PG&E
a Regulated Utility and Business

California Fish and Wildlife Strategic Vision
Blue Ribbon Citizen Commission

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PG&E Corporation is an energy-based holding company whose core business is Pacific Gas and Electric Company.

Our Mission: To deliver safe, reliable, and environmentally responsible gas and electricity to approximately 15 million Californians.

<table>
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<th>Employees</th>
<th>19,500</th>
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| Electric and gas distribution customers | 5.2 million electric 
4.3 million gas |
| Communities served in California | 49 counties and 244 cities |
| Assets | $46 billion |
| Revenues | $13.8 billion |
The leading utility in the United States

Delighted Customers
Energized Employees
Rewarded Shareholders
Environmental Leadership

Customer Focus
Operational Excellence

- We act with integrity and communicate honestly and openly
- We are passionate about meeting our customers’ needs and delivering for our shareholders
- We are accountable for all of our own actions: these include safety, protecting the environment, and supporting our communities
- We work together as a team and are committed to excellence and innovation
- We respect each other and celebrate our diversity
Major Construction Budget Trends

2006 2007 2008 2009 2010 2011 2012 2013 2014

Hydro Generation
Gas 2020 Program
Gas Transmission
Electric Transmission
PG&E’s Primary Regulators

1. CA Public Utilities Commission
2. Federal Energy Regulatory Commission
3. CA Independent System Operator
4. CA Energy Commission
Regulated Business Needs

Certainty
Consistency
Predictability
Responsiveness
Collaboration
Certainty

• PG&E has a growing workload for major infrastructure improvements in electric, gas and power generation facilities

• Scheduling is critical for complex projects, especially where scheduled gas or electric outages must be planned (very limited work windows)

• PG&E is investing in multi-species Habitat Conservation Plans, CDF&G 2081 permits and Master Streambed Alteration Agreements for our entire service area – this will enhance our ability to plan and anticipate project permit requirements
PG&E Existing and Proposed HCPs
Consistency

• PG&E has electric, gas and power generation facilities in all 7 CDF&G Regions

• Each Region operates differently with different interpretations of policy, rules and regulations

• Regions and HQ have different interpretations of policy, rules and regulations

• CDF&G policies are not consistent with USF&WS, Corps of Engineers, or RWQCBs, e.g. listed species, fully protected species, mitigation

• Construction and operation personnel travel and need to have consistent “rules of the road”

• PG&E has existing agreements with other federal regulatory agencies but cannot obtain concurrence from CDF&G, e.g. avian issues
Avian Protection Plan: Raptor Concentration Zone

- PG&E operates and maintains over:
  - 18,610 miles of electric transmission circuits
  - 123,054 miles of electric distribution circuits
  - 6,136 miles of gas transmission backbone

- APLIC-USF&WS Avian Protection Plan in place since 2002

- $12.4 million to implement the APP in 2009, $14.8 million in 2010
Predictability

- PG&E develops 5-10 year plans for infrastructure improvements

- Our HCP Program provides long term predictability for our ESA compliance obligations

- Policy changes effect our ability to plan and implement our compliance obligations and put investments at risk, e.g. mitigation and endowments
Current and Future Mitigation Obligations

• San Joaquin Valley O&M HCP
  - Approximately 1,350 acres over 30-years

• Remaining HCPs (Bay Area and Multi-Region)
  - Approximately 5,000 acres over 50-years

• Programmatic BO for the Giant Garter Snake
  - Approximately 192 acres for 3-5 years

• VELB Conservation Program
  - 1,000 acres for 30 years, over 2,500 shrubs

• Major Capital Projects (50 projects over 10-year span averaging 3 acres each)
Responsiveness

• PG&E needs a staffed and functional CDF&G, e.g. furlough Fridays, hiring freeze

• CDF&G staff need resources to do their job efficiently and effectively, e.g. phones, cars, staff back-up

• PG&E currently has reimbursement agreements for 3 staff and is planning to add 2 additional
Collaboration

• PG&E has compliance challenges with competing and sometimes conflicting regulatory requirements, e.g. CPUC and NERC vegetation clearance requirements and species/habitat protection

• Complex construction projects and operational procedures sometimes require changes in the field

• Current permit processes are not flexible to allow for changes in the field
PG&E’s Vision for CDF&G

• CDF&G reinvented as a modern, efficient and leading regulatory agency

• Department staff and leadership energized change leaders and problem solvers

• Renewed focus on collaboration, partnerships and on the ground conservation