employees are monitored to ensure they can safely perform their work.

During a storm, we continually monitor damage estimates and resources in order to determine resource movement into harder hit areas. These resources can be internal crews, contract crews, and mutual assistance crews. There are two purposes for this movement. Our objective is to safely restore our customers as quickly as possible. At the same time, these additional crews allow us to maintain a 16 hour on and 8 hour off cycle for our employees.

PG&E also communicates to its employees about employee and public safety issues. These safety messages with employees stress the use of key error prevention tools to ensure focus and awareness while on the job. Tailboards are used to identify and discuss potential safety hazards.

Question 9: Is it true that some of PG&E's transmission towers don't have lighting required by the FAA to ensure airline safety?

Response 9: PG&E is not aware of any instances where transmission towers do not have the required lighting. PG&E installs lighting and marker balls on electric transmission towers in accordance with FAA requirement (Advisory Circular 70/7460) which in essence requires that a structure that exceeds an overall height of 200 feet be lighted or marked. PG&E is in compliance with the FAA requirements and has lighting on 67 electric transmission structures and marker balls at 58 locations.

Please let us know of any specifics you may have on this lighting issue and we can investigate further.

Customer Care and Services

Question 10: Small business customers who call PG&E's customer service reps are concerned that when they call a second time, the rep has no access to information about the previous call. So, the customer feels as though he/she has to start over with each contact. Is there something you can do to arm your reps with information about each call?

Response 10: We are working on this. The current PG&E Customer Information System (CIS) technology does not allow documentation of every call from a customer. We are actively looking at including this functionality in future enhancements as part of our Contact Center Re-architecture.

Question 11: What is PG&E doing to ensure that customers are aware of the fact that they can receive larger baseline quantities if they have an approved medical condition? Are you working with ethnic self-help groups and CBOs to broaden your outreach?

Response 11: Yes, through CARE outreach in particular we are working with ethnic self-help groups and Community Based Organizations (CBOs). There are a variety of ways we currently conduct outreach on Medical Baseline:

- We send a bill insert to all residential customers about the Medical Baseline program once a year, as required. This year's insert went out in the September bill package.
- We present information on medical baseline in several places on www.pge.com (see web pages listed below), including navigation through a home page link "understanding your baselines" and search results for medical baseline and financial assistance. The on-line medical baseline application page provides information in English, Spanish, and Chinese.
- We also integrate with the CARE program to communicate Medical Baseline information to customers. CARE distributes information through 184 CBOs throughout our territory and participates in 100 community events per year, most of them associated with ethnic groups. The CARE outreach includes information about free services, including medical baseline, and is available in English, Spanish, Chinese, Vietnamese, Hmong, Korean and Russian. In addition, the standard CARE customer application itself lists a variety of programs that may also be available to applicants. The application says: "Medical Baseline - provides services at the lowest rates to customers with documented needs. Call 1 - 800-743-5000 for more information."
- In addition, our call center representatives will inform customers who are starting service with PG&E (see attached residential new customer brochure), or calling to inquire about payment arrangements or information on a high bill, about the medical baseline and other applicable services.

- All PG&E's 48 hour discontinuance notices for residential customers also include medical baseline application information in a Breathe Easy brochure. This brochure contains information concerning a variety of programs aimed to assist customers to lower their bills and prevent discontinuance of service.
- Finally, PG&E is developing a plan to provide enhanced outreach for Medical Baseline customers pursuant to the GRC settlement. In 2012, PG&E is planning on reaching out to all medical baseline and life-support customers to determine whether these customers would prefer to receive medical baseline and related information in alternative formats, specifically through phone messaging, text messaging or email. No later than 2013, PG&E is committed to offering such alternate modes of communication to these customers.

<http://www.pge.com/myhome/customerservice/financialassistance/medicalbaseline/>

<http://www.pge.com/myhome/customerservice/financialassistance/medicalbaseline/understand/>.

<http://www.pge.com/myhome/customerservice/financialassistance/medicalbaseline/howtoapply/>

Question 12: The cost of a whole-house retrofit (\$11,000) is too expensive for many households. What can we do to make it less costly for customers to make their homes more energy efficient?

Response 12: PG&E is committed to making energy efficiency accessible to all households. The cost of a whole-house retrofit can range widely. PG&E ran a pilot Whole House Program (also called Energy Upgrade California) from August 2010 - June 2011, and offered an Advanced (352 customers participated) and Basic package (24 customers participated). This pilot informed the design of the Whole House Program which launched in July of this year and is currently ongoing. The median cost for an Advanced job in the Pilot was \$10,000 and ranged from \$1,500 to \$63,900, based on the scope of work developed by the customer and contractor as most appropriate for that home and circumstance. The median cost for a Basic job during the Pilot was \$5,258. It is important to note that whole house retrofits are predominantly labor-based, and thus the cost of a job does not necessarily scale or decrease over time as it might with an advanced technology.

PG&E aims to help customers understand and prioritize the work that may be needed to make their home more energy efficient, so that they can develop a whole house plan that they can execute over time as their budget allows. PG&E offers rebates and incentives (for example for HVAC maintenance and insulation) as standalone programs for those customers who cannot afford a whole house retrofit.

In addition, PG&E offers home weatherization services to income-qualified customers through the Energy Savings Assistance program.

Question 13: When will PG&E be able to offer its customers on-bill financing for energy efficiency investments?

Response 13: We are happy to say it is now available. On-Bill Financing (has been available for calculated energy efficiency retrofit projects since July 2010 and opened up to third-party and government partnership calculated retrofit projects in April 2011. On-bill financing became available for deemed retrofit projects in September 2011. From July 2010 – August 2011, on-bill financing was delivered through our ‘off-bill’ solution where the monthly loan installments were billed to the customer through our non-energy billing system. As of September 2011, on-bill financing is delivered through our ‘on-bill’ solution where the monthly loan installments are billed to the customer on the monthly PG&E energy statement.

Community Relations and External Communications

Question 14: What steps is PG&E taking to let communities know more about the jobs created through PG&E's investment in infrastructure?

Response 14: PG&E is taking several steps to let communities know more about job prospects created through the company’s investment in infrastructure and focus on emerging technologies.

PG&E’s Website: PG&E’s website includes a section educating the public about the company’s PowerPathway workforce development program, founded in 2008 to prepare communities for new energy jobs by supporting training for youths, adults and current employees. The program meets rising demand at PG&E and across the energy industry for experts in clean-tech vehicles, energy efficiency and renewables, engineering and smart grid, and skilled crafts. More than 125 PowerPathway graduates have secured employment in skilled-craft careers at PG&E, with PG&E contractors or with industry-related employers, garnering wages between \$20-35 per hour.

Positive news coverage: Positive news coverage of workforce development efforts, pitched by PG&E External Communications representatives, drives publicity about infrastructure-related jobs. PG&E’s participation in the national Troops to Energy Jobs Initiative generated extensive media attention – locally, regionally and nationally – for its commitment and support for training veterans. Coverage during July and August included articles in the San Francisco Chronicle and McClatchy newspapers, and segments on KCBS Radio and KTVU Channel 2.

Collaboration: Collaboration with partners in academia and energy is another key mechanism in helping PG&E spread word about jobs in building infrastructure. Specifics on PowerPathway, a program to collaborate with post secondary educational institutions to provide specific training for jobs in the utility industry, are shared with prospective students by the universities and colleges that offer the courses, and by energy industry organizations. For example, the Center for Energy Workforce Development, of which PG&E is a member, has several links to more information about PowerPathway from its

website, cewd.org. PG&E also participated with Energy Division in its Workforce Education & Training program and certification project with San Francisco Office of Economic and Workforce Development and Los Angeles Trade Technical College to develop a curriculum for training disadvantaged community members to work in the Energy Savings Assistance Program.

Government Agencies: Federal and State agencies are conduits for building awareness about energy job creation. PG&E is one of five companies that partnered with the White House in 2010 to launch the Skills for America's Future program, an initiative that connects employers with community colleges in an effort to lower unemployment and provide training in 21st-century skills. PG&E also has teamed with the California Department of Education to launch five New Energy High School Academies. The program exposes high school students to career options in the new energy sector, especially in underserved communities – Bakersfield, Berkeley, Fresno, Sacramento, and Stockton.

Local Partnerships: Local civic and community leaders help facilitate local hiring for infrastructure projects. In 2009 and 2010, PG&E partnered with the Cypress Mandela Training Center in Oakland to employ 18 local youths on the C-X Project, which upgraded an underground cable to improve electric reliability and capacity in Oakland. Since 2007, PG&E has worked with the San Francisco mayor's CityBuild program to secure a qualified local labor force to help dismantle the Hunters Point Power Plant and clean up the site. The PG&E-CityBuild connection is regularly mentioned in PG&E newsletters updating the community about the Hunters Point rehabilitation.