



### **Statement of Policy**

It is Distribution & Customer Service's (DCS) policy to always work safely and to comply with all applicable:

- legal and regulatory requirements,
- PG&E corporate policies and standard practices,
- PG&E's *Standards for Personal Conduct and Business Decisions*, and
- DCS policies and standards.

### **Overall Accountability**

The DCS Senior Vice President and General Manager is responsible for authorizing, issuing and updating this policy and for monitoring its implementation.

DCS officers are responsible for authorizing, issuing and updating DCS policies and standards to implement this policy within their areas of responsibility.

### **Definitions**

**Applicable legal and regulatory requirements** are those laws and regulations that govern work performed by PG&E.

**Checklist** is a comprehensive review tool for a work process. The checklist identifies the key commitments, functions and activities of a work process.

**Compliance** is the act of fulfilling a stated requirement.

**Compliance work plan** is a document that formalizes the activities an organization plans to perform to assure and maintain compliance.

**Compliance program** is a management system based on fundamental principles that focus energies on consistent and systematic compliance.

**Functional managers** have systemwide responsibility for a specific function (e.g., Vegetation Management, Electric Distribution, Call Centers, etc.) These managers are responsible for development of DCS standards for their functional area.

**Seven elements** of an effective compliance program are the minimum attributes of an effective compliance program as defined in the Federal Sentencing Guidelines (see attached).

**Work instructions** are written documents that define methods for performing work processes or work activities. Work instructions can be standards, procedures, manuals, checklists or other job aids.

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### Implementation

- A. DCS officers are responsible for developing, documenting, and maintaining compliance workplans for the organization they lead. The purpose of a compliance workplan is to prevent, detect and correct noncompliance. The compliance workplan will include the components listed below.
  - Documentation that defines and describes the methods and activities each organization is undertaking to ensure compliance.
  - The compliance workplan will clearly assign responsibilities and accountabilities for compliance within the DCS officer's organization.
  - The DCS officer is responsible for ensuring the compliance workplan is updated as necessary.
  
- B. Managers will ensure that all activities for which they are responsible are performed in such a way that they comply with applicable requirements. This includes the following responsibilities.
  - Establish procedures and provide sufficient training and information so employees can work in compliance with established standards.
  - Maintain documented evidence to demonstrate compliance.
  - Perform self-assessments in critical areas of their work processes.
  - Monitor the effectiveness of work processes.
  - Implement identified best practices where appropriate
  - Take appropriate and timely corrective actions for identified noncompliance.
  - Provide support for developing work instructions.
  - Support the compliance workplan.
  
- C. Functional managers have the following responsibilities for their assigned areas.
  - Develop and provide standards, procedures, guidelines, work instructions, process checklists, job aids or other needed tools. These tools will ensure systemwide consistency and compliance. The activities and work methods developed are based on the seven elements of an effective compliance program (see attachment for explanation of the elements).
  - Assess and monitor tools to ensure system compliance.
  - Coordinate and develop corrective actions for systemwide issues, when identified.
  - Determine appropriate measures and monitoring systems (control reports, etc.).
  - Identify and share best practices and facilitate process improvement.
  
- E. Directors, superintendents and supervisors ensure the organizations they lead perform work in compliance with this policy and ensure that these activities are properly documented. These leaders are responsible for the following.
  - Schedule training to support completion of work according to prescribed standards.

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- Provide direct and timely feedback to workers concerning work quality and timeliness.
  - Assess the work performed to ensure compliance is maintained.
  - Take appropriate action as issues are identified.
- Implement best practices in the organization.
- F. All employees will perform their duties in a manner that ensures compliance with established standards, work practices and procedures. They have the freedom and responsibility to identify any noncompliance item to their management or, anonymously, to the PG&E Helpline without fear of reprisal.

### References

#### A. Corporate Policy

- Business Ethics, Employee Conduct, and Conflicts of Interests
- Compliance with Laws and Legal Representation
- Internal Controls
- Employment

#### B. DCS Standards:

- D-S0002, "Resolving Compliance Findings"
- PG&E Electric & Gas Service Requirements
- D-S04333, "Tariff Compliance - Uniform Tariff Application"

#### C. PG&E Compliance & Ethics Helpline

1-888-231-2310

### Date Issued/Updated

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Original signed by:

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Senior Vice President and General Manager, DCS  
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### ATTACHMENT

The DCS compliance program is designed to effectively prevent, detect, and correct noncompliance with DCS commitments. The DCS compliance program documents and strengthens its long-standing commitment to full compliance.

The Federal Sentencing Guidelines provide seven standard elements that are considered essential for an effective compliance program. The seven elements are listed below with a short explanation followed by a description of how the compliance work plans should reflect the seven elements.

#### **1. High-level oversight and commitment**

The hallmark of an effective compliance program is management's level of commitment. Management must be committed to preventing, detecting and correcting noncompliance. Management must also ensure that a compliance plan is being implemented and that the plan is being monitored for effectiveness.

Compliance work plans should describe activities used to ensure compliance with established standards.

#### **2. Delegation of authority**

Delegation of authority for compliance in a work process is outlined specifically in standards or work procedures.

Managers are accountable for managing compliance. Accountability is included as part of job descriptions and performance expectations.

#### **3. Establishing standards, procedures or other documented work aids**

Standards, procedures, guidelines, checklists and other job aids are the methods the organization uses to translate compliance commitments into written work instructions and include method(s) used to document compliance. Standards, procedures and work processes are reviewed regularly.

#### **4. Training and communication**

Standards, procedures and work processes describe the training and communication activities that will be used to disseminate compliance requirements. Standards should also provide specific training strategies for teaching employees to perform work processes in compliance with DCS commitments, if necessary.

### 5. Assessment and monitoring

#### *Assessment*

There are three types of assessments.

- self
- checklist implementation
- independent

All DCS employees should perform self-assessments. Employees take responsibility for the work they perform and ensure they are in compliance with applicable DCS commitments. Self-assessments do not need to be documented.

Managers, however, must perform more structured self-assessments to identify and correct any problems that might hinder compliance. Managers' self-assessments should focus on management systems. These self-assessments need to be suitably documented to help correct identified problems.

Checklists are tools used to evaluate the performance of a specific process. Checklists may be developed to focus on compliance areas and areas of business risks in a given work process. Checklist assessments can be implemented by the operating organizations or an independent group.

Independent assessments will be performed by functional departments and the Internal Auditing Department.

#### *Monitoring*

Managers are responsible for monitoring their ongoing activities. Monitoring should be built into the work process. The purpose of monitoring is to provide managers with timely feedback on the effectiveness of work processes and compliance. Managers should closely monitor work process implementation in areas that have relative importance to safety and compliance.

When planning self-assessments and monitoring activities, be sure to:

- perform an inventory of work processes,
- select strategic work processes for assessments and/or monitoring based on contribution to achieving DCS goals,
- schedule the resources needed to perform the assessments,
- schedule the resources needed to develop specific monitoring methods, and
- compare performance against industry and system-wide standard measures.

### 6. Performance management

Performance management is used by organizations to take note of achievements and violations through performance reviews and disciplinary action as appropriate.

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### 7. Corrective action

All noncompliance is to be evaluated for corrective action. Evaluations should, as a minimum:

- determine the cause(s) of the noncompliance,
- assign accountability for resolution,
- set a schedule for implementing resolution,
- evaluate noncompliance for business-unit-wide concerns, and
- perform follow-up reviews to ensure actions are implemented and are appropriate to prevent recurrence.