



**Pacific Gas and
Electric Company®**

February 28, 2013

Mr. Edward Randolph
Director, Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear Mr. Randolph:

Pursuant to Commission Decision 98-12-075, Appendix A, Rule VIII.D.2.b.ii.(3), Pacific Gas and Electric Company (PG&E or the Utility) is bringing to the attention of the Commission events of which PG&E has become aware.

1. In June 2010, PG&E Corporate Support Services, Inc., an unregulated affiliate of PG&E which is subject to all of the Commission's Affiliate Transaction Rules under Rule II.B thereof (PSUP), submitted a portfolio manager job position to the Utility's electronic recruiting system. Assigned recruiters worked on the system, and the job was posted internally. A Utility employee was selected and transferred to PSUP in October 2010. The appropriate employee transfer fee was paid to the Utility under Rule V.G.2.c.
2. In October 2010, PSUP submitted a similar portfolio manager job position to the Utility's electronic recruiting system. The opening was handled by Utility recruiting employees, and the position was filled in April 2011. The appropriate employee transfer fee was paid to the Utility under Rule V.G.2.c.

These recruiting activities violated Rule V.E of the Affiliate Transaction Rules, which provides that employee recruiting may not be performed on a shared services basis by the Utility and its Rule II.B affiliates.

Upon identifying this problem, PG&E conducted a review of its affiliate rules compliance within Human Resources to confirm that there were no other compliance issues. To prevent incidents of this type from occurring again, PG&E's Recruiting Director has implemented a revised process for all employee transfers, which

provides that no recruiter may work on or provide support for any non-Utility position without prior compliance review and approval. PG&E has also implemented a technology solution that prevents an affiliate job requisition from being created within the Utility's electronic recruiting system. Note that PG&E's Rule II.B affiliates do not presently have any employees, as PG&E Corporation is not currently pursuing unregulated business development, but these mechanisms have been put into place to ensure compliance in the future should such activities again be undertaken.

To compensate the Utility for the unauthorized use of its recruiting system, PSUP is paying a fee to the Utility based on the rates it would have paid an outside recruiting firm for these services: specifically, 23 percent of the initial PSUP salary for both employees.

If you have questions regarding these matters, please contact me at (415) 973-8190.

Very truly yours,

A handwritten signature in black ink, appearing to read "Megan Janis". The signature is fluid and cursive, with a long horizontal stroke at the end.

Megan Janis
Director, Compliance and Ethics